



An Roinn Post, Fiontar agus Nuálaíochta  
Department of Jobs, Enterprise and Innovation

**DRAFT 13th September 2011**

**Comprehensive Expenditure Review  
2011**

**Department of Jobs, Enterprise and  
Innovation**

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## Part 1 Introduction

### *1.1 Role of Department*

The Department of Jobs, Enterprise and Innovation is charged with stimulating the productive capacity of the economy and creating an environment which positions Ireland as a good location in which to invest, start and develop companies and grow sustainable jobs. It also has a remit to ensure fair competition, protect consumers and safeguard workers. It is responsible for representing Ireland's interests in these broad policy areas as well as Trade and Market Access issues at EU and other International organisations.

Through its Agencies and Offices it covers a wide range of activities including:

- Attracting FDI
- Facilitating the start up and growth of enterprises
- Increasing exports
- Improving competitiveness
- Encouraging innovation and growth through supporting Research Development and Innovation
- Promoting fair competition for business and consumers
- Developing and enforcing company law
- Safeguarding the rights of workers (including in the areas of health and safety at work)
- Facilitating a positive industrial relations environment.
- Defining, coordinating and developing the Department's position on EU policy matters, including trade, and its relationship with the EU and other international Organisations
- Overseeing key aspects of the Department's EU priorities with particular regard to the Europe2020 Strategy and the coordination of relevant inputs into Ireland's National Reform Programme.

All these activities are central to underpinning Ireland's competitiveness and in the current economic climate stimulating the productive capacity of the economy, growing exports and developing long-term sustainable jobs.

The Department's objectives are implemented across a number of Programme Areas. The Department is currently reviewing these Programme Areas in the context of both the Strategy Statement and the new Performance Budgeting Initiative. However, for the purpose of this Review, the Department's activities are discussed under the existing 5 Programme Areas, which are reflected in the structure of the Department's 2011 Estimate:

- A. Restoring Competitiveness and Supporting Enterprise
- B. Investing in Science, Technology and Innovation
- C. Supporting a Better Workplace
- D. Supporting Better Regulation, Business and the Consumer

## E. Delivery of Strategic Goals

[Note: Funding for a broad range of International Subscriptions, Working Groups and Committees and Legal Cost provisions are grouped under the separate category “Other Services”].

In addition to the direct delivery of front line services (e.g. Work Permits, Export Licensing), the Department is assisted in the delivery of its programmes by a number of statutory Offices, which are staffed by civil servants in the employ of the Department. The Department is also assisted in the delivery of its functions by a range of statutory Agencies staffed by public servants employed by the Agencies themselves. The National Consumer Agency is, however, staffed mainly by Civil Servants who are assigned to the agency by the Department.

The following table lists the Offices and Agencies in accordance with the specific programme area under which they currently operate:

## Offices and Agencies by Programme

### **Programme A- Restoring Competitiveness and Supporting Enterprise**

Forfás

Enterprise Ireland

IDA Ireland

InterTrade Ireland

Shannon Development

35 County & City Enterprise Boards (CEBs)

National Standards Authority of Ireland (NSAI)

### **Programme B- Investing in Science, Technology and Innovation**

Enterprise Ireland

Science Foundation Ireland (SFI)

Patents Office

### **Programme C- - Supporting a Better Workplace**

Employment Appeals Tribunal (EAT)

Labour Relations Commission (LRC)

Labour Court

National Employment Rights Authority (NERA)

Health & Safety Authority (HSA)

### **Programme D- - Supporting Better Regulation, Business and the Consumer**

Companies Registration Office (CRO)

Office of the Director of Corporate Enforcement (ODCE)

Registry of Friendly Societies (RFS)

Competition Authority

National Consumer Agency (NCA)

Irish Auditing & Accounting Supervisory Authority (IAASA)

Personal Injuries Assessment Board (PIAB)

## 1.2 Exchequer Allocations

The Department's Exchequer Allocation for 2011 is **€900m**. A full breakdown of the Department's 2011 Estimate is attached at Appendix 1. The table below provides a summary of the Department's Exchequer allocations for 2011, broken down by Programme area.

**Table- Summary 2011 REV by Programme Area**

Programme Area	2011 Estimate			
	Current		Capital	Total
	Pay	Non-Pay		
€000	0	€000	€000	
RESTORING COMPETITIVENESS AND SUPPORTING ENTERPRISE	154,894	61,176	185,600	401,670
INVESTING IN SCIENCE, TECHNOLOGY AND INNOVATION	9,750	44,915	322,400	377,065
SUPPORTING A BETTER WORKPLACE	24,994	11,744	0	36,738
SUPPORTING BETTER REGULATION, BUSINESS AND THE CONSUMER	16,642	11,941	0	28,583
OTHER SERVICES	0	20,190	0	20,190
DELIVERY OF STRATEGIC GOALS	27,564	8,659	0	36,223
<b>Gross Total: -</b>	<b>233,844</b>	<b>158,625</b>	<b>508,000</b>	<b>900,469</b>
APPROPRIATIONS-IN-AID ....	19,627	35,952	50	55,629
<b>Net Total:-</b>	<b>214,217</b>	<b>122,673</b>	<b>507,950</b>	<b>844,840</b>

Expenditure in respect of administration of programmes by staff of the Department along with costs associated with the Patents Office, the Employment Appeals Tribunal and Employment Permits are included in the "Delivery of Strategic Goals" Programme for the purposes of this expenditure table, as funding is provided for these activities under the Department's Administrative Budget. However, for the purpose of the review, these areas of activity have been analysed under the appropriate Programme area.

In addition to Exchequer funding, several of the Department's Agencies most notably IDA Ireland, EI, and Shannon Development generate Own Resource Income (ORI), which supplements exchequer expenditure and in the case of IAASA and the Financial Information functions of the NCA, funding is received from the regulated sectors. In relation to PIAB, following the provision of start up funding from the Exchequer in its initial period, it has been a self-funding agency for a number of years, relying on income generated primarily from respondents to fund its activities.

Staffing levels across the Department, its Offices and Agencies are governed by the Employment Control Framework (ECF). Under the Employment Control Framework the Department and its Offices have to reach a staffing level of 814 whole time equivalent posts by the end of 2011. As of end June 2011 there were 850.58 whole time equivalents serving in the Department and its Offices. This level has dropped from 1102 at the end of 2008 and is to reduce to 771 by end 2014.

A further 2041 public service whole time equivalent posts were filled in various Agencies under the Department's remit at end March 2011, with the year end target set at 2036.

<b>Employment Control Framework Staffing Numbers</b>				<b>% change 2008 over 2014</b>
<i>By year end</i>	<i>2008*</i>	<i>2010*</i>	<b>2014</b>	
<b>Total</b>	<b>1087</b>	<b>906</b>	<b>771</b>	<b>-30%</b>

\*Numbers serving at end of 2008 and 2010 adjusted for the transfer of FAS for comparison purposes

## 1.3 Expenditure Reviews

### Background

In April 2011, in light of expenditure targets set in the Programme for Government and the EU/IMF Programme, the Government launched a comprehensive review of expenditure by all Departments. Each Department was asked to consider Programme Savings, future employment levels, role of programmes and Agencies and scope for efficiencies and reforms.

Departments were specifically requested to establish the limits of what is achievable under the reform and modernisation agenda, in addition to the scaling back and elimination of programmes which are no longer affordable or of lower priority.

The Department, its Offices and Agencies have engaged fully in the process. We have seen this as an opportunity to re-examine priorities, identify weaknesses, identify scope for improvements and develop a reform agenda. A systematic approach to conducting the reviews was adopted which involved engagement with all senior management teams and staff and all programmes and activities have been revisited in detail.

This document is the Comprehensive Expenditure Review, focussing on **pay and non-pay current expenditure**. The Capital Review is treated separately.

The document is divided into four substantive sections addressing Pay and Numbers, Non-Pay, Programme by Programme analysis and Structural Rationalisation and Delivery Models.

### Summary Conclusions

In as much as time and resources allowed, a broad range of options have been explored and presented, delivering Current pay and non-pay savings to be introduced over the period 2011-2014 and identifying a potential rationalisation/integration programme which will require further evaluation in advance of final decisions being taken. By the 2014 Estimate, the savings identified would yield an **annual saving of €56.14m** on the Department's overall Current allocation.

<b>Current Savings 2011-2014 (€m)</b>	<b>Savings already delivered as part of 2011 Estimates</b>	<b>2012-2014 Savings under NRP</b>	<b>2012-2014 Additional Savings Identified Review June 2011</b>	<b>Total Savings on allocation at end 2014</b>
<b>Non-Pay Savings</b>	<b>10.60</b>	<b>13.70</b>	<b>5.23</b>	<b>29.52</b>
<b>Pay Savings</b>	<b>4.00</b>	<b>19.00</b>	<b>3.62</b>	<b>26.62</b>
<b>TOTAL PAY AND NON-PAY 2011-2014</b>	<b>14.60</b>	<b>32.70</b>	<b>8.84</b>	<b>56.14</b>



## Part 2- The Review

### 2.1 Introduction

The 2011 Gross Current Exchequer Allocation for Vote 34- Department of Jobs, Enterprise and Innovation is €393 million. This allocation comprises both pay and non-pay elements. The pay element of €234 million provides for the salary costs of staff of the Department, its Offices and Agencies and for the pension payments to former members of staff of the Agencies under specific pension schemes. The non-pay element of €159 million provides for the delivery of non-capital programmes and the administration costs associated with the delivery of all programmes.

The following table sets out the Gross Current Exchequer Allocation for 2011 across the programme areas of the Department:

*Table- 2011 Current REV Allocation*

Current REV 2011	Pay	Non-Pay	Total Current
RESTORING COMPETITIVENESS AND SUPPORTING ENTERPRISE	154,894	61,176	216,070
INVESTING IN SCIENCE, TECHNOLOGY AND INNOVATION	9,750	44,915	54,665
SUPPORTING A BETTER WORKPLACE	24,994	11,744	36,738
SUPPORTING BETTER REGULATION, BUSINESS AND THE CONSUMER	16,642	11,941	28,583
OTHER SERVICES	0	20,190	20,190
DELIVERY OF STRATEGIC GOALS/ OTHER ADMINISTRATION	27,564	8,659	36,223
<b>Gross Total:-</b>	<b>233,844</b>	<b>158,625</b>	<b>392,469</b>
APPROPRIATIONS-IN-AID ....	19,627	35,952	55,579
<b>Net Total:-</b>	<b>214,217</b>	<b>122,673</b>	<b>336,890</b>

In the table above, departmental expenditure in respect of administration of programmes by staff of the Department along with costs associated with the Patents Office, the Employment Appeals Tribunal and Employment Permits currently are included in the "Delivery of Strategic Goals" Programme of expenditure as funding is provided for these activities under the Department's Administrative Budget. However, for the purpose of the review, these areas of activity have been analysed under the appropriate Programme area.

### **The National Recovery Plan Savings Target**

The National Recovery Plan published in November 2010 set a target of current savings to be achieved over the period 2011-2014. The target for this Department was to achieve a €47m saving on the annual allocation by 2014 compared to the 2010 Allocation, of which €23m was to be found from pay savings (exclusive of pension payments) and the remaining €24m from non-pay savings. The first tranche of savings of €14.6m was delivered as part of the 2011 REV allocation, with the remainder to be delivered over the following three years allocations.

**Table- National Recovery Plan Savings Targets for Current Expenditure 2011-2014**

<b>National Recovery Plan 2011-2014 Targets</b>	<b>Delivered as part of 2011 Estimate €m</b>	<b>To be delivered 2012-2014 Estimates €m</b>	<b>Total Annual Saving by 2014 €m</b>
<b>Pay</b>	4.00	19.00	<b>23.00</b>
<b>Non-Pay</b>	10.60	13.70	<b>24.30</b>
<b>Total Current</b>	<b>14.60</b>	<b>32.70</b>	<b>47.30</b>

The Review has been conducted on the basis of identifying savings in respect of exchequer allocations. Other income streams, such as Own Resource Income from property portfolios and levies on industry and also the National Training Fund, either wholly or partly fund certain Agencies. These other funding streams have been taken into account when reviewing the requirement for funds from the Exchequer.

## 2.2 Pay and Numbers

At the time of the introduction of the Moratorium on recruitment and promotions this Department and its associated Offices had an authorized staff complement of 1102.<sup>1</sup> Commencing in late 2009 the Government introduced a planned programme of staff reductions for each Department and its associated Agencies known as the Employment Control Framework.

Under the original Employment Control Framework for this Department's Vote Group (i.e. the Department and its Agencies) the authorized numbers were to fall from 5267 serving at end 2009 to 4818 at end 2012. The transfer of responsibility for Fás to the Department of Education & Skills and the introduction of a new ECF covering the period to end 2014 led to revised targets. The end 2014 target for the Department is 771 (compared to a "like for like" position of 1033 in March 2009), while the global target for the remaining Agencies (i.e. without Fás) is a drop from 2156 at end 2010 to 1805 by end 2014.

<b>Employment Control Framework Staffing Numbers</b>					
<i>By year end</i>	<i>2010**</i>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Department &amp; Offices*</b>	906	814	804	789	771
<b>Agencies</b>	2069	2036	1930	1838	1805
<b>Total</b>	<b>2975</b>	<b>2854</b>	<b>2738</b>	<b>2627</b>	<b>2576</b>

\* Reduced by 3 for transfer to Department of Foreign Affairs and Trade

\*\*Numbers serving at end of 2010

### **Managing the reduction in numbers**

Under the Croke Park Agreement there are to be no compulsory redundancies in the public service during its lifetime i.e. to 2014. Accordingly there are a limited number of ways by which Departments and Agencies can achieve their employment targets.

The main means by which numbers will decrease is by non-replacement of departing staff. Given the general economic difficulties, the normal rate of non-retirement related departures has decreased as people are less likely to move out of the public sector in the current circumstances.

In 2009 the Department of Finance introduced two Schemes to encourage staff to leave, the Incentivised Scheme of Early Retirement and the Incentivised Career Break Scheme. 29 Department staff availed of the

<sup>1</sup> This figure includes staff assigned to functions which have subsequently transferred from this Department such as Labour Force Development, Redundancy & Insolvency and Trade Promotion. Excluding these staff, the authorised number in March 2009 in respect of functions which remain in the Department was 1033.

Incentivised Career Break Scheme while 38 staff availed of the Incentivised Scheme of Early Retirement. These Schemes were available for a limited period only and have now closed.

Following the pay cuts in early 2010 the Department of Finance provided for a grace period under which staff could retire under preferential i.e. pre pay cut terms. That period has since been extended on two occasions and will now expire at end February 2012. Departments were requested by the Department of Finance to circulate staff with a view to ascertaining the numbers who were likely to retire under these preferential terms. Responses from staff of this Department indicate that approximately 20 staff intend to retire before the expiry of the grace period.

The only other means by which Departments can reduce numbers is through the redeployment pool operated by the Public Appointments Service. This pool will allow Departments and Agencies who have sanction to fill vacancies to source staff from surpluses in other Departments.

### **Action taken by D/JEI to manage reductions in numbers**

This Department and its Offices commenced 2011 more than 50 whole time equivalents above the target to be achieved by the end of the current year. In order to meet the target the Department has seconded staff to the CSO to work on Census 2011, allowed the transfer of staff to other Departments without replacement, agreed to all applications for career breaks and arranged for staff returning from career break to be facilitated in other Departments. In addition, requests from work sharing staff for increases in their working hours, which would have a knock on impact on the Department's staffing numbers, have been put on hold. The result is that, at the halfway point in the year, the Department has made inroads into the excess numbers and is currently 33 over its end of year target with 15 to 20 further departures expected by year end.

The only proactive measures the Department can take to reduce staff numbers are to actively circulate vacancies in other Departments to staff and to identify staff to be put up for redeployment. In all other cases, reductions arise from decisions taken by individual staff members.

The Department has not yet offered any posts for redeployment but that option is now being examined in order to ensure that the ECF target is met.

The agency side of the ECF for the D/JEI Vote Group is almost at the end of year target, although due to the excess of numbers in the Department, the Vote Group as a whole still has some way to go to reach the target.

### **Inflexibilities in the ECF**

The ECF provides for caps on numbers of staff at management grades i.e. those above HEO level within the overall total for each organisation. The Incentivised Scheme of Early Retirement had a disproportionate impact on the more senior grades, as they tended to have the most service and the highest

salaries and therefore the highest potential pensions, making the Scheme more attractive for them. In addition, significant numbers of normal retirements are from staff at senior grades.

Because organizations cannot actively manage staff departures they depend on voluntary departures to provide the necessary reductions in numbers. This means that departures of senior staff have to be absorbed without replacement until organizations reach their targets.

The modernization and improvement of processes under the Croke Park Agreement has the potential to reduce the need for staff at all levels but, because there is no provision for any voluntary redundancy, those staff will have to be kept in organizations pending redeployment elsewhere, all the while preventing organizations from reaching their targets and perhaps preventing them from replacing key staff at other grades.

### **Staffing and expenditure implications for the Irish Presidency of the EU January June 2013:**

The Irish Presidency of the EU in the first half of 2013 will present a series of major challenges to DJEI and its Agencies in the context of delivering a satisfactory set of outcomes for the Government and the Country. Our Presidency will be particularly testing because of the major EU aspects attaching to much of our normal work agendas. Since our last Presidency in 2004 there has also been further significant increase in EU activity in a number of our Department's policy areas (e.g. jobs and growth, extension of co-decision making and Conciliation arrangements with the European Parliament, implementation of EUROPE 2020 etc.

In addition to leading on the Competitiveness Council and the EPSCO Council, the Department will have a significant involvement in the General Affairs Council on Trade and related issues (effectively a trade Council) including the ongoing round of WTO negotiations, in ECOFIN on Company Law related proposals as well as significant interest in various issues in the Environment Council (Climate Change etc.), Energy (renewables and competitiveness aspects etc.).

There will also be a considerable number of meetings in Geneva across the World Trade Organisation (WTO), International Labour Office (ILO) and World Intellectual Property Organisation (WIPO)

Extensive bi-lateral work by Ministers and Officials with counterparts in other Members States and all relevant EU institutions, especially the Commission and European Parliament, will also be a feature. These meetings will also be numerous in the six months **leading** up to our Presidency.

[TEXT WITHHELD – FOI Section 20(1)]

Given that DJEI, unlike any other Department, retains responsibility for 3 Council Formations (Competitiveness, EPSCO and Trade) pressure will be

placed on the staff complement of the Department and its Agencies to deliver professional outcomes for Ireland and the EU as a whole.

Preparations are ongoing primarily through EU Affairs coordination in identifying **human resources, finance and training** requirements across the Department and in identifying all Chairpersons and Delegates of Council Working Groups. The outcome of this work will be presented to the Management Board (in Ministerial formation) on 8<sup>th</sup> September.

In concrete terms, the Department has identified the need for a temporary minimum increase of 6 staff in the PRB and 2 additional staff members in Geneva and in the Department's press office with effect from July 2012. It is estimated that approximately up to 50 **individual staff** will be required to act as Chairs and/or Delegates/participants on Working Groups and Commission chaired groups. The maintenance of a suitable staff allocation in Brussels, as identified, in the period leading up to and including the Presidency is considered to be critical. In addition, particular difficulties are likely to arise due to anticipated retirements in technical areas as the Department takes on the chairmanship/ servicing of a dozen technical groups in the intellectual property area alone which the Department does not currently attend.

An effective and efficient Presidency will not be possible in these Council formations without the requisite people being in situ for the duration and without an intensive staff training programme, including shadowing arrangements, for chairs and delegates. In relation to the 2004 Presidency, the Department incurred directly attributable additional expenditure relating to staffing, travel and subsistence and ancillary costs in excess of €3m (in 2004 terms). [TEXT WITHHELD – FOI Sections 19(1) and 20(1)]

[TEXT WITHHELD – FOI Sections 19(1) and 20(1)]

### **Pay Savings Targets**

The pay savings target in the National Recovery Plan was set by the Department of Finance on the basis of reductions to staffing levels in respect of both civil and public servants set out in the Employment Control Framework. Pensions payments have been dealt with separately to allow for specific management and monitoring of peaks associated with the payment of lump sums and therefore are outside the scope of this Review.

Pay savings that have been identified as part of the Review will need further analysis over time to establish whether these contribute over and above the challenging pay savings target associated with the ECF. However, additional savings have been identified as per the table below, subject to redeployment issues being addressed.

## Summary of Pay savings

*Table- Pay Savings Identified*

[TEXT WITHHELD – FOI Sections 20(1) and 31(1)]

### **Current pay proposal**

For the purposes of the Review, the Department is proposing that the pay savings target set out in the NRP is achievable by the 2014 REV **plus €3.615min** additional annual savings, delivering an annual total of **€26.615min** current pay savings by end 2014.

## 2.3 Non-Pay

### Introduction

The 2011 REV Allocation has already delivered **€10.6m** in current non-pay savings as identified in the National Recovery Plan. The Review has identified how further savings could be introduced across all programme areas of the Department over the period 2012-2014 to the value of **€18.93m in an annual saving for the 2014 Estimate**. The savings will be generated through a mix of operational efficiencies and programme policy decisions. For the most part, the savings are based on existing institutional structures. A separate section in this Review document addresses issues of rationalisation and reform of both institutional structures and delivery models as the resulting savings are not possible to clearly identify at this stage.

As part of the Review, revenue-generating options have been identified in certain areas such as employment permits and merger notifications. However, any such extra income will be accounted for as Appropriations-in-Aid and therefore has not been counted as a proposed saving on the Department's Gross Current Exchequer Allocation by 2014.

The following table summarises the savings of **€29.5m** that have been identified by programme area:

Table: Savings across Programmes 2012-2014

(A detailed table with description of savings is attached at Appendix 2)

Programme	Savings Identified 2012-2014 €m
Restoring Competitiveness and Supporting Enterprise	5.059
Investing in Science, Technology and Innovation	8.189
Supporting a Better Workplace	1.966
Supporting Better Regulation, Business and the Consumer	1.636
Delivery of Strategic Goals	1.099
Other Services	0.977
<b>Savings Non-Pay 2012-2014</b>	<b>18.926</b>
<i>Plus Savings Non-Pay in 2011</i>	<i>10.6</i>
<b>Savings Non-Pay 2011-2014</b>	<b>29.526</b>



### **Review of each Programme**

The next Section of this document deals with each Programme Area and addresses the high level goals, the principal sub-programmes and Review of Current Non-Pay Expenditure and options for rationalisation.

The final section of this document addresses structural change and delivery models.

### **Summary of savings**

#### **Current non-pay proposal**

For the purposes of the Review, the Department is proposing that savings in the order of **€18.93m** can be introduced between 2012-2014, delivering an annual total of **€29.53m** in non-pay savings for the 2014 Estimate.

#### **Combined current pay and non-pay savings**

The Department is proposing that **€56.14m** savings can be introduced over the period 2011-2014, €14.6 m of which has been delivered as part of the 2011 REV allocation.

*(See Appendix 2)*

The Department is conscious of the need to introduce savings as early as possible over the three-year timeframe. The implementation of some of the savings proposals that have been identified will take some time before savings are realised however the Department is confident that some of the other proposals identified will yield savings from 2012, maximising the cumulative effect of the saving.

## **2.4 Programme Area A – Restoring Competitiveness and Supporting Enterprise**

The objectives of this Programme Area are to position Ireland as a competitive, innovation-driven location in which to do business, to promote entrepreneurship, to target future inward investment and to grow exports in existing and fast-growing markets.

This Programme Area covers activity carried out by specific policy areas of the Department, Forfás, IDA Ireland, Enterprise Ireland, Shannon Development, the County and City Enterprise Boards, the National Standards Authority of Ireland and InterTradeIreland. Funding is also provided for the Enterprise Development strand of the cross-border INTERREG programme and for monitoring and evaluation of EU programmes under this heading.

### **High Level Goal**

To promote a competitive, productive enterprise environment that attracts foreign investment, supports indigenous enterprise and encourages export-led growth and jobs

### **Current Expenditure supports Capital Expenditure**

Many of the Agencies operating within this Programme area provide Capital funding to enterprise. Their Current expenditure funds both administration, direct “soft supports” to enterprise, promotion of Ireland as a desirable location in which to do business and the Capital supports available. Decisions made regarding the level of Capital funding to be delivered through this programme will have a direct affect on the level of current funding required. Similarly, the level of Current funding, particularly in relation to staffing, has an effect on the capacity of the Agencies to deliver the Capital funding available to support enterprise.

See separate document “Capital Expenditure Review 2012-2014”.

### **Pay and Numbers**

The ECF poses significant challenges to the Agencies operating within this programme of activities. Authorised staffing levels have already reduced from 1832 in 2008 to 1623 for 2011 and are to be reduced over the period to end 2014 to 1437.

In order to continue to support and deliver on the “Jobs Creation” agenda, the Agencies will require flexibility regarding the filling of mission critical posts, while still operating within the overall targets of the ECF. However, the inflexibilities of the ECF can result in critical posts remaining unfilled because an organisation has not yet reached its overall target.

See Section 2.2- Pay and Numbers.

### **Principal Sub-Programmes- Review of Current Non-Pay Expenditure and options for rationalisation**

The following section looks at the primary sub-programmes, which in this case represent the work of the Agencies of the Department. Rationalisation options that have been considered that may involve either restructuring or a refocusing of the remit are identified below and are discussed in the broader context under Section 2.1 “Structural Rationalisation and delivery models”.

The following table summarises the total non-pay savings in identified for the purposes of this Review:

Table: Non-Pay Savings in Restoring Competitiveness and Supporting Enterprise Programme Area

<b>Restoring Competitiveness and Supporting Enterprise</b>	
B.1 - FORFAS - GRANT FOR ADMIN AND GENERAL EXPENSES	0.500
B.3 - INTERTRADE IRELAND	0.100
C.1 - IDA IRELAND - GRANT FOR ADMIN AND GENERAL EXPENSES	0
D.1 - ENTERPRISE IRELAND - GRANT FOR ADMIN & GEN EXPS	2.900
D.2 - ENTERPRISE IRELAND - GRANT TO INDUSTRY	1.059
G - COUNTY ENTERPRISE DEVELOPMENT	0.500
<b>TOTAL</b>	<b>€5.059m</b>

#### **Forfás**

Forfás is the policy, advisory and coordinating agency for enterprise development and for science and technology for the Department. Forfás provides policy advice on issues under the remit of the Department and more generally on the environment for business in Ireland. Forfás also provides a shared research resource for all of the enterprise development Agencies and councils for the Department including the National Competitiveness Council, the Expert Group on Future Skills Needs, the Research Prioritisation Group and the Advisory Science Council. This allows the Department to offer robust, high quality policy advice to the Minister and have the capacity to influence thinking and policies of other Departments and the political system generally. Forfás also hosts the Irish National Accreditation Board (INAB), the national STI awareness programme, Discover Science and Engineering (DSE), and the Office of the Chief Scientific Adviser to Government, which is, amongst

other things, responsible for hosting the European City of Science in Dublin in 2012. Forfás undertakes all of these critical functions with 22% less staff than were employed in December 2008, and with a 25% reduction in its non-pay allocation over the same, short timeframe. This was despite carrying significant fixed property costs within that non-pay element

Forfás continues to achieve more with less resources in an already lean organization. Forfás continues to innovate and increase productivity through the internal redeployment of resources; the smart use of information and communications technology; the de-layering of management structures; prioritisation and cooperation with its sister Agencies and other public bodies. Forfás has operated within the Employment Control Framework staffing level provided and Forfás' headcount has reduced significantly over the past two years (22% reduction in headcount, 25% reduction in non-pay allocation).

Forfás's Non Pay allocation in 2011 is €5.6m. The bulk of this is spent on contractually committed expenditure. €3.6 million of Forfás's Non-Pay allocation is spent on Property/Accommodation and related costs. IT Systems (hardware/software/maintenance) account for €410,000, while Specialist/Professional services cost €400,000, leaving approximately €1.2m discretionary expenditure much of which is utilised for Research & Studies required to support Forfás's policy work. A reduction of **€500k** on the allocation in respect of non-property costs is proposed as being achievable by 2014. Such a reduction will, however, significantly impact on the capacity to deliver existing levels of service provision, particularly in relation to research.

The Minister is currently considering the role and structure of Forfás as a separate independent organisation. Any restructuring of the agency would require addressing significant organisational, staffing and legislative issues. A note on the current structure of Forfás setting out staffing and costs by functional area and the policy work undertaken in 2010 is included at Appendix 3 for information.

[TEXT WITHHELD – FOI Section 31(1)]

### **IDA Ireland**

Foreign Direct Investment has been hugely important for the Irish economy and job creation over the last 30 years. IDA Ireland supported companies directly employ c.139,000 people with a total impact of 240,000 jobs in the Irish economy, and account for €110bn or over 75% of total Irish exports (goods and services). These companies contribute over €19 billion to the Irish economy.

In the context of scarce resources and a reduction in staff numbers from 302 in 2008 to 254 by the end of 2011, IDA has aimed to maximise efficiency savings and increased the organisation's focus on business generation/client facing activities. The transformation of IDA involves a refocus of IDA staff into client facing activities, an increased footprint in the marketplace, de-layering the management structure and directing increased resources to existing client

companies to retain and grow their presence. It also involves more efficient supports to frontline staff through reorganised shared services internally and externally with partner Agencies.

While IDA already had a very low ratio of support to client facing staff, at 17%, a further Business Transformation Process carried out in 2010 examined every job in the organisation and identified:

- operational changes that could be implemented without impacting adversely on the achievement of “Horizon 2020”;
- areas of duplication which could be addressed/avoided by improved processes, and
- areas where additional IT could be applied to bring about staff savings.

This will involve eliminating non-core activities and streamlining the remaining processes to free up staff resources for core business generation activities. The process specifically identified potential changes in how to drive business to regional locations, manage property, prepare and disseminate information, and apply Information Technology.

Against the background of global developments in technology, changes in business models, social trends in urbanisation and competition, targets will be achieved by:

- Concentrating on gateway locations – which will provide the necessary proposition in scale, infrastructure and services in order to bring economic benefit to the region as a whole, in line with National Spatial Strategy
- Increasing collaboration and deeper relationship with key partners of Team Ireland, specifically in delivery of RDI and skills, and infrastructure and services.

The objective is to enable a more focused and intensive emphasis on driving new investments into regional gateway locations. This will be achieved by changing the role of staff located in the regions to increase contact with key infrastructure/service providers and develop regional value propositions that will provide a compelling attraction for clients in identified sectors. There will be closer interaction with targeted investments and their needs and there will be strong efforts to fill identified needs in business generation areas.

At the same time, IDA has reorganised the property management functions to achieve better efficiencies and more effective delivery to both FDI and other client needs. The FDI property solutions function has responsibility for the Strategic Sites Programme and the Technology Parks in the NSS “Gateways”. IDA’s objective is to manage these so as to ensure that, between IDA and the private sector, there are appropriate property solutions available in Gateway locations and for major capital-intensive investments. The Commercial Solutions function is focussing on income generation via open market sales of non-core property for alternative uses, and site sales to Enterprise Ireland and non-traditional clients. The reorganisation takes account of the major improvement in internal communications and the need to focus staff on

business generating/servicing activities. This involves a reduction in the number of full service Offices, the centralisation of regional information activities and the elimination of non-core activities. There will also be revised arrangements with Enterprise Ireland on the accommodation of existing IDA staff in regional locations. This will increase both cost effectiveness and coordination between the Agencies on the ground in the regions.

However, no specific savings on non-pay are being proposed due to a greater reliance on exchequer funding arising from the reduction in Own Resource Income that has taken place and the policy imperative to attract a greater share of FDI. Consideration is currently being given to the current model of funding for Shannon Development which may have implications for IDA. The overseas presence of IDA along with that of Enterprise Ireland is addressed in Section 2.1 “Structural Rationalisation and delivery models” and in a separate not provided at Appendix 4.

### **Enterprise Ireland**

Enterprise Ireland is the Agency responsible for the promotion of indigenous exporting companies, with the ultimate objective of increasing exports, employment and prosperity. Increasing the value of our indigenous exports will play a critical part in securing economic recovery, maintaining existing jobs and creating new ones. Currently EI supported companies employ 137,241 people. EI companies spend €19bn in the Irish economy and crucially, €9bn of this is on Irish raw materials, compared to €3bn by FDI companies. In 2010, EI supported companies achieved €1.95 billion in new export sales, which was the highest annual export gain by Irish companies on record.

Current expenditure by Enterprise Ireland covers the Non Pay, Pay and Administration-related Investment for Buildings and Equipment. Additionally, current expenditure is also spent on direct supports to industry such as the mentoring programme, in market-consultants, participation in sectoral/market/overseas events.

Enterprise Ireland’s Board and Management of the agency, in conjunction with the Department, have continuously pursued an ongoing programme of efficiency gains. Since 1998, staffing levels have fallen as efficiencies have been proactively pursued, from 1,150 approx in 1998 to 822 currently, representing a total net reduction of 29%, as efficiencies have been proactively pursued (including through the cessation of certain functions e.g. the Eolas Technology Laboratory/Programmes of Advanced Technologies (PATs) and the introduction of two Voluntary Leaving Programmes).

Following EI’s relocation to Offices in East Point, streamlining work has continued. The cost of infrastructure and core systems has dropped significantly, through IT consolidation and through capability and specialist skills development programmes. In particular, an IT expenditure reduction programme is in progress, with reductions of up to 50% partially achieved and

planned over a three year period from 2009 – 2011 in Website hosting and maintenance, Use of external support providers, Consultancy and Technical support contractors.

Given the savings already achieved across Enterprise Ireland's operations, the scope for further savings in areas not related to EI's client related activities and initiatives is small. Enterprise Ireland reviews on an ongoing basis its cost base and recently implemented efficiency improvements have seen non-pay expenditure reduce from €42.297m in 2008 to €28.550m in 2011, a reduction of €13.747m (32%).

However, further savings of €3.059m have been identified in current expenditure from both the administration and Direct Supports to EI client elements. These savings will be achieved by scaling back Staff Client Related Travel, reducing overseas office costs, Advertising, Promotion, Communication and IT costs, postponing in house MIS System designed to introduce efficiencies in longer term and scaling back expenditure on Professional Fees - the latter will have an impact on the number of independent audits and reviews. [TEXT WITHHELD – FOI Section 31(1)]

The estimated additional savings on Current non-pay expenditure by EI under Programme Area A are **€3.959m** in a full year by 2014 which includes [TEXT WITHHELD – FOI Section 31(1)], reductions in staff travel for delivery of client services and client engagement and reduction in expenditure on trade and knowledge events. Savings have also been apportioned to the activities of Enterprise Ireland under Programme B- Investing in Science, Technology and Innovation

The overseas presence of Enterprise Ireland along with that of IDA is addressed in Section 2.1 "Structural Rationalisation and delivery models" and in a separate note provided at Appendix 4.

An analysis of the impact of EI support structure on the overall **non agri food** indigenous sector is also provided at Appendix 5.

### **County and City Enterprise Boards (CEBs)**

The CEBs are the principal point of contact for people seeking support in setting up or expanding a business. Their role is to provide support to micro-enterprises (10 employees or less) in the start-up and expansion phases, to promote and develop indigenous micro-enterprise potential and to stimulate entrepreneurship at local level. 32,910 fulltime jobs existed in CEB assisted Companies at end 2010.

Following internal consideration and having regard to proposals contained in the McCarthy Report, the Report of the Local Government Efficiency Review Group and the Programme for Government, it is proposed to restructure the manner in which enterprise supports are provided to the microenterprise sector (businesses up to 10 employees). A Memorandum on this matter will be brought to Government shortly.

[TEXT WITHHELD – FOI Section 20(1)]

The final shape of the restructuring of the CEBs is still emerging and subject to further refinements. In addition, the timing for achieving any restructuring is also uncertain. Over time this should result in lower overall rent costs and the timing and manner of achieving this will determine what savings will emerge and when. [TEXT WITHHELD – FOI Section 20(1)]

### **Shannon Development**

Shannon Development delivers support to companies based in the Shannon Free Zone to assist them to remain competitive in the marketplace. The investments made by Shannon Development help these companies to increase export sales, increase in-house capabilities (R&D and training) and generate employment.

Exchequer funding to Shannon Development is limited to Capital and funding for pensions under Current Expenditure. Falling Own Resource Income from property rental income has put pressure on Shannon's pay and non-pay spending. Staff numbers have been reduced from 168 in 2008 to 115 serving in June 2011 by the moratorium on filling vacancies, [TEXT WITHHELD – FOI Section 21(1)(b)]. All non-pay spending headings have been reduced, and some are now at zero. Shannon Development currently has no money to spend on Tourism Marketing or on Broadband Installation, programmes which it funded when money was available.

The Department considers that it is appropriate to review the current funding model of Shannon Development, in conjunction with the Department of Transport, Tourism and Sport and make recommendations on its future.

### **The National Standards Authority of Ireland**

The National Standards Authority of Ireland supports and enhances the basic trade infrastructure through the policy instruments of Standards, Metrology and Conformity Assessment (Certification and Agrément). The NSAI represents Irish interests in European and international Standards bodies - groups that work towards the harmonisation of standards and the removal of technical barriers to trade. As Ireland's official standards body, NSAI ensures consumer confidence and protects industry interests through setting standards and issuing certification in the quality and safety of goods and services. Apart from its standards work, the NSAI provides knowledge-based services and technical support to consumers and industry, through the independent certification of products, processes and services; certification specific to the construction industry, known as 'agrément', regulatory control in the area of metrology and maintenance and development of the national measurement standards.

This infrastructure is crucial to the development of economic activity. The Programme outputs enable businesses to trade confidently while protecting consumers.



NSAI is funded by a mix of both income generated by fees and a grant from the Exchequer towards pay and pensions and capital expenditure specifically for the maintenance and replacement of equipment. NSAI also receives a small allocation from the Exchequer towards non-pay expenditure, in the order of €49k for 2011. The Department considers that it is not appropriate to reduce that allocation any further.

The Department has reviewed the recommendations of the Special Group on Public Service Numbers and Expenditure Programmes, (McCarthy Report) in relation to NSAI. The Report recommended the privatization of certification services. The Department considers that the saving envisaged could not be realised in practice because of the high level of overhead costs that would remain with the NSAI after a sale of the certification business. In reality, removal of NSAI's ability to generate fee income to defray payroll and operating costs would result in an increased Exchequer cost. To increase efficiencies outsourcing is used increasingly in the provision of certification audits.

### **InterTradelreland**

InterTradelreland's mission is to identify and help realise opportunities to improve competitiveness, generate economic growth and create sustainable, quality jobs on an all-island basis through increased levels of North/South trade and co-operation on innovation and business development opportunities.

The activities of InterTradelreland are co-funded by the Department and its northern counterpart and any savings are subject to mutual negotiation and agreement at the North/South Ministerial Council. However, the Department has estimated that savings of €100k in a full year by 2014 are achievable to be introduced over the period 2012-2014.

## **2.5 Programme Area B – Investing in Science, Technology and Innovation**

The objectives of this programme are to:

1. Support a competitive and productive research base that is closely aligned with enterprise needs and acts as a magnet for FDI
2. Drive growth through research and innovation in enterprise and
3. Improve competitiveness, through enhancing the economy's capacity to develop innovative products and services.

These in turn underpin export and employment growth.

This Programme Area covers the Department's activities under the Strategy for Science, Technology and Innovation (SSTI), is informed by the Report of the Innovation Taskforce and responds to the requirements of the new Government programme. Funding is provided for strategic investments in research, development and innovation and the development of human capital. These investments will serve as key drivers for future growth, and the creation and maintenance of sustainable employment.

The Department is intent on enhancing the efficiency and focus of the funding for Science, Technology and Innovation (STI) and on ensuring the optimal return from the investment. A Research Prioritisation exercise is currently underway which will identify priority areas for future investment and will ensure that investment is strategically well targeted. The transfer of the budget for PRTLTI from the Department of Education and Skills to the Department of Enterprise, Trade and Innovation in 2010 was an important first element of this.

The effort to develop a knowledge-based economy has been advanced by the Report of the Innovation Taskforce. This made recommendations aimed at transforming Ireland into a global innovation hub, improving job creation prospects and driving export-focused sectors. Key recommendations of that report are taken forward under this programme.

The Department's activities under this Programme Area are delivered by Science Foundation Ireland, Enterprise Ireland, the Higher Education Authority and IDA Ireland. The Programme for Research in Third Level Institutions (PRTLTI) is also strengthening national research capabilities through investment in human and physical infrastructure. Funding is also provided for the Discover Science and Engineering awareness programme, the Patents Office, the Tyndall National Institute and programmes delivered for the Department by the Irish Universities Association.

### High Level Goal

To improve the competitiveness of our enterprise base by significantly enhancing Ireland's capacity to generate, protect and use new knowledge for economic and social gain.

### Pay and Numbers

The ECF poses significant challenges to the Agencies operating within this programme of activities.

See Section 2.2- Pay and Numbers.

### Principal Sub-Programmes- Review of Current Non-Pay Expenditure and options for rationalisation

The following table summarises the total non-pay savings identified for the purposes of this Review:

Table: Non-Pay savings in Investing in Science, Technology and Innovation Programme Area

<b>Investing in Science, Technology and Innovation</b>	
F.1 - SCIENCE AND TECHNOLOGY DEVELOPMENT PROGRAMME	2.610
1. <i>Enterprise Ireland</i>	0.542
2. <i>Science Foundation Ireland</i>	1.168
3. <i>STI Awareness &amp; Evaluation</i>	0.900
F.2 - DUBLIN - CITY OF SCIENCE	0.996
F.3 - PROGRAMME FOR RESEARCH IN THIRD LEVEL INSTITUTIONS	4.583
<b>TOTAL</b>	<b>€8.189m</b>

The work being carried out by the Department and its Agencies under the Strategy for Science, Technology and Innovation is having a real and positive impact on improving Ireland's competitiveness. Strategic investments in R&D have contributed significantly to the competitiveness of indigenous enterprise, to embedding the FDI base in Ireland and to the creation and application of new knowledge and technology across the enterprise spectrum. This work is also meeting the objective of improving Ireland's international reputation as a place to do business and for generating and using new technology and knowledge.

The impact is being seen, inter alia, through

- the development of R&D and innovation projects in indigenous companies,
- the growth of spin out and incubation companies,

- the generation of technology licenses and technology transfers,
- the number of research projects being won by Ireland involving MNCs,
- the impact on companies' ability to generate commercial export sales in the supply of products to the commercial space and non space market
- the development of centres of collaboration with enterprises through the CSETs, Strategic Research Clusters and Competence Centres, with a strong emphasis on knowledge transfer, for the benefit of both enterprise and research institutions, and
- the development of research centres and facilities underpinning the production of human capital and work of research teams for future decades.

The projects thus supported create investment and jobs in Ireland and support local business and employment through spin-off services. For example, in 2010, 750 indigenous enterprises undertook research, development or innovation projects with the assistance of Enterprise Ireland Programmes. These enable companies to maintain a competitive edge through product and process improvement, and through the development of new products.

Ireland's strengthened national infrastructure has enhanced IDA's capacity to attract increased levels of high-value R&D projects. RD&I investment continues to play a strategic role as part of Ireland's FDI landscape, embedding existing employment and setting the groundwork for further employment.

In an era of increasing competition for FDI and increased restrictions on our ability to grant aid, flowing from EU state aid rules, RD&I supports are an important tool to attract further investment and maintain existing employment. IDA stretch targets set out in its Horizon 2020 Strategy, see annual client investment in RD&I rising to €1.7 billion.

The Department is very aware of the need to ensure that science and technology graduates have relevant skills that are applicable in the current employment market. While the production of suitably qualified graduates is primarily the responsibility of the Department of Education and Skills and the Higher Education Institutions, this Department is very engaged in initiatives to lead to that goal. A note on this matter is provided at Appendix 6.

### **Science Foundation Ireland**

Science Foundation Ireland operates a range of programmes designed to deliver a world class standard of research activity in third level institutions and linked to Irish enterprises. SFI-funded researchers are now involved in excess of 600 collaborations with industry. Through industry-embedded research groups, SFI is helping to support the retention of employment in high-value jobs in Ireland.

The SFI Centres for Science, Engineering and Technology (CSET) and Strategic Research Clusters (SRC) programmes are the key mechanism for researchers to link formally with industry. SFI is currently funding 30 research

centres [9xCSETs, 20xSRCs] undertaking research activity allied to the needs of industry, involving in excess of 180 industry partners.

By consolidating the pool of high quality researchers (Principal Investigators and their Teams) and through the awards to Higher Education Institutions, SFI is building Ireland's world-class research capacity in strategic areas. As at 31 December 2010, the total number of active Principal Investigators and their teams funded by SFI was 341, from a base of 200 in 2005.

SFI has specialist, highly-motivated and trained staff, the infrastructure and the systems to take on additional and more wide ranging responsibilities in the context of rationalisation of Agencies subject to the appropriate financial and human resources transferring to SFI.

Given this expertise found within SFI and the number of other Agencies involved in funding research, there may be rationalisation opportunities within the wider scientific funding structures. The possibility of adding to the responsibilities and remit of SFI may offer the most realistic rationalisation opportunity.

The non-pay Current allocation to Science Foundation Ireland in respect of its administrative costs has reduced over recent years. The potential for further savings lies in a reduction in funds for EJournals and on Programme Management and by 2014 would have reached an estimated €1.168m for a full year

### **Enterprise Ireland**

Enterprise Ireland operates a suite of programmes to expand research capacity in companies, to increase collaboration between enterprise and the research sector and to maximise the commercialisation of the State's research investment. The Agency provides hands-on support, promotes awareness of the benefits of innovation in the context of a company's business plan, provides important funding support in the form of both grants and equity and promotes awareness of incentives such as the tax incentives available.

Its approach is to:

1. Encourage Enterprise to undertake R&D activity as a means to improve profitability, sustainability, growth and jobs
2. Realise the commercial potential of Irish research
3. Establish collaboration between Research Institutions and Enterprise for the benefit of enterprise

The scope for administrative and efficiency savings has been covered in Programme A- Restoring Competitiveness and Supporting Enterprise.

Other administrative savings of **€0.542m** in a full year by 2014 can be apportioned to Enterprise Ireland's activities in this programme under Subhead F, the subhead for Science, Technology and Innovation.

### **IDA Ireland**

Though funds are provided through Programme A, IDA Ireland leverages significant investment in Science Technology and Innovation. 2010 saw IDA Ireland win 37 high-value RD&I projects for Ireland with over €500 million in new RD&I investment.

### **Programme for Research in Third Level Institutions (PRTLl)**

Programme for Research in Third Level Institutions (PRTLl) investments are aimed at strengthening national research capabilities via investment in human and physical infrastructure, PRTLl provides funds in strategically prioritised areas across all disciplines.

PRTLl has supported the development of research centres and facilities that underpin key national priorities and individual institutional strategic missions. It has also enabled the establishment of national networks and consortia. It has taken the lead in the establishment of Structured PhD Programmes designed to significantly raise the standard of PhD education in Ireland and improve the international competitiveness of our emerging workforce. Since the inception of PRTLl Cycle 4 in 2007, projects supported by current funding under this programme have reported a total of 2,239 peer-reviewed publications and 468 new collaborations were developed by projects with 92 of these with industry partners and 327 with international partners.

Current expenditure savings will be achieved by reducing the number of the approved PRTLl projects that are allowed to proceed and receive funding. This is not postponement - at least 3 projects, previously announced, will not be funded. In addition, proportional reductions will be applied across the remaining 15 structured PhD programme, resulting in a shrinking of the PhD student cohort. The value of savings identified is **€4.583m** in a full year by 2014.

### **Discover Science and Engineering Programme**

The Discover Science and Engineering Programme supports initiatives to increase interest in science, maths, technology, innovation and engineering among students and teachers and the potential future workforce.

The programme is administered by Forfás. The Department has reduced the allocation to this area over recent years and a further cut of **€0.9m** will be imposed on DSE by 2014, dictating changes in approach to providing its outreach programmes. Despite the policy imperative of increasing interest in science, engineering and maths, the Department has no choice but to cut the programme if the required savings targets are to be met.

### **Irish Universities Association (IUA)**

The Irish Universities Association (IUA) hosts the National Research Mobility Office on behalf of the Department. Each Member State must provide a facility

of this nature. This office provides information services in a cost effective way for researchers in relation to mobility and research job opportunities. In the absence of Department funding to the IAU, these services would have to be provided, at additional cost, by the Department directly or allocated as additional functions to an agency. No savings are proposed.

### **Intellectual Property and the Patents Office**

The creation, exploitation and protection of Intellectual Property are key elements in encouraging innovation activity. During 2010, the Department introduced two new regulations, thus further strengthening Ireland's legal framework.

The development of a clear Intellectual Property regime, through enhanced Intellectual Property legislation policies and guidelines, will deliver a clear and consistent system to enable entrepreneurs and enterprises engage in the optimal exploitation of research and development.

The role of the Patents Office involves the grant of rights in the fields of inventions (patents), trademarks and designs, and the dissemination of relevant knowledge in conjunction with each of these activities. The Patents Office aims to provide business, industry and individual entrepreneurs with the facilities to optimise the economic potential of their intellectual property rights. These rights play a key role in fostering innovation and competitiveness and are governed by a complex framework of national and international law. In so doing, the work of the Office ties in with the wider national and Departmental objectives of supporting and encouraging enterprise and innovation and fostering an effective IP business environment in Ireland.

The Patents Office has a predominantly regulatory role and is not programme-based. As such, all of its activities are related to its core business. As a consequence, it is not possible to reduce or cease activities in order to bring about expenditure savings. However, the Office has a constant objective in its Strategy Statements to seek to change, modernise and incorporate new technology in order to improve systems, processes and procedures and service to customers in order to bring about increased efficiency and reduce costs.

Delivering on this objective has already produced efficiency gains and reduced costs which are included in the Department's overall Administrative Budget. Further ICT initiatives such as the online filing of trade mark applications and online payment of trade mark application fees will contribute to further administrative efficiencies in the processing of trade mark applications and the processing of fee payments.

Important steps have been taken to ensure close collaboration between the Intellectual Property Unit in the Department and the Patents Office. Staff in both organisations now report to the Controller of Patents/Head of Unit. An important innovation in the area of Trade Marks and Designs as well as

enforcement law has been introduced whereby the relevant sub unit of the IPU is now supported by Kilkenny based staff (1 HEO & 1EO) without any increase in the Office's overall staffing levels.

### **Dublin City of Science 2012**

Following an open competition in 2008, Dublin was awarded the honour of hosting the Euroscience Open Forum (ESOF) from 11-15 July 2012. ESOF is the largest and most prestigious European science meeting and is held in a leading European city every two years. ESOF is a multi-disciplinary, general science meeting, which aims to:

- Showcase the latest advances in science and technology;
- Promote a dialogue on the role of science and technology in society and public policy;
- Stimulate and provoke public interest, excitement and debate about science and technology.

The main programme of ESOF will be held in the Convention Centre Dublin and will attract over 5,000 scientists; business leaders; senior EU and government officials; and international scientific media to discuss the best of European science.

Funding for this has been provided by reducing the allocation to other activities under the STI Programme. Funding will end in 2012 and therefore a saving of **€0.996m** will arise.



## **2.6 Programme Area C – Supporting a Better Workplace**

Maintaining a peaceful industrial relations workplace environment through the active support of the State's employment rights and industrial relations institutions remains an important element in our strategy to retain existing and grow new employment opportunities. Past evidence suggests that workplace strife inevitably exacerbates enterprise and/or national economic difficulties. Therefore, it remains an imperative that employers and employees alike remain familiar with their rights and responsibilities in the workplace so as to avoid unnecessary misunderstandings, disputes and loss of earnings/productivity.

This Programme Area covers the activities of the Labour Relations Commission, the Labour Court, the Employment Appeals Tribunal, the National Employment Rights Authority and a small number of other activities which support a positive and harmonious workplace environment. These bodies have experienced sharply increased demands on their services in recent times, as a direct result of the economic downturn. At a time of severely constrained resources for the State maintaining adequate service levels is a day-to-day challenge for the staff and managers in these bodies.

The Programme Area also covers the activities of the Health and Safety Authority. The running costs associated with the ongoing development of economic migration policy and the administration of the Employment Permits regime are also captured in this Programme Area. Finally, the Programme Area includes the costs associated with the negotiation of the national and EU legislative framework under which our employment rights and industrial relations laws are developed.

### **High Level Goal**

To foster good industrial relations, employment rights and health and safety awareness and compliance, to support implementation of the EU "REACH" chemicals regulatory regime and to facilitate the recruitment of necessary skilled labour in support of a progressive enterprise economy.

### **Pay and Numbers**

The ECF poses significant challenges to the Department, Office and Agencies operating within this programme of activities.

In addition, Pay allocations in respect of the ERIR bodies of the Employment Appeals Tribunal and the Labour Relations Commission also include fees payable to Tribunal members and Rights Commissioners who are pivotal to the delivery of services.

See Section 2.2- Pay and Numbers.

## **Principal Sub-Programmes- Review of Current Non-Pay Expenditure and options for rationalisation**

The following section looks at the primary sub-programmes, which in this case represent the work of departmental staff, office and Agencies. Rationalisation options that have been considered that may involve either restructuring or a refocusing of the remit are identified below and are discussed in the broader context under Section 2.10 “Structural Rationalisation of the bodies under the aegis of the Department”. Issues regarding Shared Services and Outsourcing are also dealt with separately under those Sections.

The following table summarises the total non-pay savings identified for the purposes of this Review:

Table: Non-Pay savings in Supporting a Better Workplace Programme Area

<b>Supporting a Better Workplace</b>	
O.2 - WORKPLACE INNOVATION FUND PROMOTION OF PARTNERSHIP	0.296
T - HEALTH & SAFETY AUTHORITY - GRANT FOR ADMIN	0.770
<b>Total</b>	<b>€1.966m</b>

## **Principal Sub-Programmes and Rationale for continuing activity**

### **Employment Rights and Industrial Relations Bodies**

The activities of the Rights Commissioners, Conciliation Service, Advisory Service, Labour Court and the Employment Appeals Tribunal contribute directly to the promotion of a stable industrial relations climate, including effective dispute resolution, which is an important contributor towards economic competitiveness and social cohesion. Much of the activity in this programme area is dictated by the broad range of statutory rights and responsibilities enshrined in legislation, both domestic and EU. The fallout from the current economic climate has resulted in a sharp increase in demand for these services.

There is a clear correlation between the activity levels of both staff and associated persons appointed by the Minister, such as EAT Members and Rights Commissioners, and expenditure on non-pay administrative items such as travel and subsistence.

All of the ERIR bodies have experienced dramatic increases in demand for services as a result of the economic downturn and are struggling to address

backlogs with existing resources. Non-pay expenditure on awareness and promotional activities has already been curtailed, particularly in the case of NERA and it is therefore not possible to reduce the non-pay allocations any further if the ERIR bodies are to continue with their statutory remits.

There has been an emerging consensus in recent times that there should be a simpler structure and simplified and streamlined procedures. The simplest arrangement would be a single body dealing with workplace grievances and disputes in the first instance and another body dealing with appeals.

Accordingly, there should be a single point of entry for all users of employment rights machinery. It would make sense that the Equality Tribunal, 90% of whose cases are workplace related, would come within this new single point of entry. That single point of entry would take over the first instance functions currently performed by the Labour Relations Commission, Rights Commissioners, NERA, the Equality Tribunal and the Employment Appeals Tribunal. On the 18<sup>th</sup> July, Minister Bruton announced the first steps to be taken in order to streamline the bodies in question. A note on this is provided at Appendix 7.

The Minister is expecting savings to be yielded in the context of the planned rationalization of the employment. However, there will be also be once off costs associated with the rationalization, including information systems development and business process re-engineering. There may also be accommodation and re-branding costs. Taking these costs into account, the net savings envisaged through the reform programme are estimated at **€0.9m** in a full year, to be achieved by 2014.

### **Health and Safety**

The Health and Safety Authority is Ireland's national body responsible for promoting, administering and enforcing workplace health and safety legislation and certain aspects of chemicals regulation policy. In occupational safety and health, an active, preventive-oriented inspection regime with a priority on high risk sectors, contributes towards reducing the risk of employees being unnecessarily exposed to the hazards associated with a poor workplace safety regime, including in the area of the storage and handling of chemicals and other dangerous substances.

There is a correlation between staff numbers and non-pay expenditure therefore reducing staff numbers in line with current ECF targets will drive some of the Non-Pay reductions. Based on the current ECF targets, inspections activity would decrease by at least 12% and there would be reduced activity in market surveillance and customer contacts. The non-pay savings associated with this reduction in activities has been estimated at **€0.75m** in a full year by 2014.

The Authority believes that there are opportunities for rationalisation and greater efficiencies where similar or overlapping work is done by a number of bodies. The Authority has identified the main opportunities for rationalisation

as being in the pesticides and transport related areas. For example, the pesticides control section in the Department of Agriculture and Food does very similar work to that performed by the Authority and is a replicated competent Authority under REACH working with ECHA in Helsinki. Both groups have similar staff profiles. Similarly, a range of Departments and Agencies have responsibility for different and partially overlapping aspects of transport safety. Amalgamation of these functions would lead to efficiencies and better delivery of services.

[TEXT WITHHELD – FOI Section 20(1)]

The Authority's area of responsibility also overlaps with or complements the work of other state bodies and it has concluded formal agreements setting out respective roles with the following organisations: EPA, Dept of Agriculture & Food, DPP, BIM, Garda Síochána, RPII, CER, Tobacco Control, Bord Pleanála, Teagasc, Marine, and Irish Prison Service. In addition, the Authority works closely with other public sector bodies, e.g., the Local Government Management Agency.

In addition to changes to the functions set out above, the Authority has also identified savings to its exchequer allocation that could be generated by having certain corporate services functions provided by another body on a shared services arrangement basis.

The Authority has estimated that €0.465m in pay savings and **€0.05m** in non-pay savings could be achievable in a full year by 2014 by implementing this range of rationalisation and reform options and the Department has included this figure in its proposed non-pay savings, giving a total of **€0.77m** that is considered achievable by 2014.

### **Employment Permits**

The employment permits regime is administered by the Department and expenditure is incurred under the Administrative Budget. An Employment Permit is a permission issued to a non-EEA national, which permits his or her employment in the State by the employer named on the Employment Permit in the occupation specified on the permit.

[TEXT WITHHELD – FOI Section 20(1)]

### **Grant for Trade Union Education and Advisory Services**

The State provides an annual grant to assist the Irish Congress of Trade Unions in meeting the cost of providing its "Education, Training and Advisory Service" (ETAS). The ETAS supports a diverse range of courses including health & safety, pensions, conflict resolution and business studies. The ETAS also involves the provision of all-year-round advisory services to affiliated trade unions. The grant, which is expected to total €874,000 in 2011, covers part of the costs incurred by the ICTU in providing this service.

While the grants paid by the Department to meet costs incurred by the ICTU in the operation of the Education, Training and Advisory Services may cover up to 80% of expenditure on training and advisory services for union officials and activists, the value of the grant had fallen to less than 40% of the annual cost of providing the ETAS prior to the economic downturn. The ICTU must cover the balance of the costs from its own resources.

The State subvention to ICTU has been provided for over a quarter century and pre-dates the former series of social partnership agreements. In the view of successive Governments, the underlying rationale for the subvention is that that improved industrial relations are a key factor in enterprise development and that greater expertise and professionalisation in the industrial relations sphere contributes to more efficient use of the State's industrial relations and dispute resolution machinery and to industrial peace.

The Department has considered the potential for further savings on the ETAS grant and feels that the case for maintaining some State Support for the ICTU in this area is very strong. Accordingly no savings are being offered up under this heading.

#### **Workplace Innovation Fund**

The Workplace Innovation Fund is administered through Enterprise Ireland and is a time bound initiative whereby any commitments for funding must be paid by 2013. On this basis, savings for 2014 will be **€0.296m**. Savings on drawdown in the intervening years may also materialise.

## **2.7 Programme Area D – Supporting Better Regulation, Business and the Consumer**

The objective of this Programme Area is to promote high standards of corporate governance, efficient and competitive markets, and to protect the interests of consumers. This contributes to national competitiveness by providing a secure and stable environment for investment, trade and business, and consumer transactions.

This Programme Area covers the activities of the Office of the Director of Corporate Enforcement, the Companies Registration Office, the Registry of Friendly Societies, the Irish Auditing and Accounting Supervisory Authority, the Competition Authority and the National Consumer Agency. A small grant is also provided for organisations that undertake Consumer Support activities and has previously been made to the Consumers Association of Ireland. The Personal Injuries Assessment Board, which is primarily financed from income generated from respondents, also receives a small allocation in relation to reimbursement of pension costs.

Related support is also provided under the “Other Services” Programme Area to the High-Level Group on Business Regulation, the Company Law Review Group and the Sales Law Review Group.

### **High Level Goal**

To ensure that the business regulatory system facilitates competition in the marketplace with high standards of consumer protection and corporate governance.

### **Pay and Numbers**

The ECF poses significant challenges to the Department, Offices and Agencies operating within this programme of activities.

See Section 2.2- Pay and Numbers.

### **Principal Sub-Programmes- Review of Current Non-Pay Expenditure and options for rationalisation**

The following section looks at the primary sub-programmes, which in this case represent the work of Departmental staff, Offices and Agencies. Rationalisation options that have been considered that may involve either restructuring or a refocusing of the remit are identified below and are discussed in the broader context under Section 2.10 “Structural Rationalisation of the bodies under the aegis of the Department”. Issues

regarding Shared Services and Outsourcing are also dealt with separately under those Sections.

The following table summarises the total non-pay savings identified for the purposes of this Review:

Table: Non-Pay savings in Supporting Better Regulation, Business and the Consumer Programme Area.

<b>Supporting Better Regulation, Business and the Consumer</b>	
A.9 - OFFICE OF THE DIRECTOR OF CORPORATE ENFORCEMENT	0.516
R.1 - CONSUMER AFFAIRS - GRANT FOR ADMIN & GEN EXPS	0.670
R.3 - CONSUMER SUPPORT	0.05
S.1 - CRO & RFS - GRANT FOR ADMIN & GEN EXPS	0.40
<b>TOTAL</b>	<b>€1.636m</b>

The investment in enterprise and in human capital outlined in other Programme Areas is underpinned by ensuring that markets work in a fair and efficient manner, that competition is promoted and that consumers' interests are safeguarded.

### **Competition**

The rebuilding of Ireland's cost competitiveness is a key element in restoring its economic stability and facilitating job creation and retention. Competition policy can play a vital role in improving the competitiveness of an economy but particularly so in a small open economy such as Ireland. Studies comparing the economic performance of countries with competitive, as opposed to restricted, market systems show a link between competition and productivity growth.

Ensuring competition within Ireland's domestic economy is, therefore, vital to improving overall competitiveness and illustrates the need for robust competition policy and a continuing strong enforcement regime by a properly resourced Competition Authority which is the independent statutory body responsible for competition law enforcement and merger control.

The Competition Authority carries out its mandate through promoting compliance with competition law, advocating legislative and administrative changes to promote competition and deciding on mergers notified to it. Powers are also devolved from the EU to designated national competition bodies, which, in Ireland's case, is the Competition Authority, to ensure enforcement of EU competition provisions in the Treaty.

The importance of competition policy and the work of the Competition Authority have been given an added impetus by the specific recognition, given in the EU/IMF Programme of Financial Support for Ireland, which commits Government to introduce legislative changes to remove restrictions to trade and competition in certain sheltered sectors, particularly in the legal and medical/pharmacy sectors. These reforms are aimed at lowering costs in sheltered sectors, thus boosting purchasing power and underpinning further competitiveness gains. Again with the purpose of bringing down costs, the EU/IMF Programme also calls for no further exemptions to the competition law framework to be granted unless they are entirely consistent with the goals of the Programme and the needs of the economy.

In light of the role competition policy can play in re-building our economy and the EU/IMF actions points, the need for a strong, suitably qualified and capable Competition Authority to monitor, enforce and advocate in matter relating to competition is even more essential at this time. Funding of the authority is at an all time low. The 2011 non-pay budget is 50% less than its budget of 2008 and staff levels have fallen by 26% with no change to the Authority's statutory role. It is therefore not considered possible to find any savings in this area.

The merger with the National Consumer Agency that was announced in December 2008 is currently being implemented and already the Competition Authority has taken over the processing of non-pay financial transactions on behalf of the NCA. However, given that the budgets and staffing levels of both organisations have been reduced in each successive budget since 2008, previously expected savings arising from synergies, particularly in the area of shared services, are now not expected to arise. A note on this is provided at Appendix 8.

### **Consumer Protection**

Consumer confidence is fundamental to economic growth, particularly domestic growth. A key part in imbuing confidence among consumers is the assurance that there are laws and advocates to protect consumers' interests, particularly given the imbalance that often exists in commercial transactions between traders and consumers. It is no co-incidence, therefore, that most developed economies have a framework of consumer protection law and dedicated bodies to enforce those laws. This is particularly the case in the EU where the member states of the community have given specific expression to the importance of consumer protection in the EU Treaties.

The National Consumer Agency was established under the Consumer Protection Act 2007. Its mandate includes advocacy, research, information, enforcement, education and awareness. In terms of enforcement, the Agency enforces a wide range of both domestic and EU laws, including laws on deceptive trading practices (including unfair, misleading and aggressive), consumer credit, package travel, unfair contract terms, timeshare, consumer safety (mandatory standards), food labelling, textile labelling, unit pricing and price displays. The Central Bank Reform Act 2010 transferred the consumer



education and information roles of the Financial Regulator to the Agency with effect from the 1<sup>st</sup> January 2011.

Since its establishment the Agency has focussed much of its resources on raising greater awareness among consumers and businesses in relation to matters of consumer welfare. In terms of effectiveness the most recent Consumer Scoreboard published by the European Commission found Ireland to be to the forefront of member states where consumer rights were respected and that confidence in relation to the levels of protection had grown faster among Irish consumers than anywhere else in the community.

The Agency, through initiatives such as outsourcing and competitive procurement tendering, has managed to achieve considerable savings on the costs of running its consumer information, research and other programmes in recent years in light of reducing allocations. A further saving of **€0.67m** has been identified as achievable in a full year by 2014. This includes savings in respect of the merger with the Competition Authority, which is underway.

The Agency's financial consumer education and information functions are funded by way of a levy imposed on regulated financial service providers, which is collected by the Central Bank on the Agency's behalf and is revenue neutral, as it does not impose on the Exchequer.

### **Merger of the National Consumer Agency and the Competition Authority**

As part of the rationalisation programme of state bodies, the then Minister for Finance, announced in his 2009 budget statement the Government's intention to merge the National Consumer Agency and the Competition Authority. In advance of the enactment of the legislation to give effect to this merger, discussions were held between both bodies to explore what synergies could be achieved in advance of the formal merger. These discussions have allowed for the hosting of the Agency's non-pay electronic payments to be transferred from the Department to the Competition Authority.

It is the case, however, that the merger of both bodies will not result in any appreciable savings in non-pay expenditure. Given that this Department currently provides significant corporate services to the Agency in terms of HR, payroll, IT etc. (which is reflective of the fact that the majority of the Agency's staff are assigned from the Department.) and to a lesser extent to the Authority, it is unlikely that the merger will result in any savings in this area, other than a reduction in board fees and associated costs. Any non-pay savings have been included in the previous section on Specific Non-Pay Savings.

Insofar as possible savings in the area of pay is concerned, as stated above the staffing complement of the NCA is considerably less than the complement of its predecessor, the Office of the Director of Consumer, despite its greater mandate and almost half the complement approved by the Department of Finance to carry out this expanded mandate. The Agency has advised that the reduction in its staffing resources is making it almost impossible for the Agency to carry out its statutory mandate as set out in the 2007 Act and as a

result it has had to prioritise its activities. It is unlikely, therefore, that given the respective distinct and separate mandates and the current staffing complements of the Agency and the Authority that a merger of both bodies will result in any savings in expenditure. A note on this is provided at Appendix 8.

**Credit intermediaries and pawnbrokers:**

Currently the NCA has responsibility for issuing authorisations for credit intermediaries and pawnbrokers. This entails duplication with work undertaken by the Central Bank in relation to financial intermediaries. From a perspective of more efficient operation, this Department has proposed to the Department of Finance that responsibility for credit intermediaries and pawnbrokers transfer to the Central Bank. This would free-up one member of staff for the NCA to attend to other core duties of the Agency. Confirmation that the transfer will take place has yet to be received from the Department of Finance: such a transfer would require legislation. While the transfer would be revenue neutral for the Exchequer as a whole, it would mean that receipts for this Department in A-in-A would drop: in 2010, these amounted to c.€340,236.

**Sales Law Review Group**

The Sales Law Review Group was established to review the legislation governing the sale of goods and supply of services. The Review Group is made up of leading academics, legal practitioners, and representatives from consumer and business organisations. The current body of legislation in this area is a mix of pre- and post-Independence primary legislation and secondary legislation deriving from EU Directives. This legislation provides the statutory framework for the regulation of business-to-consumer and business-to-business contracts and is a cornerstone of both Irish consumer and commercial law. The Review Group has reviewed the general sales law provisions of the Sale of Goods Acts 1893 and 1980, and has made recommendations for a scheme of legislation capable of providing a statutory sales law framework appropriate to modern-day conditions and needs.

The Review Group has also examined the provisions of the proposed EU Directive on Consumer Rights in the light of existing Irish consumer law and assessed its implications for Irish consumer rights and law. The Review Group has also considered other matters related to Irish sales law and common law and the statutory framework of that law, including dispute resolution mechanisms in Ireland. The Report of the Group, which was submitted to the Minister in July, is expected to be published shortly.

The Members of the Review Group contribute their time and expertise voluntarily at no cost to the Exchequer.

**Company Law**

The creation and maintenance of jobs in any free market economy depends on having a number of key supporting factors in place. One of these is an efficient and effective regime for the establishment and regulation of corporate entities. The Department is supported in this programme by the activities of

the Office of the Director of Corporate Enforcement, the Companies Registration Office and the Registry of Friendly Societies, the Irish Auditing and Accounting Supervisory Authority and the Company Law Review Group.

### **Office of the Director of Corporate Enforcement**

The Office of the Director of Corporate Enforcement (ODCE) discharges its mandate in two ways:

- It seeks to encourage and facilitate voluntary compliance by deepening and widening the levels of knowledge that relevant stakeholders have about their rights and responsibilities in relation to their involvement with companies. This is achieved, primarily, by providing information through a wide variety of channels.
- It drives compliance through a range of enforcement actions that includes simple interventions drawing attention to detected breaches and requesting the remediation of any deficiencies through to criminal prosecutions for more serious offences or persistent failures to comply with requirements.

Over recent years, the Office has engaged in a dynamic process of reorganisation, restructuring and refocusing of the manner in which it approaches its functions in order to meet its increased workload with fewer staff and reduced non-pay allocations.

The non-pay allocation is used primarily to cover legal costs and general administration. In this regard, annual savings by 2014 of **€0.516m** have been identified as achievable based on best estimates of the likely level of legal costs to be paid out both in respect of legal services engaged by the Office and any awards of costs made against the Office.

### **The Companies Registration Office**

The Companies Registration Office (CRO) and the Registry of Friendly Societies (RFS) are the statutorily required Offices in the State that carry out the registration of companies and other commercial entities and that make information in relation to those entities available to the public. Since 2007 EU legislation requires the maintenance of business registers in electronic format and a currently proposed Commission Directive sets out requirements to interconnect all companies registers across the EU for companies governance transparency purposes.

Currently, a substantial amount of staff are engaged in work associated with the processing, scanning and filing of paper documents. Annual savings by 2014 of **€0.4m** have been identified during the review relating to maximising existing eFiling capabilities and minimising costs of Post and ICT. However, a decision to introduce mandatory electronic filing for companies with the CRO by end 2013 would eliminate scanning activity, data-entry, public-counter servicing, post opening, manual registration and storage costs and lead to an estimated staff reduction of 15 – 20 by end 2013 as well as payroll savings of

about €800,000 per annum. These savings have been factored in to our Pay Savings calculations.

### **The Irish Auditing and Accounting Supervisory Authority**

IAASA's current functions arising from domestic and EU law are the supervision of how the prescribed accountancy bodies<sup>2</sup> regulate and monitor their members and the monitoring of the periodic financial reporting of certain entities whose securities have been admitted to trading on a regulated market in the EU. In 2010 an additional function was conferred as it was decided that Ireland should transfer responsibility for the evaluation of how audits of public interest entities are carried out, from the recognised accountancy bodies to IAASA, as the public oversight body. This decision was based on *European Commission Recommendation 2008/362/EC* for statutory auditors of listed entities, credit institutions and insurance undertakings. In Ireland this will mean that for the first time the audits of Irish entities listed on an EU stock exchange, Irish credit institutions and Irish insurance undertakings will be quality checked by IAASA.

Due to the funding model adopted in respect of IAASA, no savings have been identified.

### **Merger of the ODCE and CRO**

The Department will undertake an examination of the feasibility of combining the ODCE and CRO into a combined Corporate Office. Any merger of the CRO and the ODCE would have to embrace the Registry of Friendly Societies as it is effectively merged with the CRO at the moment.

As a number of corporate support functions for these Offices are provided by the Department, there is unlikely to be significant staff savings from a merger.

The Department considers that there is merit in including IAASA within the scope of the examination and will prepare a report by the end of Quarter 1 2012 for Ministerial decision. Account will have to be taken of the fact that IAASA is currently 40% funded by the accountancy profession and that funding is set to increase arising from the decision to confer Quality Assurance of Audit functions on IAASA.

Account will also need to be taken of the rationale for the establishment of both the ODCE and IAASA as separate bodies with their own distinct mandates. ODCE was established following the McDowell Report on Compliance with Company Law and IAASA was established following the PAC enquiry into D.I.R.T tax evasion. In addition there is an EU requirement for an independent oversight body for the auditing profession.

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<sup>2</sup> ACCA - Association of Chartered Certified Accountants; AIA - Association of International Accountants; CIMA - Chartered Institute of Management Accountants; CIPFA - Chartered Institute of Public Finance & Accountancy; ICAEW - Institute of Chartered Accountants in England & Wales; ICAI - Institute of Chartered Accountants in Ireland; ICAS - Institute of Chartered Accountants of Scotland; ICPAI - Institute of Certified Public Accountants in Ireland; and IIPA - Institute of Incorporated Public Accountants

It should be noted that IAASA is located in Naas, Co. Kildare and that the CRO has been partly decentralised to Carlow.

### **The Company Law Review Group**

The Company Law Review Group (the CLRG) is a statutory group established under the Company Law Enforcement Act 2001, to advise the Minister on company law matters. In making recommendations for change, the CLRG seeks to promote enterprise, facilitate commerce, simplify the operation of the Companies Acts, enhance corporate governance and encourage commercial probity. Apart from a small honorarium to the Chairperson the members, who include legal practitioners and academics, as well as representatives from business provide their services for free. Accordingly, it has a wide range of expertise and skills within its ranks.

The General Scheme of the Companies Consolidation and Reform Bill was prepared by the CLRG. The Bill, which is expected to be presented to the Houses of the Oireachtas in 2012, will preserve the balance between the need for a positive corporate governance culture, targeting serious malpractice, and minimising the regulatory burden on business.

### **Co-Operatives**

The Government recently approved the drafting of legislation aimed at updating aspects of the regulatory framework to enhance its suitability for co-operatives. This will contribute to the future development of the co-operative sector and to the economy as a whole.

### **Personal Injuries Assessment Board**

The Personal Injuries Assessment Board (PIAB) was established as part of an insurance reform programme with the aim of allowing certain classes of personal injury claim, where liability is uncontested, to be settled without the need for many of the costs associated with litigation, such as solicitors', barristers' and experts' fees. Since its establishment, the PIAB has succeeded in establishing a new non-adversarial culture of settling claims by assessing the amount of compensation due to an injured party and delivering compensation with significant savings on fees.

Since commencing operations, the Board has made over 40,000 awards for personal injuries amounting to over €900m in compensation. In 2010, 8,380 awards were made totalling €187m in compensation, within an average period of under 7 months (there is a statutory requirement to make an assessment within 9 months, failing which a case must be released to the Courts). This was achieved at an administration cost of just under 9%, as against 46% under the litigation system prior to the Board's establishment. The volume of claims entering litigation has been cut dramatically (from 30,000 to 14,000) and a significant majority of personal injury claims are now resolved either through a formal award by the Board or through early settlement between the

parties, often facilitated by the Board. PIAB estimate that this now contributes to a saving to the economy of circa €100m annually.

### **Better Regulation**

The reduction in the administrative burden on enterprises has the potential to release up to €500 million of savings for reinvestment by firms, and facilitating easier compliance, by them, with Government rules and regulations. The administrative burden reduction agenda is being progressed on two fronts. The High Level Group on Business Regulation works to fast-track simplifications to specific red tape issues identified by business; and an Inter-Departmental Group of officials from all Departments, having regulation affecting business, coordinates the measurement and reduction of administrative burdens in a systematic manner, based on the internationally recognized Standard Cost Model.

To date the High Level Group has processed forty eight specific red tape issues brought to its attention by business and continues to drive progress on a further twenty items. The Group continues to work with business interests to identify new opportunities for simplification and in addition work is progressing in measuring other burden reductions achieved across Government. The results of this measurement exercise are expected to be available in the second half of 2011.

As far as the 25% target set by Government is concerned, the Department has already reduced measured burdens by 22% (or 90% of the target to be achieved), an annual saving of almost €187 million for business.

It is intended to initiate a project shortly to measure the burdens across all remaining Departments. This is expected to be completed in the second quarter of 2012. Each relevant Department will then prepare Simplification Plans detailing how they will meet the 25% target within their areas of responsibility.

At the same time, the Risk Based Enforcement Group, established by the Department continues to seek concrete ways for Agencies to cooperate, to make their operations more efficient and effective, and reduce administrative burdens on business. As part of this process, the Group is examining the potential of data sharing legislation to facilitate better risk analysis and enforcement.

The Group is also developing a Communications Strategy, in conjunction with business organisations, to make core information on business regulation more accessible, more easily understood and identifiable through a single source for business.

### **Permits under Occasional Trading Act, 1979 (Appropriations in Aid)**

Occasional trading means the selling of goods by retail at a premises or place to which the general public do not have access as of right, of which the person selling has been in occupation for a continuous period of less than three months. In effect the Act deals with traders who hire out premises on a

temporary basis, usually rooms in hotels or parish halls. The Occasional Trading Act, 1979 creates the mechanism for regulating this activity. This is done by the Minister issuing permits to traders for specific sales on specific dates in specific locations.

The enforcement of the Act is a function of the National Consumer Agency (NCA). However, the Department administers the permit scheme. In 2009, it was estimated that it costs approx. € 1,700 to administer the scheme. The fee for trading for one day is € 95.23 and this has remained unchanged since the Act came into force in 1979. To date in 2011, only 5 companies have applied for licences.

The Department will examine options relating to the continuation of the Occasional Trading regime including devolving responsibility for licensing and fee collection to Local Authorities and will make a submission to the Minister for decision.

### **Streamlining of certain legislative remit**

Discussions are ongoing between the Department and the Department of Finance about the Department's proposal that responsibility for our collective investment scheme legislation and our financial markets legislation be transferred to the Minister/Department of Finance. The rationale for this proposal is that the nature of the activities governed by both bodies of legislation relates specifically to the markets for, and the provision of, financial services, and this is an area that properly falls, both nationally and at EU level, within the remit of the Central Bank, and the Minister/ Department of Finance.

The Department of Finance has been receptive to this proposal, which also has the support of the funds industry and the financial markets sector. The details of how the transfer might work in practice are being finalised and once this is completed, the two Departments will submit the proposal to their Ministers for approval. The intention is that both Ministers would then sponsor a joint Memorandum to Government seeking approval for the transfer.

### **Funding for Consumer Support**

The Department has previously made available a small amount of funding to organisations that provide consumer support activities. This funding may be streamlined into the main consumer funding through the NCA and therefore asaving of €50k is being included as achievable by 2014 for the purposes of the Review.

## **2.8 Programme Area E – Delivery of Strategic Goals**

The provision of high quality support services to the Minister, Ministers of State, the Secretary General and other staff of the Department is essential to ensure the delivery of the High Level Goals and outputs set out in the other Programme Areas identified in this document. These central support services, including HR, ICT, organisational support and financial administration, are delivered through the Department's Corporate Services Units. As well as providing a service internally to the Department's staff, the Corporate Services Units deliver services to external customers, including the Houses of the Oireachtas, other Departments and Agencies, and the general public.

### **High Level Goal**

To provide Business Units across the Department with the tools and supports required to maximise the Department's capacity to deliver customer focused, efficient and effective services to our customers and stakeholders in a transparent and accessible manner having regard to budgetary and other constraints.

### **Pay and Numbers**

The ECF poses significant challenges to the Department, Offices and Agencies operating within this programme of activities.

See Section 2.2- Pay and Numbers.

### **Principal Sub-Programmes- Review of Current Non-Pay Expenditure and options for rationalisation**

The following section looks at the primary sub-programmes, which in this case represent the work of departmental staff. Rationalisation options that have been considered that may involve either restructuring or a refocusing of the remit are identified below and are discussed in the broader context under Section 2.10 "Structural Rationalisation of the bodies under the aegis of the Department". Issues regarding Shared Services and Outsourcing are also dealt with separately under those Sections.

The following table summarises the total non-pay savings identified for the purposes of this Review:



Table: Non-Pay saving in Delivery of Strategic Goals Programme Area

<b>Delivery of Strategic Goals</b>	
A.2 - TRAVEL AND SUBSISTENCE	0.142
A.3 - TRAINING AND DEVELOPMENT AND INCIDENTAL EXPENSES	0.114
A.4 - POSTAL AND TELECOMMUNICATIONS	0.120
A.5 - OFFICE EQUIPMENT & EXTERNAL IT SERVICES	0.500
A.6 - OFFICE PREMISES EXPENSES	0.160
A.7 - CONSULTANCY & VFM & POLICY REVIEWS	0.023
A.8 - ADVERTISING AND INFORMATION RESOURCES	0.040
<b>TOTAL</b>	<b>€1.099m</b>

The Department is required to have financial procedures, personnel functions, governance structures, accommodation, information and communications technologies, public relations, including FOI responsibilities and a coordinating role for its Offices and Agencies. Centralised supports are provided through the following business units:

- Offices of the Minister, Ministers of State and Secretary General
- Personnel Unit
- ICT Unit
- Finance Unit
- Business Services Unit
- Management Support Unit
- Press Office
- Internal Audit Unit

Any organisation of the size of the Department of Jobs, Enterprise, and Innovation requires centralised support systems in order to provide the resources and means required to deliver the organisation's strategic objectives. Centralised supports also provide economies of scale – in addition to providing supports for the central Department, the Corporate Services Units provide services to a number of the Department's Offices and Agencies. Offices/Agencies serviced include the Office of the Director of Corporate Enforcement, the Labour Court, the Labour Relations Commission, the Patents Office, the National Employment Rights Authority, the Companies Registration Office, the Registry of Friendly Societies, the Employment Appeals Tribunal, the National Consumer Agency (payroll administration), IAASA (payroll administration), the Competition Authority (payroll administration)

Centralised services also allows for better resource allocation, with a capacity to re-distribute staff and funding to areas of greatest need. It facilitates the provision of professional support and advice throughout the Department in relation to, for example, human resources management, financial

management and ICT services. It also promotes efficient structures and systems, and continuous improvement in the Department through centralised coordination.

The Department has learned from experience that as efficiencies are sought across its range of services, there is a greater requirement for centralised, specialist knowledge to provide advice on and monitor issues such as financial management, procurement, IT solutions, human resource management, etc.

The Corporate Services Units of the Department provide services across the Department and its Offices, particularly in the areas of Finance (Payroll, General Payments, Travel, Accounting), Personnel (Staffing, HR, Training), Internal Audit, ICT, Business Services and Planning support.

A range of efficiencies and changes to business processes have been identified across all areas of the Corporate Services remit which will see savings accrue to the Department's Administrative Budget. These range from the implementation of more online processing and application tools such as online payslips and e-T&S to reduced spend on mobile phones to a reduction in file storage requirements to the hiring of in-house IT specialists on fixed contracts to a reduced spend on training and related costs by greater use of technology.

Savings on the allocation in this area have been estimated for the purpose of the review at **€1.1m** by 2014.

Some of the key Corporate Services activities are amenable to being delivered on a shared service basis. Some analysis of the potential for centralised shared services has been carried out in the past both centrally and at a local level. This Department has also engaged on the issue in recent years, particularly in respect of some Finance and HR activities. The Department believes that a centralised service for all Departments offers the best potential to yield savings in respect of both Pay and Non-Pay costs, due to the economies of scale that would come into play, particularly in respect of payroll, general payments and travel and subsistence payments. A centralised service would also allow for greater consistency and improved focus on service delivery to end-users. Areas of activities that would be amenable to a centralised approach would include:

- HR
- Payroll
- Supplier and Grant payments
- Travel and Subsistence Payments
- Travel Desk
- ICT
- Translation Services

The newly constituted Department of Public Expenditure Reform is leading a shared services project to deliver centralised Civil Service HR services. This

project will see HR services in respect of routine activities centralised for all Departments. It has been decided that that this service will be managed and staffed by civil servants. However, assistance from the private sector has been tendered for in order to plan for and implement the establishment of the shared service facility.

Fundamental decisions are urgently needed at central level providing direction on shared services. This Department is not alone in feeling the pressure to engage with the shared service agenda in the absence of any clear direction. There are significant IR issues to be addressed and upfront investments required. It would also be important for individual Departments not to commit to an ad-hoc approach that would then cause problems should a centralised approach be rolled out. The Department welcomes the establishment of a Reform and Delivery Office in the Department of Public Expenditure and Reform and the intention to appoint a senior official with the mandate and authority to drive the delivery of shared services across all areas. This Department has signalled its willingness to engage on these matters as early as possible.

### **Collaboration with other Departments**

During the course of discussions among the Corporate Services Units in this Department, it became clear that there are opportunities for collaborating with other Departments in the delivery of certain activities in order to minimise expenditure. A particular example would be in the area of Training, where costs could be shared with another Department and the number of attendees per course maximised. The Department will initiate discussions with counterparts in other Departments to progress this approach.

Short of centralised procurement, the Department could also explore partnering with other Departments for the procurement of certain services such as Translations.

### **Payroll Reform**

The Department currently operates a weekly and a fortnightly payroll. The Department has identified that savings could be achieved in the administration and staffing of Payroll teams across all Departments and Agencies by minimising the frequency of payrolls. Savings would be maximised by switching all staff to a monthly payroll and calculation work would also be minimised by always having 12 monthly payments in a calendar year. Staff and associated stationery and administrative costs would still be reduced by switching all weekly paid staff to fortnightly, following a period of notice. As this is a matter for central direction, no savings have been estimated at this time.

### **Information Requests**

With regard to information provision functions in general, an internal measurement of the cost of information requirements carried out in the Company Law and Better Business Regulation area has estimated that the annual cost for the Company Law Section is almost €180,000 per annum, and

for the Department more than €3 million per annum, which is about €3,600 per staff member per year. The requirements measured include Smart Economy Updates, National Recovery Plan Updates, Public Service Reform Updates, Legislative Programme Updates, PQs, Reps, FOI requests, draft Memos, speeches and various briefing requests.

The Parliamentary Question process across Government should be subject to a root and branch review in the same way as other lines of expenditure to ensure that it is fit for purpose in the current economic climate and that it too is delivering value for money.

## 2.9 Programme Area F – Other Services

This Programme Area provides funding for a number of diverse activities, including the cost of research studies for the Department, subscriptions to international organisations, funding for Commissions, Committees and special enquiries should they arise, superannuation for members of the Labour Court and the Competition Authority, refund to the Exchequer of Export Credit Insurance, and other miscellaneous payments.

### High level goal

To ensure that Ireland fulfils its obligations to contribute to international organisations such as the ILO, European Space Agency, World Intellectual Property Organisation, etc., and provide funding to support the work of Committees and other miscellaneous charges on the Department.

### Pay and Numbers

Administration of this programme is supported by staff of the Department accounted for under Programme E.

### Principal Sub-Programmes- Review of Current Non-Pay Expenditure and options for rationalisation

This section looks at the primary sub-programmes with a potential to offer savings or rationalization.

The following table summarises the total non-pay savings identified for the purposes of this Review:

Table: Non-Pay saving in Other Services Programme Area.

<b>Other Services</b>	
W - SUBSCRIPTIONS TO INTERNATIONAL ORGANISATIONS, ETC.	0.312
<i>European Space Agency (additional cost)</i>	-0.750
<i>European Molecular Biology Laboratory</i>	1.062
X.1 - COMMISSIONS, COMMITTEES AND SPECIAL INQUIRIES	0.165
<i>Joint Labour Committees</i>	0.025
<i>Workplace Safety</i>	0.140
X.2 - MISCELLANEOUS PAYMENTS	0.500
<b>TOTAL</b>	<b>€0.977m</b>

Ireland's membership of international organisations provides access to a level of networks and opportunities, which could not otherwise be tapped into. For example, as outlined above, Irish companies and research groups have secured European Space Agency contracts worth over €20 million per annum in terms of awards and commercial spin-offs. 28 Irish researchers have also benefited from participation in the European Molecular Biology Organisation between 2000 and 2007, while Irish SMEs have had the opportunity to collaborate with other European SMEs in research and development projects to a through a programme called EUREKA. These activities support the Strategy for Science, Technology and Innovation and provide access to a new level of technology and collaboration at international level.

While the return on Ireland's long-standing participation in other organisations such as the ILO (of which Ireland has been a member since 1923) might not be as directly quantifiable, Ireland has earned a positive reputation from its involvement with these bodies, promoting the country as a progressive economy and society and a good place to do business.

In relation to other activities funded under this Programme Area, significant work has been carried out by the Company Law Review Group and the High Level Group on Business Regulation in the last number of years.

### **European Space Agency**

The purpose of Ireland's membership of ESA is to participate in the European Space programme thereby facilitating innovative Irish companies to develop leading edge Space technologies and to commercially exploit their ESA participation.

ESA awards industrial contracts to companies in member states to the value of their country's subscription to individual work programmes. Ireland's subscription to ESA programmes allows for the placement of contracts to Irish industry and research groups. The flow of these contracts to industry are regulated to a significant degree by the Irish Delegation (DJEI) to ensure that the activities are aligned with the national strategy of supporting activities that are both R&D intensive and commercially sustainable in the long term.

The effects of participation in ESA Programmes on Irish companies can be categorised as follows:

- 1) **Primary effects;** Value of contracts placed with Irish companies directly by ESA
- 2) **Secondary effects;** Commercial sales in Irish companies from ESA funded products, services and Intellectual Property
- 3) **Tertiary effects** including
  - a. In company know-how developed and exploited in commercial markets

- b. Reputational impact arising from a high profile customer such as ESA
- c. New supply chain relations, specifically in the space and aerospace sectors

Ireland's membership of ESA provides access to a level of networks and opportunities which could not otherwise be tapped into and, in many areas, membership of the body enhances and builds on activities which are recognised as being of strategic importance at a national level. These activities at European level complement the Government's objectives under the Programme for Government. Moreover, Ireland's involvement in ESA and other international organisations has, over many years, enhanced Ireland's reputation as a progressive economy and society and a good place to do business.

Ireland's contribution to ESA in 2011 is €14.029 million. A recent survey by Enterprise Ireland of the top 19 Irish companies, representing over 60% of activities in the space sector, projects increased growth in ESA-derived sales from €35m in 2010 to €96m by 2014. Employment in these companies is projected to almost double from 865 in 2008 to over 1600 in 2014, 65% of these jobs are at graduate and post-graduate level.

In the 2008 Ministerial Space Council Ireland signed up to a number of technical development programmes. In this context, Ireland's future contributions are based on the ESA Convention and the Programme Declarations in force, in which the total contribution by Ireland to ESA programmes are legally committed. These commitments are long term and stretch in certain programmes up to 2018. Under Ireland's Space Strategy, to leverage previous investment, Ireland's participation was anticipated to increase to approx €16.5million per annum.

The ESA call-up for 2011 is €15.828 million, funding allocated in the REV is €14.029million, leaving a shortfall of €1.6million. The present budget is being managed by drawing on a prepaid contributions not yet allocated to specific programmes which is set to move into a negative balance at the end of 2012. A negative balance as envisaged from 2013 will also attract interest payments and penalties in line with ESA Financial Regulations.

The ever-widening gap between funding allocation and ESA call-up amounts is unsustainable in the longer term. Current funding projections do not meet the legal commitments made by Ireland at the 2008 Ministerial Council. The minimum annual funding required to service Ireland's legal commitments in 2012 and 2013 is €14.75million.

Serious negative impacts for Irish industry and research have been identified should Ireland not meet its ESA contribution. For example, companies would be no longer eligible to compete for ESA contracts. In light of these, the Department considers it inappropriate to restructure our commitment to the organisation. This commitment will require an additional allocation of €0.75m

per annum and this has had to be factored in to the Department's overall savings offering.

The EMBC is the intergovernmental funding body of **EMBO**, the European Molecular Biology Organisation (est 1964) which promotes excellence in molecular life sciences in Europe.

EMBC members states contributions allow for the running of the EMBO Laboratory as well as funding the EMBO Fellowship, Workshops, other research programmes and networking activities to enhance interactions between European laboratories/scientists.

Through our small annual contribution of €196K pr annum, Irish based scientists and research students can avail of the EMBO run courses and facilities. Our membership of EMBC forms part of the overall national research effort in which international linkages plays a key role. Our engagement with EMBC shows Ireland's commitment internationally to top-class science and to high-value, knowledge-economy based activity – particularly in the life sciences arena.

The Department considers that there would be significant reputational damage if Ireland were to withdraw its membership of EMBC for the purposes of saving such a small amount of expenditure and therefore is not offering any savings under this heading.

### **European Molecular Biology Laboratory (EMBL)**

EMBL is an intergovernmental research organisation set up to develop molecular biology throughout Europe. Ireland is one of twenty members since 2004.

The Department has given strong consideration to:

- discontinuing Irish membership of EMBL to yield saving of **€1.062m** in 2013 and 2014 or
- reducing the Department's current expenditure burden by transferring the membership fee to one of the Department's Agencies (likely SFI), in the event the Agency accepts that continued membership is merited.

The annual EMBL membership contribution has already been factored into the Department's current expenditure savings proposals which would see a saving of **€1.062m** per annum under Subhead W of the DJEI vote from January 1st 2013 This takes into account the provision of 12 months notice to EMBL (if withdrawing membership. i.e. in order for Ireland to potentially withdraw from EMBL with effect from January 1st 2013), as we need to formally complete the process (communicate our intention to withdraw to Swiss Govt.) **by end of December 2011.**

Withdrawal of Irish membership has been tentatively raised with EMBL. Ireland would be the first country to withdraw from EMBL. Following through



the procedure will need careful consideration politically and consideration must be given to the reputational damage of such a move.

### **Workplace Safety**

Funding under this heading is used to support key activities carried out under the Construction Safety Partnership. The Department is currently pursuing a revised funding model [TEXT WITHHELD – FOI Section 20(1)]. On this basis, exchequer funding will no longer be required by 2014 and accordingly savings of **€140K** have been factored in to our calculations.

### **Contingency Provision**

The Department is required to make provision for contingency items of expenditure that may arise in any given year and does so under the Miscellaneous Payments Subhead. The Department has reviewed the current level of contingency provision of €1.647m for 2011 and considers that a reduced provision of €1.147m is deemed appropriate for future years. A saving of **€0.5m** is included.

## **2.10 Structural Rationalisation and Delivery Models**

### **Structural Rationalisation of the bodies under the aegis of the Department**

As part of the Comprehensive Expenditure Review, the Department has looked at the structure of the Department, its Offices and Agencies with a view to identifying any opportunities for rationalisation or restructuring. The current structures have developed over time as a result of Government policies and priorities. In circumstances where funding was not a crucial criterion, it could be argued that there is no rationale for undertaking significant changes to many of the existing structures, given all the implementation work that this entails. However, in light of the current economic circumstances, it is incumbent on the Department to propose a programme of rationalisation that would deliver over the long term both leaner organisations with less staff and administrative costs and improved service delivery to the end-users of our range of services.

Any rationalisation proposals will need in-depth analysis of the current structures and legislative changes required. In addition, savings to the Department's Vote as a result will hinge on the ability to redeploy staff elsewhere across the public service. In this regard, exit mechanisms may need to be provided for at a central level if any net saving to the exchequer on pay and numbers were to be achieved.

The Department remains committed to ensuring that the overall architecture of enterprise supports is optimal and reflects developments in enterprise policy. The Minister is currently considering the role and structure of Forfás as a separate independent organisation. Any restructuring of the agency would require addressing significant organisational, staffing and legislative issues.

Following internal consideration and having regard to proposals contained in the McCarthy Report, the Report of the Local Government Efficiency Review Group and the Programme for Government, it is proposed to restructure the manner in which enterprise supports are provided to the microenterprise sector (businesses up to 10 employees). A Memorandum on this matter will be brought to Government shortly.

- [TEXT WITHHELD – FOI Section 20(1)]

The final shape of the restructuring of the CEBs is still emerging and subject to further refinements. In addition, the timing for achieving any restructuring is also uncertain. Over time this should result in lower overall rent costs and the timing and manner of achieving this will determine what savings will emerge and when. [TEXT WITHHELD – FOI Section 20(1)]

The Department has decided to streamline the existing employment rights and industrial relations bodies of NERA, the Labour Relations Commission,

the Labour Court, the Employment Appeals Tribunal and the employment related aspects of the Equality Tribunal into a new structure that is based on a single point of entry, a first instance layer that would include inspections and mediation and a second layer for appeals. Staffing resources in respect of equality policy will need to be transferred to this Department.

The Minister is expecting savings to be yielded in the context of the planned rationalization of the employment bodies i.e. NERA, LRC, EAT, Labour Court and the Equality Tribunal, currently under the Department of Justice, Equality and Defence. However, there will be also be once off costs associated with the rationalization, including information systems development and business process re-engineering. There may also be accommodation and re-branding costs. Taking these costs into account, the net savings envisaged through the reform programme are estimated at €1m per annum, to be achieved in 2014. On the 18<sup>th</sup> July, Minister Bruton announced the first steps to be taken in order to streamline the bodies in question. A note on this is provided at Appendix 7.

The Department will complete the merger of the Competition Authority and the National Consumer Agency that is currently underway. A note on this is provided at Appendix 8.

[TEXT WITHHELD – FOI Section 20(1)]

The Department sees merit in transferring responsibility for PIAB to the Department of Justice and Equality as PIAB is primarily concerned with the reduction of legal costs. Such a transfer would allow this Department to focus resources on activities that specifically fulfil our remit.

The Department will prepare a study on the feasibility of merging the Office of the Director Corporate Enforcement with the Companies Registration Office and the Registrar for Friendly Societies by end Quarter 2 2012. This will also address an assessment of including IAASA into this new structure.

Arising from difficulties associated with the Shannon Development current funding model, the Department will negotiate with the Department of Transport, Tourism and Sport on the future operations of the body.

The Irish Research Council for Science, Engineering & Technology (IRCSET) is comprised of a Board of senior academic and industrial figures. The Department considers that combining the IRCSET and SFI Research Frontiers Programme (RFP) within SFI will significantly reduce duplication and administration overheads in awards overall and will also form part of the overall consolidation of SFI's programme portfolio.

The Department believes that undertaking such a challenging programme of institutional rationalisation will achieve positive outcomes over the medium to long term. These positive outcomes include:

- Sharp focus in delivering development supports to enterprise

- Streamlining the regulatory environment within which businesses operate
- More efficient and effective interaction with these public services by end-users
- Leaner organisations with an overall long term saving to the Exchequer in respect of both pay and non-pay, subject to successful redeployment or the implementation of suitable exit mechanisms
- Greater flexibility in the deployment of both financial and staffing resources within the new structures

## **Shared Services**

### **For Departmental/Office Activities:**

The Corporate Services Units of the Department provide services across the Department and its Offices, particularly in the areas of Finance (Payroll, General Payments, Travel, Accounting), Personnel (Staffing, HR, Training), Internal Audit, ICT, Business Services and Planning support.

### **Centralised Approach**

As many of these activities are replicated in each Department across the system, some of these activities would be amenable to a centralised approach. Some of these activities were provided centrally in the past but policy decisions were taken to devolve these to individual Departments.

Analysis of the potential for centralised shared services has been carried out in the past both centrally and at a local level. This Department has also engaged on the issue in recent years, particularly in respect of some Finance and HR activities. It is Finance Unit's view that a centralised service for all Departments offers the best potential to yield savings in respect of both Pay and Non-Pay costs, due to the economies of scale that would come into play, particularly in respect of payroll, general payments and travel and subsistence payments. A centralised service would also allow for greater consistency and improved focus on service delivery to end-users. Areas of activities that would be amenable to a centralised approach would include:

- HR
- Payroll
- Supplier and Grant payments
- Travel and Subsistence Payments
- Travel Desk
- ICT
- Translation Services

The newly constituted Department of Public Expenditure Reform is leading a shared services project to deliver centralised Civil Service HR services. This project will see HR services in respect of routine activities centralised for all Departments. It has been decided that that this service will be managed and staffed by civil servants. However, assistance from the private sector has been tendered for in order to plan for and implement the establishment of the shared service facility.

Fundamental decisions are urgently needed at central level providing direction on shared services. This Department is not alone in feeling the pressure to engage with the shared service agenda in the absence of any clear direction. There are significant IR issues to be addressed and upfront investments required. It would also be important for individual Departments not to commit to an ad-hoc approach that would then cause problems should a centralised

approach be rolled out. The Department welcomes the establishment of a Reform and Delivery Office in the Department of Public Expenditure and Reform and the intention to appoint a senior official with the mandate and authority to drive the delivery of shared services across all areas. This Department has signalled its willingness to engage on these matters as early as possible.

### **Collaboration with other Departments**

During the course of discussions among the Corporate Services Units in this Department, it became clear that there are opportunities for collaborating with other Departments in the delivery of certain activities in order to minimise expenditure. A particular example would be in the area of Training, where costs could be shared with another Department and the number of attendees per course maximised. The Department will initiate discussions with counterparts in other Departments to progress this approach.

Short of centralised procurement, the Department could also explore partnering with other Departments for the procurement of certain services such as Translations.

### **For Agency Activities:**

The Department believes that there is potential for greater shared services among its Agencies and among the wider NCSSB sector. As stated in the earlier section, fundamental decisions are urgently needed at central level providing direction on shared services in this specific sector. It would also be important for individual Departments not to commit to a particular approach for the agencies under their remit that would then cause problems should a centralised approach be rolled out. The Department welcomes the establishment of a Reform and Delivery Office in the Department of Public Expenditure and Reform and the intention to appoint a senior official with the mandate and authority to drive the delivery of shared services across all areas but considers that NCSSBs need to be included as a specific sector in their own right. The Department acknowledges that this sector is made up of bodies that cover all points on the organisational spectrum in terms of size, staffing, funding. However, it should be possible to work towards shared solutions in the areas of payroll and pensions as a first step.

## **Outsourcing to the Private Sector**

As part of the Comprehensive Expenditure Review, the Department has been asked to consider outsourcing as an alternative model of service delivery. There are a number of private companies in Ireland in the Business Process Services sector currently providing some services on behalf of public bodies, some of which are under the remit of this Department. These companies are now competing internationally as a result of investment in new technologies and service excellence and they are keen to develop additional business through engagement with more public service bodies. These companies believe that they are in a position to provide a competitive offering to clients due, in large part, to the economies of scale that they can operate at in terms of staffing, ICT and management support.

The Croke Park Agreement sets out the basis whereby the outsourcing of some new and/or existing services may be deemed necessary. There are procedural agreements in place to deal with such occasions, which include consultation between management and trade unions, evaluation and comparison of both the existing and outsourced delivery options and a commitment to no compulsory redundancies. Should a particular activity prove to be appropriate for outsourcing following a full evaluation, any staffing resources freed up would fall to be redeployed elsewhere in the system. In order for there to be a net saving to the Exchequer on pay and numbers, these staff would have to be redeployed to a body that is understaffed in the context of the Employment Control Framework and has the capacity to absorb the transferring salary costs into its existing pay budget. Alternatively, an exit mechanism would need to be put in place.

The Department already outsources activity under media monitoring, telephony, website hosting and support, ICT Helpdesk, Training, Design, Cleaning, Security, Furniture removals, Phone maintenance and Offsite File Storage to a value of almost €1m in 2010.

It now falls to the Department to identify further areas of activity that could be considered as potential candidates for delivery by the private sector. In the previous section on shared services, certain activities are identified as being suitable for a centralised shared services model of delivery subject to central direction. It should be said that these activities could also be outsourced. The following list identifies some other activities specific to this Department and its Offices whereby an outsourced model may be suitable for consideration, subject to all the caveats mentioned in the previous section:

- Information Helpline activities
- Employment Rights Claims- data entry and processing
- Employment Permits- application processing
- Scanning of CRO documents (this would not arise if mandatory eFiling applied)
- Reception/Security

The competitive advantage provided by an outsourced provider stems from its investment and use of in new technology, its use of LEAN business processes, flexible staffing deployment to cover peaks and troughs in activity and its focus on excellence in service delivery to the client and end-user. There is no reason why these fundamentals could not be applied to departmental activities, which would then remain in-house avoiding many of the IR and redeployment issues. In this regard, partial outsourcing may be suitable whereby this Department collaborates with a private partner in redesigning the delivery of certain services.

The Department will consider the potential for outsourcing further. It should be noted that outsourcing does not always yield the savings or service improvements that were initially expected. In this regard, the Department has a clear example of this in its ICT area. The Department is switching back from a private sector provider in respect of the ICT Helpdesk facility and is considering same in respect of telephonist support as it is now considered that better outcomes can be achieved by direct provision.

### **Agency Outsourcing to the Private Sector**

The Agencies of the department currently outsource many activities to the private sector. These include building management and maintenance, security, cleaning, couriers, waste recycling, travel management, catering, print and publications, certain aspects of IT supports, internal audit services, staff development and certain support services to Forfás' pensions management responsibility. In addition IDA Ireland, which provides industrial property solutions for its own and Enterprise Ireland clients, has outsourced the management of its existing industrial estates. The Consumer Helpline in NCA and PIAB are delivered using an outsourced model and PIAB have extended this to include claims processing activity. The Legal Metrology service of the NSAI outsources the verification of certain instrument categories and NSAI also outsources some of its certification services to the private sector.

### **Conclusion on Shared Services and Outsourcing**

The Department is keen to engage with the Department of Public Expenditure Reform on these matters and has factored in a potential annual saving of **€2m** as achievable by 2014. This saving has been attributed as a Pay saving. The Department is conscious that the outsourcing of activities previously delivered by staff creates a new line of non-pay expenditure.



# Appendices

## Appendix 1: Departmental Allocation by Programme Area

Subhead No.	Programme Area and Subhead Title	2011 Estimate			
		Current		Capital	Total
		Pay	Non-Pay		
		€000	0	€000	€000
	<b>RESTORING COMPETITIVENESS AND SUPPORTING ENTERPRISE</b>				
B.1 -	FORFÁS - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES ....	37,265	5,612	-	<b>42,877</b>
B.2 -	FORFÁS - PENSION PAYMENTS ARISING FROM THE FINANCIAL MEASURES (MISCELLANEOUS PROVISIONS) ACT ...	14,417	-	-	<b>14,417</b>
B.3 -	INTERTRADEIRELAND ....	1,341	700	6,000	<b>8,041</b>
C.1 -	IDA IRELAND - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES ....	24,667	13,910	-	<b>38,577</b>
C.2 -	IDA IRELAND - GRANTS TO INDUSTRY ....	-	-	85,000	<b>85,000</b>
C.3 -	IDA IRELAND - GRANT FOR BUILDING OPERATIONS ....	-	-	1,000	<b>1,000</b>
D.1 -	ENTERPRISE IRELAND - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES ....	59,258	25,042	-	<b>84,300</b>
D.2 -	ENTERPRISE IRELAND - GRANT TO INDUSTRY ....	-	7,423	71,500	<b>78,923</b>
D.3 -	ENTERPRISE IRELAND - GRANT FOR CAPITAL EXPENDITURE ....	-	-	1,000	<b>1,000</b>
E.1 -	SHANNON FREE AIRPORT DEVELOPMENT COMPANY LIMITED - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES ....	-	2	-	<b>2</b>
E.2 -	SHANNON FREE AIRPORT DEVELOPMENT COMPANY LIMITED - GRANTS TO INDUSTRY ....	-	-	3,600	<b>3,600</b>
E.3 -	SHANNON FREE AIRPORT DEVELOPMENT COMPANY LIMITED - PENSION PAYMENTS ARISING FROM THE FINANCIAL MEASURES (MISCELLANEOUS PROVISIONS) ACT ....	3,516	-	-	<b>3,516</b>
G. -	COUNTY ENTERPRISE DEVELOPMENT ....	8,143	4,099	15,000	<b>27,242</b>

H.1 - MONITORING AND EVALUATION OF EU PROGRAMMES ....	-	89	-	89
H.2 - INTERREG ENTERPRISE DEVELOPMENT ....	-	-	2,000	2,000
I. - NATIONAL STANDARDS AUTHORITY OF IRELAND - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES ....	6,287	49	500	6,836
L.2 - ENTERPRISE IRELAND - TEMPORARY EMPLOYMENT SUBSIDY SCHEME - CASH LIMITED ....	-	4,250	-	4,250
<i>Subtotal:-</i>	<b>154,894</b>	<b>61,176</b>	<b>185,600</b>	<b>401,670</b>
<b>INVESTING IN SCIENCE, TECHNOLOGY AND INNOVATION</b>				
F.1 - SCIENCE, TECHNOLOGY AND INNOVATION PROGRAMMES ....	9,750	15,527	295,393	320,670
F.2 - DUBLIN CITY OF SCIENCE ...	-	832	-	832
F.3 - PROGRAMME FOR RESEARCH IN THIRD LEVEL INSTIUTIONS (PRTL)	-	28,556	27,007	55,563
<i>Subtotal:-</i>	<b>9,750</b>	<b>44,915</b>	<b>322,400</b>	<b>377,065</b>
<b>SUPPORTING A BETTER WORKPLACE</b>				
A.10 - LABOUR COURT ....	2,290	405	-	2,695
A.11 - NATIONAL EMPLOYMENT RIGHTS AUTHORITY ....	5,435	1,511	-	6,946
N. - LABOUR RELATIONS COMMISSION - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES ....	4,030	1,329	-	5,359
O.1 - GRANTS FOR TRADE UNION EDUCATION AND ADVISORY SERVICES	-	874	-	874
O.2 - WORK PLACE INNOVATION FUND PROMOTION OF PARTNERSHIP ....	-	296	-	296
P. - TRADE UNION AMALGAMATIONS ....	-	10	-	10
T. - HEALTH AND SAFETY AUTHORITY - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES ....	13,239	7,317	-	20,556
V. - NATIONAL FRAMEWORK COMMITTEE FOR WORK / LIFE BALANCE POLICIES ....	-	2	-	2
<i>Subtotal:-</i>	<b>24,994</b>	<b>11,744</b>	<b>-</b>	<b>36,738</b>
<b>SUPPORTING BETTER REGULATION, BUSINESS AND THE CONSUMER</b>				
A.9 - OFFICE OF THE DIRECTOR OF CORPORATE ENFORCEMENT ....	2,660	3,307	-	5,967
Q. - GRANT TO THE COMPETITION AUTHORITY ....	4,108	1,008	-	5,116
R.1 - NATIONAL CONSUMER AGENCY - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES ....	3,598	2,768	-	6,366

R.2 - NATIONAL CONSUMER AGENCY - GRANT FOR FINANCIAL INFORMATION AND EDUCATION FUNCTIONS ...		2,000		2,000
R.3 - CONSUMER SUPPORT ....		50		50
S.1 - COMPANIES REGISTRATION OFFICE AND REGISTRY OF FRIENDLY SOCIETIES - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES ....	4,620	2,808		7,428
S.2 - IRISH AUDITING AND ACCOUNTING SUPERVISORY AUTHORITY (GRANT-IN-AID) ....	1,598			1,598
S.3 - PERSONAL INJURIES ASSESSMENT BOARD ....	58			58
<i>Subtotal:-</i>	16,642	11,941		28,583
<b>OTHER SERVICES</b>				
U. - RESEARCH INCLUDING MANPOWER SURVEYS ....		168		168
W. - SUBSCRIPTIONS TO INTERNATIONAL ORGANISATIONS, ETC. ....		17,184		17,184
X.1 - COMMISSIONS, COMMITTEES AND SPECIAL INQUIRIES		425		425
X.2 - MISCELLANEOUS PAYMENTS ....		1,647		1,647
X.3 - SUPERANNUATION AND PENSIONS FOR MEMBERS OF THE LABOUR COURT/COMPETITION AUTHORITY		758		758
X.4 - EXPORT CREDIT INSURANCE -				
<i>Subtotal:-</i>		20,190		20,190
<b>DELIVERY OF STRATEGIC GOALS/ OTHER ADMINISTRATION</b>				
A.1 - SALARIES, WAGES AND ALLOWANCES ....	27,564			27,564
A.2 - TRAVEL AND SUBSISTENCE ....		1,033		1,033
A.3 - INCIDENTAL EXPENSES ....		846		846
A.4 - POSTAL AND TELECOMMUNICATIONS SERVICES ....		863		863
A.5 - OFFICE MACHINERY AND OTHER OFFICE SUPPLIES AND RELATED SERVICES ....		4,256		4,256
A.6 - OFFICE PREMISES EXPENSES ....		1,169		1,169
A.7 - CONSULTANCY SERVICES AND VALUE FOR MONEY AND POLICY REVIEWS ...		210		210
A.8 - ADVERTISING AND PUBLICITY ....		282		282
<i>Subtotal:-</i>	27,564	8,659		36,223
<i>Gross Total:-</i>	233,844	158,625	508,000	900,469
<i>Deduct :-</i>				

Y. - APPROPRIATIONS-IN-AID ....	19,627	35,952	50	<b>55,629</b>
Net Total:-	214,217	122,673	507,950	<b>844,840</b>

*Appendix 2- Current Non-Pay Savings 2012-2014 by Vote Subhead*

[TEXT WITHHELD – FOI Section 20(1)]

*Appendix 3- Approximation of Forfás Staffing and Costs by Functional Area at August 2011*

		B1 VOTE FUNDING				
Functional Area	Staff Nos (WTEs)	Pay Costs (€,000)	Non-Pay Costs (€,000)	Pension Payments	Total (€,000)	Other Notes
Pension Payments (B1 Vote)				29,370	29,370	In addition to the €29.37M Pension Payments from the B1 Vote, a further €14.42M is provided to and managed by Forfas to pay pensions under a B2 Vote. A further c. €3.00M of pension payments is funded by employee contributions, collected by Forfás, from across the Agencies.
Former IDA Headquarter Buildings			1,445		1,445	A further €360k of funding for the former IDA Headquarters Buildings is provided from Forfás Own Income.
Policy Research and Analysis (incl Support to the National Competitiveness Council, Expert Group on Future Skills Needs, Advisor Science Council) * This includes the Chief Executive, 7 Clerical/Admin support staff and 2 Policy Communications Staff	46 *	3,663	2,332		5,995	A further €300k is provided in respect of the Pay element and €220k in respect of the Non-Pay element of the work for The Expert Group on Future Skills Needs research and analysis from The National Training Fund.  A further €582k is provided from Forfás Own Income to support the Non_Pay element of the Policy Research and Analysis activity, thereby reducing GIA requirement.

<b>Irish National Accreditation Board</b>	12	641	408		1,049	A further €102k is provided in respect of the Non-Pay element for the work of The National Accreditation Board, through Forfás Own Income. In addition €341k in Pay and €850k in Non-Pay direct costs are funded by INAB fees.
<b>Discover Science and Engineering Awareness Programme</b>	5	97	164		261	A further €177k is provided in respect of the Pay element and €1,723k in respect of the Non-Pay element for the work of The DSE Programme, through separate funding from DJEI and also €41k from Forfás Own Income.
<b>Support to Chief Scientific Adviser's Office</b>	2	139	100		239	A further €25k is provided from Forfás Own Income in respect of the Non-Pay element for the work of the office of The Chief Scientific Adviser which is hosted by Forfás.
<b>Various Shared Services for Forfás, IDA, SFI, EI (incl Pensions Management &amp; Administration)</b>	20.5	1,215	574		1,789	This includes c. 5.0 FTE's involved in Pensions Management & Administration. A further €144k is provided in respect of the Non-Pay element from Forfás Own Income.
<b>Forfás Corporate Services</b>	21	1,576	589		2,166	A further €147k is provided in respect of the Non-Pay element from Forfás Own Income.
<b>Potential Pay savings from unfilled Vacancies 2011</b>		564			564	This represents the expected cost saving arising from unfilled vacancies in 2011.
<b>TOTALS</b>	<b>106.5</b>	<b>7,895</b>	<b>5,612</b>	<b>29,370</b>	<b>42,878</b>	

## Notes on Expenditure:

In relation to expenditure, the following should be noted.

- This return relates to Subhead B1 expenditure only and does not cover Subhead B2 (Pensions) which relates to Funded Pension Schemes transferred to NRPF. The B2 allocation for 2011 is €14.4m.
- Forfás retain employee Pension Contributions (c. €0.3m in 2011) collected from Agency Staff which is used to fund part of their pension expenditure.
- Forfás are allowed retain Own Resource Income of €1.4m in 2011 which is utilised to offset non pay expenditure. The allocation of this expenditure is broken down in the notes.
- The figures for pay and non pay shown in respect of the Irish National Accreditation Board relate only to B1 exchequer funding and do not cover the full costs of INAB. Four of the 12 staff are funded direct by INAB Fee Income at a cost of €341,000 while €850,000 of fee income is utilised to meet non pay costs including peer assessors/evaluations.
- Forfás also receive income (€520,000 in 2011) from the National Training Fund for EGFSN work and from subhead F1 for the Discover Science & Engineering Programme. Again this is broken down between pay and non-pay in the notes on the attached table.
- The table also shows a figure of €564,000 under pay which has been identified as a potential saving in 2011 due to non or late filling of vacancies.
- Expenditure on the former IDA HQ buildings relates to the vacant space for which no tenant can be found and which it is hoped will taken over by OPW in line with the recommendation of the McCarthy Group Report.



### **Appendix 3 cont. FORFÁS POLICY WORK CONDUCTED IN 2010**

**The following lists the key pieces of policy work conducted by Forfás in 2010.**

**It should be noted that;**

- **The time input associated with each piece of work will fluctuate significantly, depending on the scale of the project and the resources required to be assigned to it.**
- **In addition to these specific pieces of work, a significant amount of day to day inputs/ support was provided by Forfás policy research staff directly to staff across the Department of Enterprise, Trade and Innovation during 2010. Forfás also provides ongoing support to the Expert Group on Future Skills, Advisory Science Council, National Competitiveness Council as well as representation on a number of external committees (National & EU) and participating (presentations) at various conferences and Seminars on Enterprise policy and related issues.**

Title of Work Item	Was the Work Item completed (or substantially completed) in-house? (Y/N)	Estimated % of Forfás time input contribution (including follow up)
Making It Happen – Growing Enterprise for Ireland	Yes	100%
Trading and Investing in a Smart Economy	Yes	95%
The Role of State-Owned Enterprises	Yes	100%
Pre-Budget Submission for an Enterprise-led Recovery	Yes	100%
Review of Tax Expenditures to Support Enterprise	Yes	100%
Tax Exemption for Patent Royalties	Yes	100%
SME Credit Initiative	Yes	100%
Assessing the Impact of a Universal Social Charge	Yes	100%
Becoming a Global Leader in Silver Technology	Yes	50%
Supporting the Life Sciences Alliance	Yes	100%
Making a Case for the Reinstatement of Regional Aid	Yes	100%

Title of Work Item	Was the Work Item completed (or substantially completed) in-house? (Y/N)	Estimated % of Forfás time input contribution (including follow up)
European Business Test Panel	Yes	100%
Enhancing Agency Collaboration on Supporting Enterprise	Yes	100%
Agency Programme Evaluations – A Framework	No	40%
Annual Business Survey of Economic Impact (ABSEI)	No	40%
Annual Employment Survey (AES)	Yes	75%
Prioritising Areas of Focus for Publicly Funded Research	Yes	70%
Ireland's Nanotechnology Commercialisation Framework	Yes	60%
Assessing the economic impact of state investment in publicly funded R&D	Yes	80%
Review of Supports for Exploitation of Intellectual Property emanating from Higher Education Research	No	30%
Mapping Research Activity in Ireland	Yes	100%
Categorising State Expenditure on R&D	Yes	100%
Evaluation of the STEPS and CEIA programmes	No	30%

Optimisation of Irish Engagement in Seventh European Framework Programme for Research and Technological Development (FP7)	Yes	100%
Preliminary Paper on Ireland's Priorities for the Eighth European Framework Programme for Research and Technological Development	Yes	100%
Representing Ireland on the European Research Area Committee	Yes	100%
Representing Ireland at the Strategic Forum for International Scientific and Technological Cooperation	Yes	100%
Sector Briefs – strategic planning methodology	Y	100%
Representing Ireland at the European Strategic Forum on Research Infrastructures	Yes	100%
Community Innovation Survey (CIS)	Yes	50%
Higher Education R&D Survey (HERD)	Yes	100%
Science Budget	Yes	100% <i>With CSO input</i>
Advisory Council for Science, Technology and Innovation (ASC) Maximising the Environment for Company Research and Development	Yes	100%
End of Year Statement – Staying the Course (ASC)	Yes	100%
Contributing to the National Research Prioritisation Exercise (ASC)	Yes	100%
Forfás Guidelines on 2010 Labour Market Activation Fund Forfás guiding principles for education and training provision under the 2010 Labour Market	Yes	100%

Activation Fund		
Presentation on Labour Activation to Senior Officials Group	Yes	100%
Profile of Employment and Unemployment – Submission to Senior Officials Group	Yes	100%
Review of Labour Market Programmes (FÁS and Skillnets Programmes)	Yes	100%
Submission to the National Strategy for Higher Education	Yes	100%
Research Support to the Higher Education Strategy (staff member on assignment)	Yes	100%
Advice on Economic Migration Policy An Assessment of Potential EU Skills Supply for Ireland: Focus on Bulgaria, Romania & Croatia	Yes	100%
Future Skills Needs of Enterprise within the Green Economy in Ireland (EGFSN)	Yes	80%
Future Skills Requirements of the Biopharma - Pharmachem Sector (EGFSN)	Yes	80%
Recognising Prior Learning and its Role in the National Skills Strategy (EGFSN)	Yes	80% EGFSN/ 20% NQAI
Alignment of Education and Training Provision in the context of the upskilling targets of the National Skills Strategy (EGFSN)	Yes	100%
Implementation of EGFSN Recommendations (EGFSN)	Yes	100%
Collaboration with FÁS Skills and Labour Market Research Unit (EGFSN) National Skills Bulletin 2010	Yes	100% EGFSN (SLMRU FÁS/Forfás)

Monitoring Ireland's Skills Supply 2010 Vacancy Overview 2010		
EGFSN Submission to the HEA Funded REAP Project on Undergraduate Work Placement (EGFSN)	Yes	100%
EGFSN Submission to the Department of Education and Skills on Basic Workplace Skills in the Food and Beverage and Retail and Wholesale Sectors (EGFSN)	Yes	100%
Management Development in Ireland	Yes	60%
Assessment of Progress on the Recommendations of the High Level Group on Green Enterprise	Yes	100%
Adaptation to Climate Change: Issues for Business	Yes	100%
Long-term Energy Policy: The Energy Tetralemma	No	20%
Ongoing Research and Policy Advice to the Department of Jobs, Enterprise and Innovation Environment Unit on Environmental Policy	Yes	100%
Representation and Submissions on Environmental and Sustainability Policy	Yes	100%
Input to DETI Submission on Capital Expenditure Review 2010 (unpublished)	Yes	100%
Drafting and collating DETI input/OBs to the draft National Recovery Plan 2011-2014 (unpublished)	Yes	100%
Ireland's Broadband Performance and Policy Actions	Yes	80%
Waste Management in Ireland, Benchmarking Analysis and Policy Priorities	Yes	70%

A range of submissions on infrastructure policy issues (incl. energy, transport, waste)	Yes	100%
Submission to the local government efficiency review group	Yes	100%
Review of Labour Cost Competitiveness	Yes	100%
Annual Competitiveness Report 2010, Volume 1: Benchmarking Ireland's Performance (NCC)	Yes	100%
Annual Competitiveness Report 2010 Volume 2: Ireland's Competitiveness Challenge (NCC)	Yes	100%
Pre-Budget 2011 Submission (NCC)	Yes	100%
Costs of Doing Business in Ireland 2010 (NCC)	Yes	100%
Submission to the Joint Committee on Enterprise, Trade and Employment on key competitiveness	Yes	100%

## ***Appendix 4- Cost and Benefit of International Footprint of Agency Offices***

The following points are relevant to a consideration of the overseas offices of IDA and Enterprise Ireland:

Both agencies' objective and preference is to share office space where possible and they share in 10 locations, outlined below, where they both have a presence. In many cases they are located in the same building as the Irish Embassy or Consulate.

The overseas office networks are kept under continuous review by EI and IDA. EI have a formal annual review which has resulted, over the last 5 years, in the closure of 6 offices in Europe and the opening of 5 offices outside Europe as part of a strategy of prioritising emerging, high-growth markets. IDA is consistently vigilant in regard to the changing needs of overseas representation.

There is no overlap, in relation to functions or client groups, between EI and IDA operations in overseas offices. IDA deal with foreign companies with a view to securing investment by them in Ireland; EI deal with Irish companies with a view to assisting them to secure markets overseas. These are quite different activities, requiring different market knowledge and contact networks.

There is only a little remaining scope for effecting savings in the duplication in the provision of office accommodation. In the very few locations where office space is not already shared, the Department's agencies are very positive about moving to a sharing arrangement if and when it is practicable and cost-effective to do so (having regard, for example, to current leasing arrangements).

Of course, offices can be closed and some closures may become inevitable if pressure continues to mount on resources. However, in calculating savings, it should be borne in mind that many of the staff in the offices would remain in the organisations and also there may be a time lag in the realisation of certain savings (e.g., pending the disposal or expiry of leases). Also, the inevitable outcome would be unexploited exporting opportunities and lost FDI projects which would, of course, have a knock-on negative impact on the economic recovery effort and the creation of jobs.

### **Number, Cost and Staffing of Overseas offices**

**Enterprise Ireland** has an overseas network of 31 offices, of which 23 are co-located. The estimated cost of running the offices in 2011 is expected to be €10.031m. There are 146 (WTE) staff involved in running these offices.

Table A gives a breakdown of the location, staffing and cost of EI overseas offices.



**IDA** has 20 overseas offices, of which 10 are co-located - 4 with EI and 6 are located in the Irish Embassy/Consulate offices with E.I. The costs associated with running the offices in 2010 were €11.7m and there are 52 staff employed.

Table B gives a breakdown of the location, staffing and cost of IDA overseas offices

### **Rationale for the numbers deployed in overseas locations:**

The Department is satisfied that international competition for FDI coupled with both the pace of technology developments & location decision influencing requires a local market presence and strong sectoral expertise by IDA in selling Ireland to multinationals across our main market. Equally, Enterprise Ireland's overseas network of 31 offices is central to the development of Irish enterprise and the growth of exports.

### **Contribution of the Network of Offices**

#### **The EI network**

The EI network is consistently rated by Irish exporters as a highly-valued and essential service. This network is a key driver of thousands of companies' internationalisation efforts, and works with approximately 200 new companies each year in addition to existing clients.

- EI offices provide services to Irish companies (including those of other agencies e.g. IDA Ireland, Údarás na Gaeltachta, CEBs):
- Market knowledge - sectorally and on an individual client basis
- Incubation and Hot-Desking Facilities (in certain locations)
- Introductions to buyers/suppliers/partners in-market
- Practical market intelligence such as competitor analysis, identification of professional services, signposting on regulations etc.
- Identification of knowledge/technology/supply chain opportunities and international sources of finance (e.g. Venture Capital).

The role of staff in Enterprise Ireland overseas network is to work with Irish companies across multiple sectors, to help them achieve significant growth in their exports and to support the EI objective to sustain and grow jobs in Ireland. This is achieved through the design and implementation of a range of sales and marketing led activities with the purpose of identifying opportunities for Irish companies to achieve and grow sales and exports. (Irish companies include EI clients, clients of Údarás na Gaeltachta, CEBs, Shannon Development and relevant IDA clients).

This differs significantly from the role of the IDA overseas staff who primarily deal with large multinational companies to achieve the objective of attracting foreign investment into Ireland.

Staff in both IDA and Enterprise Ireland's overseas offices have sales and marketing experience as well as extensive local market and sectoral knowledge, albeit in very different sectors. Client companies rely significantly

on this domain knowledge and expertise to support them in delivering export contracts or project investments for increasingly sophisticated high technology product and service offerings.

It is critical to the achievement of significant growth in exports and to the EI objective of sustaining and growing jobs in Ireland that EI retains staff in the overseas network with the necessary skills and experience to work intensively with Irish companies. It is also critical to the delivery of FDI Projects that IDA staff keep “on the ball” and maintain a visible presence in relevant overseas locations.

### **Working Closely Overseas**

At a practical level the Departments and agencies are working collaboratively to maximise efficiencies overseas. In recent years EI and IDA Ireland amongst other agencies, have worked to create efficiencies in overseas markets where possible. The vast majority of overseas offices are located in conjunction with an Embassy, Consulate or other State agency.

However it is important to recognise that the sectoral and market focus of IDA Ireland in attracting foreign direct investment differs from that of EI (and its clients seeking to export) and this necessarily influences the location of EI offices.

Both IDA and Enterprise Ireland already work very closely in all its overseas offices with the relevant Embassies, diplomatic and other agency staff. These relationships and the contribution of the Embassies and their staff to successfully gaining access to high level Government decision makers and addressing regulatory and market access issues, are critical.

In the case of EI, co-location is an objective where possible, in the development of its overseas network. Plans are being advanced to co-locate a further two offices (Boston, Stockholm), [TEXT WITHHELD – FOI Sections 20(1) and 21(1)(b)]. Where EI maintains an office that is not co-located, this reflects the absence of a relevant Embassy or Consulate presence and the need for a market interface to meet Irish exporters’ needs (e.g. Toronto is the main commercial - though not administrative - centre in Canada, while the Embassy presence is in Ontario).

EI has entered into a shared services arrangement with the Department of Foreign Affairs and Trade to enable EI staff in overseas offices to avail of DFA I.C.T. equipment to communicate with colleagues in Ireland. Arrangements are in place or are being finalised with all other offices which share premises with embassies or consulates (including Brussels, Madrid, Moscow, Warsaw, Prague, Budapest, Kuala Lumpur, New Delhi, Seoul, Shanghai, Sydney, Tokyo, and Riyadh).

### **Incremental benefit of responding to market opportunities**

#### **Enterprise Ireland :**

EI has representation greater than one office location in only three countries. These are: the United Kingdom (London, Glasgow); United States of America (New York, Boston, and California), and China (Beijing, Shanghai, Guangzhou and Hong Kong).

In respect of the United Kingdom, the London office services the UK market (which remains the single most important market for Irish exporters). The Glasgow office [TEXT WITHHELD – FOI Sections 20(1) and 21(1)(b)] provides a resource (2 staff) to work with EI client companies, of which approximately 250 sell directly to Scotland.

In respect of the USA, the 3 office locations are either currently co-located, or there are plans to co-locate, with an embassy, consulate or other State Agency. The USA is the world's 4<sup>th</sup> largest country by area; encompassing six different time zones and distinct major centres of economic activity (i.e. California is a major centre for software and I.C.T., New York is a major centre for finance etc.). It is not practical to serve, for example, Silicon Valley from New York or vice versa (journey time approximately 10 hours, with a three hour time difference).

In respect of China, [TEXT WITHHELD – FOI Sections 20(1) and 21(1)(b)] Beijing is the political centre and a 'required' location which represents an important market base in the north of China. Shanghai, located in the mid-east is the financial and commercial centre of mainland China. Hong Kong is a unique business location and represents an important commercial centre in the south of China. The offices in Beijing and Shanghai are co-located with an embassy/consulate/other agency.

#### **IDA:**

The USA is a strong and well established market for IDA Ireland. 50% of IDA's client companies are based in the US, and these companies account for 71% of employment in IDA client companies (almost 90,000 people employed).

IDA has five offices in the US to serve this important market: New York, Boston, Atlanta, Chicago, Mountain View (North California) and Irvine (South California). These offices are located in areas where there are a significant number of target companies, for example in North California instead of locating in San Francisco, the office is located in Mountain View which is at the heart of Silicon Valley. In 2010, a number of significant projects approved by IDA were from US based firms. In recognition of the importance of the US West Coast, in 2009 IDA Ireland opened a second office in Irvine, South California to complement its existing office at Mountain View.

The US is home to some of Ireland's premier employers.

- East Coast: Johnson & Johnson, Analog, Pfizer, Citi and Teleflex
- West Coast: Linked In, Facebook, Google, Paypal and Intel
- Mid West: Northern Trust, Abbott, Baxter, and Stryker,
- Southern States: Coca- Cola, Dell and Citrix.

The excellent contribution of US companies to the Irish economy has continued in 2011 with significant announcements this year for example: Quest Software (150 jobs), Symantec (60 jobs), Marketo (125 jobs), Gilte Group (100-200 jobs) and Fidelity (100 jobs), LinkedIn (100 jobs) and Paypal (150 jobs).

### **IDA offices located in Emerging markets**

In recent years IDA has increased its international presence through the expansion of existing offices in the US and the development of new offices/representatives in France, China, Russia and Brazil, as part of a significant redeployment of personnel to its overseas activities from elsewhere in IDA.

As new high-growth economies including the BRICs become more important sources of FDI, IDA will increase its focus and resources on winning investments originating from these markets. IDA will ensure that by 2014, 20% of greenfield investments into Ireland originate from these new high-growth markets.

IDA has established a dedicated team working to attract investments specifically from these markets, and has opened offices in the target markets. IDA works with our sister agencies to make Ireland a global location of choice for companies headquartered in these dynamic growth markets as they grow their international presence. IDA will demonstrate to these firms our track record of meeting and anticipating the needs of multinational clients as they grow outside their home market. Whether they come to Ireland through stand alone investments, partnership or via merger or acquisition, IDA will ensure that the most compelling mix of incentives and opportunities are offered to these emerging business leaders.

### **Vigilance on Costs**

Both IDA and EI, in their objective to maximise the trade and commercial opportunities for Irish companies, take into account a number of decision factors with respect to office location, and the distribution of offices and staff is kept constantly under review. Both agencies remains vigilant in respect of its overseas network operations cost. In locations where EI is the lease holder, opportunities to renegotiate with property providers or seek out more cost effective accommodation (such as lease break clauses or lease conclusions) are dealt with in a timely and proactive way and in 2011, this has resulted in the securing of well in excess of €300,000 in annual savings in future accommodation costs. This will remain an ongoing area of focus for both IDA and EI in the context of securing wider organisational efficiencies.

## Enterprise Ireland Overseas Office Network

Overseas Office Network Region	Number of Staff (WTE Q3 2011): Incl. 32 Grads	Estimated 2011 Associated Costs (at 08/2011) €000	Individual Office Locations	TEXT WITHHELD – FOI Sections 20(1) and 21(1)(b)
<b>UK &amp; Northern Europe</b>	41.5  (-8 since Q4 2008)	5,036	London	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Glasgow	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Amsterdam	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Brussels	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Paris	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Stockholm	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
<b>Southern Europe, Middle East &amp; Africa</b>	19  (no change)	2,303	Madrid	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Milan	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Dubai	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Riyadh	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
<b>Germany, Central &amp; Eastern Europe</b>	31.5  (-3 since Q4 2008)	3,245	Prague	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Moscow	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Budapest	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Warsaw	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Dusseldorf	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
<b>Asia Pacific</b>	28  (-0.5 over Q4 '08)	4,410	Shanghai	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Beijing	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Guangzhou	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Hong Kong	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Singapore	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Tokyo	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Sydney	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Kuala Lumpur	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Seoul	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
New Delhi	TEXT WITHHELD – Sections 20(1) and 21(1)(b)			
<b>Americas</b>	26  (-2 since Q4 2008)	4,037	New York	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Boston	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Mountain View, CA	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Toronto	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Sao Paulo	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
			Mexico	TEXT WITHHELD – Sections 20(1) and 21(1)(b)
<b>TOTAL</b>	<b>146</b>	<b>19,031</b>	<b>31</b>	

## IDA Ireland Overseas Office Network

<b>Overseas Office Network Region</b>	<b>Number of Staff</b>	<b>Estimated 2011 Associated Costs (at 08/2011) €000</b>	<b>Individual Office Locations</b>	<b>Details of Co-Location (Key: DFAT=Department of Foreign Affairs and Trade)</b>
<b>Europe</b>	<b>11</b>	<b>2,757</b>	<b>London</b>	<b>Co-Located with EI</b>
			<b>Frankfurt</b>	<b>-</b>
			<b>Paris</b>	<b>Co-Located with EI</b>
<b>Asia/Pacific Growth Markets</b>	<b>17</b>	<b>2,029</b>	<b>Russia</b>	<b>Co – Located with EI, Consulate and Embassy</b>
			<b>Brazil</b>	<b>-</b>
			<b>Australia</b>	<b>Co-Located with EI and Consulate</b>
			<b>Taiwan</b>	<b>-</b>
			<b>Korea</b>	<b>Co – Located with EI and Embassy</b>
			<b>Japan</b>	<b>Co – Located with EI and Embassy</b>
			<b>Singapore</b>	<b>Co-Located with EI</b>
			<b>China</b>	<b>Co-Located with EI and Consulate</b>
<b>India</b>	<b>-</b>			
<b>USA</b>	<b>24</b>	<b>6,696</b>	<b>New York</b>	<b>Co-Located with EI and Consulate</b>
			<b>Boston</b>	<b>-</b>
			<b>Mountain View</b>	<b>Co-Located with EI</b>
			<b>Irvine</b>	<b>-</b>
			<b>Atlanta</b>	<b>-</b>
			<b>Chicago</b>	<b>-</b>
<b>Total</b>	<b>52</b>	<b>11,482</b>	<b>18</b>	

## *Appendix 5 – Impact of Enterprise Ireland support structure*

### **1. Impact of EI Support Structure**

EI's primary function is to support the development of indigenous industry impacting on increased exports and jobs in Ireland.

In pursuing this mandate EI is engaged on three primary fronts:

- with up to 5000 companies/entrepreneurs in any one year (157,000+ employees) – providing financial support to approximately 1100 and advice/soft support to the bulk of the remainder – this latter including some clients of IDA, Shannon Development, Udaras and InvestNI.
- with the universities, Institutes of Technology and other 3<sup>rd</sup> level research bodies to leverage State investment in research by driving industry/academic collaboration and by accelerating the commercialisation of research via spinouts and licenses to industry.
- with the banks and the VC community with the objective of developing the Seed & Venture Capital/Angel investment infrastructure and ensuring maximum leveraging of State Funds in this area.

Finally EI also carries out other functions, for example:

- provides the coordination unit for the City & County Enterprise Boards,
- drives the take-up of EU FP7 funds by Irish companies – target of €600m to end 2013,
- manages the rollout of the Community Enterprise Centre Schemes.

### **2. Impact on non-Food**

Over 80% of EI's human resources are direct client facing (including 146 in overseas offices) and it should be noted that, while EI does not have a remit for food exports (Bord Bia), significant resources both human and financial are devoted to the food sector in EI in:

- developing the sector's capability in R&D,
- management development and productivity/competitiveness,
- embedding its interests in the collaborative research agenda
- funding its business expansion plans – all underpinning its global reach.
- In addition EI administers a number of funds to the sector on behalf of the Department of Agriculture.

Table 1 overleaf sets out Enterprise Ireland client sales, exports and fulltime jobs over a ten year period 2001-2010 split between Food and non-Food.

This shows that there are three distinct phases to the period under review:

- 1) 2001-2003 decline;
- 2) 2003-2007 recovery & expansion;
- 3) 2007-10 recession & some green shoots (in exports).

- On the sales side, EI clients declined by 6% between 01/03, grew by 35% in 03/08, declined by 18% in 09, stabilising in 2010. Non-food fell by 5% in 01/03, grew by 48% in the 03/08 period and fell by 25% to 2010 finishing the decade 7% up overall. It is clear that these trading figures benefited from strong export growth.
- In exports – a key metric for EI – exports ended the decade 20% up – again showing clear phases ie decline of 9% to 03, recovery and growth of 41% to 07 with a drop of 16% in the 2 years to 09 with an 11% recovery in 2010. The trends for Food and non-Food exports were broadly in line over the period.
- Regarding employment, the jobs stock in EI clients declined by 15% over the period and despite the recovery in exports leading to a stabilisation in sales in 2010, employment continued to decline in that year albeit at a slower pace. Most of the decline was in the non-Food manufacturing sectors; alleviated by a strong performance by international services. This trend of stubbornly slow jobs growth following the recent recovery is a global trend.



**Table 1: EI Client Sales, Exports & Jobs 2001-2010 – Time Series**

<b>EI Sales</b>										
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k
<b>Total</b>	<b>28,031,988</b>	<b>27,851,114</b>	<b>26,459,065</b>	<b>27,767,675</b>	<b>29,508,204</b>	<b>32,175,229</b>	<b>34,867,446</b>	<b>35,843,077</b>	<b>29,438,167</b>	<b>29,418,319</b>
Food, Drink & Tobacco	12,997,113	13,164,615	12,129,358	12,366,551	12,806,910	13,478,148	14,784,706	14,615,872	12,753,141	13,397,793
Non Food	15,034,875	14,686,498	14,329,706	15,401,124	16,701,294	18,697,080	20,082,740	21,227,205	16,685,026	16,020,526
<b>EI Exports</b>										
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k
<b>Total</b>	<b>11,360,390</b>	<b>10,865,012</b>	<b>10,306,820</b>	<b>10,741,368</b>	<b>11,628,378</b>	<b>12,898,391</b>	<b>14,502,466</b>	<b>14,010,211</b>	<b>12,241,140</b>	<b>13,581,410</b>
Food, Drink & Tobacco	6,204,530	6,225,176	5,903,447	6,175,660	6,641,295	7,453,974	8,133,945	7,836,369	6,585,489	7,357,101
Non Food	5,155,861	4,639,836	4,403,373	4,565,708	4,987,084	5,444,417	6,368,521	6,173,842	5,655,650	6,224,309
<b>EI Employment</b>										
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Total</b>	<b>162,392</b>	<b>158,656</b>	<b>155,149</b>	<b>152,861</b>	<b>153,946</b>	<b>163,041</b>	<b>166,879</b>	<b>160,941</b>	<b>142,596</b>	<b>137,241</b>
Food, Drink & Tobacco	47,928	47,654	47,119	46,048	45,704	47,244	46,283	44,403	41,731	41,263
Non Food	114,464	111,002	108,030	106,813	108,242	115,797	120,596	116,538	100,865	95,978

Source: Forfas ABSEI & Employment survey time serie

## ***Appendix 6- Science and Technology Graduates – Skills Applicable to Employment Market***

### **1. Context**

The material below is collated on foot of a request in the Extract from CRE letter to Sec Gen Sean Gorman, DJEI, July 2011. The specific issue which the CRE letter raised is as follows:

**“An emerging issue is to ensure science and technology graduates have the skills most applicable in the current employment market. The Committee noted that current policies are continuing to increase the supply of Irish graduates in science and technology disciplines but this increasing supply had not translated into a pipeline for filling available vacancies. Despite reduced jobs in key sectors in 2009 and 2010, and the inflow of graduates to the jobs market, key employers sought jobs permits for around 1400 individuals in research and IT. Accordingly, the Committee considered that a coherent policy approach involving DES and DJEI was needed to improve the quality of science graduates.”**

While the production of suitably qualified graduates with a skillset to enhance their employability is primarily a matter for DES and the Higher Education Institutions (HEIs) the Department of Jobs, Enterprise and Innovation is very cognisant of the need to ensure science and technology graduates have relevant skills that are applicable in the current employment market, and is very engaged in initiatives to lead to that goal.

That is in the context where:

- Ireland is host to 960 foreign companies employing 138,000 people in areas of cutting edge technology and research, such as ICT, pharmaceuticals and medical devices.
- We are home to 8 of the world’s top 10 technology companies, 8 of the world’s top 10 pharmaceutical companies and 15 of the world’s top 25 medical devices companies.
- We are the location for manufacture of 10 of the world’s top 10 selling prescription drugs; and
- More than 24,000 people are employed in 160 medical technology companies, half of which are indigenous companies.

Our concern, then, is to sustain RDI activity to enable Ireland to remain an attractive location for foreign direct investment and support the development of indigenous Irish enterprise. We are also pursuing the provision of highly skilled employment by repositioning Irish enterprise higher up the value chain.

## 2. Using PRTL Cycle 5 to enhance Ph.D. education and training

Cycle 5 of the Programme for Research in Third Level Institutions (PRTL) is delivered by the HEA on behalf of DJEI. This cycle of PRTL acts as a key driver for the development of enhanced PhD education such as to bring Ireland in line with other leading knowledge economies. This is a critical objective for the Irish higher education and research system which needs to respond to criticism that PhDs emerging from the system are not rounded in their skills sets and are not ready for working in the commercial environment.

The majority of the current funding stream of PRTL Cycle 5 is essentially about reforming Structured PhD Education *via* further human capital investment, to impact in a major way on the wider higher education and research system. This fact was recognised by the Innovation Taskforce in March, 2010 and more recently with review of the Higher Education System (Hunt Report), since adopted for delivery as the Higher Education Strategy.

Cycle 5 of the PRTL will drive the reform of PhD student education, which will encompass training in innovation and commercialisation. The Programme will focus on facilitating the development of an 'entrepreneurial culture and an ecosystem of innovation and commercialisation'.

Cycle 5 will enhance PhD education and training so as to enable the system deliver PhDs with skills sets for working across the spectrum of the public and private sectors. Structured PhDs are either in (a) key underpinning areas where national deficiencies in training have been identified e.g. engineering and chemistry, or (b) in areas where national strength facilitates the establishment of a quality national programme e.g. Nanoscience/Nanotechnology or Biomedical Engineering. Innovation and entrepreneurship training will be core to all initiatives.

## 3. Innovation Task Recommendations on improving STEM skills

Ireland's growing reputation in STI is attractive to companies as they decide to locate R&D facilities here. Companies, both foreign owned and indigenous, reiterate that they require an availability of highly qualified and highly skilled graduates in order to succeed in their endeavours. This came very much to the fore in the Report of the Innovation Task Force (ITF), March 2010.

A number of recommendations of the ITF are salient in this regard, particularly with regard to raising Maths literacy and increasing the take up of Honours Maths and Science subjects and STEM disciplines in Higher Education. These recommendations are being implemented, as follows:

Key Recommendation 5.3 outlines the need to **introduce additional measures to promote the take-up of higher level maths, including possible incentives such as the awarding by HEIs of CAO bonus points on a pilot basis starting with LC 2012, so that this years' LC**

**cohort can make informed subject choices on commencing Fifth Year.**

This recommendation is being acted upon.

The seven universities, together with DIT and RCSI, and the Institutes of Technology have collectively agreed to operate a bonus points scheme for Higher Level Mathematics for a four year trial period from 2012 to 2015 inclusive, with a review in 2014. A bonus of 25 points will be allocated to students who achieve a grade D3 or above in LC Higher Level mathematics. This pilot scheme has been specifically designed with the objective of maximising the numbers of Leaving Certificate students who study for and sit the HL maths exams, and in particular of reducing the numbers of students who might drop down from HL to Ordinary Level during the LC senior cycle. It will apply only if Mathematics is one of the six best subjects used for CAO points purposes.

Supporting Recommendation 5.4(I) of the Innovation Task Force Report **calls for an increase in investment in intensive training for mathematics teachers and the full roll out of project maths.**

This recommendation is being implemented by DES. The report of the Project Maths Implementation Support Group (2010) contains a number of recommendations aimed at increasing the take-up of higher maths which are being progressed. Project Maths is an initiative designed to place greater emphasis on the understanding of mathematical concepts and the application of mathematical knowledge and skill.

Project Maths commenced in all second-level schools in September 2010. 5,900 teachers have already begun training in this area, with an investment of €3m in 2009, and a further €5m in 2010. This is part of a rolling programme of professional development for teachers which will continue to at least 2013. The range of programmes includes courses provided by the Project Maths Team, ICT courses provided by the National Centre for Technology in Education, and summer programmes through NCE-MSTL in UL. A tender for post-graduate programmes for teachers is currently being finalised by the DES. The Estimates provision for 2011 provides for the continued expansion of investment in Project Maths as planned. Project Maths was piloted in a number of schools in the 2008/09 and the 2009/10 school-years and of those who sat the Project Maths exam in 2010, the number taking the Higher Level Leaving Certificate Maths paper was proportionately higher, which is encouraging for the future.

Supporting Recommendation 5.4(II) of the ITF Report **calls for implementation of the new syllabuses in Leaving Certificate Biology, Physics and Chemistry and of new approaches to assessment based on the experience of the current trial in schools.**

This Recommendation is also being implemented by the Department of Education and Skills. Revised draft syllabuses have been developed in LC Physics, Chemistry and Biology by the NCCA and a trialling of assessment approaches in schools has been completed. The NCCA is now engaging in a public consultation process (which will run until the end of October 2011) on the syllabuses prior to submitting its advice to the Department.

**Supporting Recommendation 5.4(III) of the ITF calls for introduction of a new mentoring programme for teachers and talented students, involving experienced mathematicians, engineers and scientists who are keen to make a wider contribution to advancing the quality of teaching and learning in their discipline.**

The Department of Education and Skills, as well as industry itself are the lead actors for this Recommendation, which is being implemented in principle if not yet in practice. The Project Maths Implementation Support Group (PMISG) recommends the development of a mentoring programme for students. They have also made a range of recommendations relating to higher education institutions, industry and professional bodies working with teachers to add value to Project Maths. A range of actions are also being progressed through the Discover Science and Engineering programme which has extended its remit to maths.

The Project Maths Implementation Support Group has invited proposals from industry, professional bodies and higher education interests on (a) support materials and resources adding value to Project Maths, and (b) mentoring and champions proposals. To date, no mentoring proposals have been submitted. Engineers Ireland has, however, introduced tuition programmes for maths students.

#### **4. Comments of Minister for Education and Skills re Leaving Cert 2012 results**

The Irish Times, 17 August 2011, reports the following remarks from the Minister for DES in the context of the Leaving Cert. results

***Minister for Education Ruairí Quinn has pledged to examine ways to improve results in maths following the release of Leaving Certificate results today.***

***High failure rates in maths and science – and relatively poor results in business subjects – are the most striking trends in this year’s results.***

***Mr Quinn said he had given Seán Sherlock, Minister of State for Research, the task of looking at how to improve results in maths.***

***Speaking in Clifden, Co Galway, this afternoon, the Minister expressed hope that the new maths syllabus, Project Maths, would address the problem.***

***"The poor maths results do concern me. We have a problem here. This was recognised by the previous government, and Project Maths was the result of a reform of the maths syllabus. It is now in its second year, and positive results are coming from it," he said.***

***"We must ensure that the concerns of are met by reform in how the subject is taught. There is also a role for the points system. The effort required to get a high result in some subjects is less than in other subjects.***

***"[Former minister for education] Mary Coughlan persuaded universities to add a bonus of 25 additional points in maths. If this doesn't work, we may need to look at additional points for science and additional supports for the teaching of the subjects."***

## **5. National Strategy for Higher Education**

The National Strategy for Higher Education, January 2011, is also relevant to this issue. An implementation group, chaired by the DES, has been established to oversee and coordinate the various action lines of the Strategy.

The Strategy promotes further and deeper forms of HEI-industry collaboration, in particular in regional clusters.

## **6. Mapping outputs from public RDI investment**

Given the importance of investment in RDI to productivity growth and economic and social progress and the costs of public investment in RDI it is timely to examine more sophisticated tools to assist policymakers in assessing the impact of assessments currently being made or planned. Forfás is conducting a project to this end. The approach includes a mapping of the outputs from HEIs and Public Research Organisations onto economic impacts.

This involves an analysis of the Community Innovation Survey (CIS) to track how the outputs from R&D in HEIs and PROs (such as PhD graduates, scientific publications, industry-academia collaborations etc) are used by firms for their innovation activities. The first findings from this are anticipated in Autumn 2011.

## ***Appendix 7- Streamlining of Employment Rights Bodies***

Minister for Jobs, Enterprise and Innovation Richard Bruton announced the first steps in his plan to streamline the State's five employment rights bodies on 18<sup>th</sup> July 2011.

The principal measures included naming Ger Deering, Director of NERA, as the industry expert responsible for coordinating the streamlining process across the employment rights bodies; and Kieran Mulvey, Chief Executive Officer of the Labour Relations Commission (LRC) assuming leadership of NERA.

The other measures included:

- the establishment of an Implementation Group within the Minister's Department to lead the process
- a short consultation process with stakeholders on the process
- a single online form for the Employment Appeals Tribunal, replacing the five forms currently in use
- some sharing of both staff and accommodation resources between the EAT and the Courts Service.

All of these measures are on track to be completed by the end of September. In addition, the Minister announced the creation of a single point of entry and a single website for the five bodies, which he hopes to have in place by the end of 2011.

The employment rights bodies in question in this process are: the Labour Relations Commission and the National Employment Rights Authority, the Employment Appeals Tribunal, and the Labour Court. The possibility of including the Equality Tribunal in the project is also being pursued. The industrial relations role of the Labour Court will not be affected by these changes, and its significant role in adjudication of employment rights is discharged solely as an appellate body.

The updated position regarding the measures announced by the Minister is as follows:

- With effect from 1<sup>st</sup> September 2011, the Labour Relations Commission, under the direction of Mr Kieran Mulvey, CEO, has taken over the day-to-day management and operation of the resources of the National Employment Rights Authority on an interim basis. This will enhance opportunities for further synergy between the two bodies and maximise the potential for a joined-up service to employers and worker. In particular, it will open up greater possibilities for improvements in the volume and range of interventions available - whether inspections or

hearings - as well as better information provision and raising of awareness among employers and workers as to their respective responsibilities and rights.

- With effect from 1<sup>st</sup> September 2011, Mr Ger Deering, Director of NERA, has taken on the role of Project Liaison for the streamlining project on an interim basis, with specific responsibility for liaising with the Heads of the bodies concerned, coordinating and driving the change process at organisational level on a collegiate basis with the input and cooperation of the individual organisations including the Employment Appeals Tribunal, Labour Court, LRC and NERA. The possibility of including the Equality Tribunal in the project is also being pursued.
- An Implementation Group has been established within the Department to lead the change process. This Group will report directly to the Minister and is being chaired by a senior official of his Department (and by the Minister himself from time to time) and comprises representatives of all the bodies concerned as well as Mr Deering. This Group will provide the overall governance and management structure for the ERIR streamlining project.
- The Minister and Department has commenced engagement in a short consultation process with stakeholders, including employers groups, trade unions and the legal profession, in the coming weeks with a view to its conclusion by early September. A consultation paper was launched on 18<sup>th</sup> August seeking responses by 16<sup>th</sup> September to key issues arising from the Minister's announcement of his preference for a simplified structure comprising a single body for dealing with workplace disputes and a single appeals body.
- With effect from late September, the Minister will be appointing 5 County Registrars as Vice Chairs of the Employment Appeals Tribunal as part of an innovative pilot project designed to utilise the existing resources of two State services. This is a concrete example of cooperation in the spirit of the Croke Park Agreement and it will reduce the travel and per diem costs associated with deploying personnel to assist with cases in regional locations. It will also enhance effectiveness by opening up greater use of Courts Service facilities for the hearing of Employment Appeals Tribunal cases, thus reducing the need to hire accommodation.



- On 1<sup>st</sup> August, the Minister launched the piloting of a new on-line application form for the Employment Appeals Tribunal and commended the EAT for its progressive work in this important area of customer service. The new form will be available for use at [www.eatribunal.ie](http://www.eatribunal.ie) and it reduces the number of forms required from 5 to 1. The Minister intends to replicate this approach by reducing the number of forms required in respect of all workplace disputes to the absolute minimum and to have on-line filing of claims available within the new streamlined structure and a single point of entry for all claims. The new on-line form will be supported by a short training video on Youtube which will take claimants through the process on a step by step basis.
- Along with a single point of entry for all claims, the Minister will be seeking to establish a single website which will provide comprehensive up to date information on employment rights to employers and workers and it will, in time, replace the individual websites of the existing employment bodies including the LRC, NERA, Equality Tribunal, EAT and Labour Court. The intention is that this will be in place before the end of 2011.

Arising from the day to day transfer of the management of NERA services to the LRC, there will be no interruption or change to those services whether in the inspection area or in terms of information provision. The staff of NERA and the LRC are civil servants of the Department of Jobs, Enterprise and Innovation and there are no changes in that regard. The day-to-day management responsibility changes have taken effect from 1 September 2011.

## ***Appendix 8- Merger of the NCA and the Competition Authority.***

### **Savings due to structure of the new Consumer and Competition Authority.**

The current statutory situation in the NCA is that there is a Board, made up of a Chairperson and 11 ordinary members who are appointed by the Minister, to which certain functions are allocated in accordance with the Consumer Protection Act, 2007. The Chief Executive (who is also an *ex officio* member of the Board) is appointed by the Board: he/she also has a certain number of functions allocated to him/her under the 2007 Act.

The Competition Authority has a different statutory structure comprising a Membership arrangement with one whole-time Member acting as Chairperson and between two and four other ordinary whole-time Members (all of whom have to be appointed through an open Public Appointments Service competition). There is provision to appoint temporary whole-time Members pending the holding of an open Public Appointments Service competition to fill any vacancies that might arise.

The Programme for Government contains the following commitment:

#### **Open Government (page 29)**

Where appropriate, agency boards will be scrapped and agency managers will report directly to Ministers and their Departments on performance against targets.

The structure of the new Authority will comprise a Chairperson and between 2 and 6 Members, who will act in a collegiate manner. This structure is modelled on that of the Competition Authority and consequently there will be no Board or CEO. The subsequent non-paying of Board fees (and associated Board costs such as travel and subsistence) are expected to give rise to savings in the region of €170,000 per annum.

#### **Potential for staff savings:**

The new merged Consumer and Competition Authority will carry out all the various functions currently carried out by both existing bodies.

Currently, this Department carries out the payroll function on behalf of both the Competition Authority and the NCA while other administrative functions are carried out by a minimal number of agency staff. For example, in the NCA and the Competition Authority, HR, Finance, Procurement and other administrative functions are delivered by 2 whole time equivalent people (WTE) in each body: Information & Communications Technology is delivered by 2 WTE in the Competition Authority while the NCA is wholly reliant on the Department for such functions. Since January 2011, the Competition Authority is host to the NCA's non-pay electronic payment system and both

agencies have engaged in a joint tender for the appointment of internal auditors. Thus there is little or no scope for further shared services to be introduced.

The staffing complement of both bodies has been significantly reduced in the recent past and no actual staff savings are envisaged from the merger. The Competition Authority had sanction for 59 staff while the NCA had sanction for 80 posts. However when the rationalisation announcement was made in late 2008, the Authority had 53 serving staff and the NCA had 55, a joint total of 108 staff. Under the current ECF, the Authority now has sanction for 39 posts for 2011 while the NCA has sanction for 45 posts, a joint total of 84 staff, some 24 (22%) less than the staff complement on the date the rationalisation was announced. By 2014, this will have reduced to a total of 78 staff, some 30 (28%) less than the staff complement on the date the rationalisation was announced. The current figure in respect of the NCA is considerably lower than the staffing complement of the NCA's predecessor, the Office of the Director of Consumer Affairs, which, with a narrower remit, had 64 staff.

Thus, given the passage of time since the merger of the two bodies was first announced and the fact that the intervening cutbacks have seen the disappearance of possible scope for synergies and resulting savings, it is not envisaged that there will be any actual staff savings as a result of the merger.