CENTRAL EXPENDITURE EVALUATION UNIT
LÁRAONAD MEASTÓIREACHTA CAITEACHAIS

Comprehensive Review of Expenditure 2011

CEEU Paper No.6

Overview of 'Legacy' Expenditure Programmes and Policy Reforms, including opportunities for rationalising State Agencies

Summary Overview: The Government Programme mandates a radical, root-and-branch examination of all aspects of existing programme expenditure, to ensure that increasingly scarce resources are focused more directly upon priority areas, while minimising service impacts insofar as possible. This approach requires (i) critical review of the existing range of expenditure schemes and programmes, by reference to fundamental criteria of rationale, priority and ongoing relevance; and (ii) in cases where existing schemes have a continuing rationale, a consideration of different options for delivering upon priority objectives more cost-effectively.

This Paper, having regard to the draft Expenditure Reports from Departments, the Vote Section assessments within the Department of Public Expenditure & Reform, and other relevant material, supplements those analyses by outlining a number of options for targeting public expenditure more effectively, focusing on a selection of schemes in each sectoral area, with a particular emphasis on the challenging / querying the continued rationale for long-standing or "legacy" schemes / services which may not have been subject to sustained critical consideration up to now, and questioning the continued relevance and degree of priority afforded to these areas. The principles that should inform a far-reaching streamlining of the State agencies are also outlined, along with an indicative agenda of specific reforms in this area.

The measures outlined in this Paper are essentially reform proposals, designed to lead to large-scale savings, efficiencies and clearer prioritisation. A key objective of this Paper is to provide a useful and provocative overview of the type of issues that should be explored through a more thorough-going analysis of expenditure lines in particular areas, as part of the multi-annual roll-out of savings and numbers reductions by individual Departments in the period 2012-2015. The Paper is primarily the responsibility of the CEEU and the options do not necessarily reflect the views or preferences of Vote Sections, Departments or Agencies.

A. Introduction

As part of the budgetary correction process over the coming years, the public sector must deliver major savings across the full range of services, which will require careful prioritisation of resources. The correction will necessitate major reductions in the level and nature of expenditure programmes, with far-reaching reforms to ensure the delivery of quality public services that meet the needs of citizens, with fewer resources. This paper critically reviews a sample of expenditure schemes and programmes from each Department, with reference to their rationale / ongoing relevance and priority, and to how public services could be delivered more cost-effectively, having regard to the following principal themes:

1. **"Legacy" Schemes** – i.e. schemes and programmes that no may longer rank highly in terms of addressing public, social or political priorities, but which may not have been subject to frank re-appraisal over recent years
2. **Alternatives to Traditional Service Delivery** – including restructured and innovative ways of delivering services more efficiently
3. **Simplification of Schemes** – particularly with a view to consolidating different programmes with related or overlapping objectives
4. **Cash-limiting of Schemes** – re-designing the financial basis of schemes and programmes so that the cost is fixed from the outset, and is not subject to major cost overruns due to unanticipated demand
5. **Agency Rationalisation** – a principles-based approach to streamlining the agencies and structures involved in public service delivery, to avoid an unnecessary multiplicity of administrative functions and staff.

Other cross-cutting reform issues, such as the use of outsourcing as an alternative means of delivering services, are dealt with substantively in separate cross-cutting papers from the Department of Public Expenditure & Reform.

This Paper examines a selection of programmes under each Department by reference to the themes at 1-4; while proposals on Agency rationalisation are considered in the main in a separate chapter. The analysis and proposals set out in this document are intended to complement the analysis put forward by individual Departments, with a view to enhancing the breadth and depth of the options available to Government, and as such some more 'provocative' and far-reaching proposals are included for discussion purposes, and for consideration / review by Departments as they plan to manage within their multi-annual spending ceilings in the period

2012-2015. The cost savings identified are therefore additional, for the most part, to the savings identified in the individual Expenditure Reports. However it should be borne in mind that some of the savings projections are quite tentative, and follow-up analysis would be required to ascertain the actual level of savings as well as the practical considerations that should inform the implementation of such measures. The costs associated with each programme, where identifiable/ available, are based on the Revised Estimates for 2011.

2 Department of Arts, Heritage and the Gaeltacht

2.1 Scheme: Údarás Na Gaeltachta Cost: €14.8m

Proposal: Abolition. The on-going need to have an expensive state board whose primary goal is to support the economic, social, cultural and linguistic development of the Gaeltacht is unclear. The Board should be rationalised with its enterprise support functions transferring to EI. Currently UnG carries out the functions of the County Enterprise Board, as well as other enterprise support functions in Gaeltacht areas. D/JE&I are currently rationalising the CEB structures into EI, which should include those functions of Údarás. The other language and cultural elements should be rationalised for more effective delivery by separate bodies already established for this purpose (notably Foras na Gaeilge).

2.2 Scheme: An Coimisinéir Teanga Cost: €0.7m

Indirect costs: estimated at between €2-3 million across various public bodies

Proposal: Abolition. The ongoing requirement / priority for a separate statutory body to carry out the limited functions assigned under Official Languages Act is questionable. The post of Language Commissioner is a statutory one and as the holder of the Office is not a Civil Servant, policy /legislative amendments to the Official Languages Act 2003 would be required for abolition of the Office. Amendments to this Act should also modify the statutory obligation of Public Bodies to translate official documents contemporaneously into Irish to reduce costs to a more proportionate level. It is arguable that the manifest VFM shortcomings involved in translating the bulk of public documents into Irish, and the role of An Coimisinéir in policing this obligation, have been counter-productive in terms of fostering goodwill towards the Irish language.

Alternative: Merge functions with the Office of the Ombudsman or the D/AH&G.

2.3 Scheme: Gaeltacht Support Schemes / Irish Language Support Schemes Cost: €17.1m

Proposal: Simplification. Both schemes although relatively small are targeted at similar overall objectives and should be merged to simplify administrative structures and to allow for improved targeting of resources at those projects identified as priorities for the Gaeltacht / Irish language. A rationalised scheme should also be scaled back in cost terms by approx. 10-15% in line with expenditure consolidation requirements more generally.

Overall savings identified: €18m

(not including indirect savings of up to €2m-€3m across Departments generally)

3 Department of Agriculture, Fisheries & Food

3.1 Scheme: Disadvantaged Area Scheme (DAS) Cost: €220m

Proposal: Abolish. One of the key legacy issues in the agriculture area is the DAS which provides €220 million per annum and contributes to the income of 102,000 farmers. A key issue is that 72% of the country is classified as "disadvantaged" (there are 3 different levels of disadvantage) and over 102,000 farmers receive payments, giving an average payment of over €2,000. The scheme, which is a direct transfer from the State at a time when farm incomes are rising[1], has the overall objective to help those whose ability to farm is restricted by the physical environment; however, with such a high percentage (72%) classified as disadvantaged, the eligibility and classification criteria are obviously too broad. As the Scheme is 50% co-funded by the EU and forms part of Ireland's Rural Development Programme any proposed reforms are subject to approval by the Commission.

Alternative: The Scheme could be cash-limited and targeted at those in genuine need of support. This could be achieved through changes to the qualifying criteria and tightening of the scheme eligibility criteria. A minimum 30-60% savings should be targeted under this approach.

3.2 Scheme: Meat inspection Cost: €32m

Proposal: Abolish. The Department intends on outsourcing this function and passing on an unspecified element of costs to industry. However, there is no economic rationale for the State to bear meat inspection costs which represent a compliance cost for the industry, therefore the full economic cost of meat inspections, whether outsourced or publicly provided, should be borne by industry.

Alternative: Scaled sharing of economic cost to realise at least 50% savings in the overall cost.

3.3 Scheme: Suckler Cow Welfare Scheme Cost: €33m (2010)

Proposal: Abolish. The Suckler Cow Welfare Scheme is an animal welfare recording and breeding scheme and is particularly relevant to the export market. At a time of high beef prices, it is ultimately the producers that benefit from following best practice in the rearing of suckler cows, and accordingly there would be appear to be little or no economic rationale for the State to subsidise this best practice.

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[1] The Teagasc National Farm Survey 2011 results show that average farm income have largely recovered from the previous declines, having increased by 48% in 2010. This increase brings the average income figure for the farming sector in 2010 back to 2008 levels at €18,000.

Alternative: Reduce payment per cow in order to reduce cost of the scheme by 60-80% in overall terms.

Overall savings identified: €102m - €285m

4 Department of Children & Youth Affairs

4.1-a Scheme: National Childcare Investment Programme Cost: €76m

4.1-b Scheme: Early Childhood Care and Education Scheme Cost: €166m

The NCIP current allocation is €76m in 2011. This funding is used to implement the Community Childcare Subvention (CCS) programme and the Childcare Education and Training Support (CETS) programme, both of which support low income parents with childcare costs to assist them to access education, training and employment.

The ECCE Scheme provides a free year of early childhood care and education for children of pre-school age. In general, children are eligible for the ECCE scheme if they are aged between 3 years 2 months and 4 years 7 months on 1 September of the year that they will be starting. The State pays a capitation fee to participating playschools and daycare services. In return, they provide a pre-school service free of charge to all children within the qualifying age range for a set number of hours over a set period of weeks. The 2011 allocation for the ECCE scheme is €166m.

Proposal: Abolish both schemes. Both schemes[2] were introduced at a time when there was increasing demand on childcare provision, primarily as a result of an increased participation rate by females in the labour force and a systematic, structural under-provision of childcare places. Changing employment patterns, and improvements in the supply and costs of childcare raise fundamental questions about the continued commitment of €243m in funds to these areas, in addition to the €2bn spend on Child Benefit (part of the rationale for which is to assist with the additional costs involved in raising children).

Alternative: Both schemes are demand-led with increasing pressure over the coming years for additional resources to cater for the increase (€45m over the next 3 years in the case of ECCE). This projected increase arises from demographic factors rather than from any increase in the relative priority of this policy area. Alternative approaches – which could be introduced with a view to realising savings of between 40%-60% in this area – would therefore involve (a) adaptation of both schemes so that they become cash-limited with a resulting reduction in capitation fee / subvention per child (b) a universal across-the-board cut in capitation fees / subventions and (c) greater targeting.

[2] The ECCE Scheme replaced the Early Childcare Supplement which was introduced in Budget 2006

In terms of targeting, the primary focus for prioritizing resources should be at those who are in the labour market or those close to the labour market where childcare costs are a factor on remaining / entering the workforce. For example, the CCS and CETS programmes of the NCIP are targeted at schemes some of which have been shown to be ineffective activation measures, therefore there should be greater targeting of the subvention at those participating in more effective activation measures.

Overall savings identified: €146m - €243m

5 Department of Communications, Energy and Natural Resources

5.1 Scheme: TV Licence - Administration / Evasion Cost: up to €46m

Proposal: Restructure to eliminate administrative charge. The TV licence fee yields approximately €222 million a year, but administrative costs paid to An Post for its collection are €12.5 million. In practice, the TV licence fee is payable by virtually all households in Ireland. However the evasion rate is currently estimated at between 12-15% (amounting to €26m-€33m): both the evasion rate and the cost of collection (6% of overall amount collected) are considered high by international standards.

Under the Programme for Government, a new household charge is due to be introduced from January 2012. It would make good administrative sense for the TV licence fee to be incorporated into the household charge or administered alongside that charge. This would have the dual benefit of eliminating the additional costs in the collection system as well as reducing the evasion rate. A proportion of the savings arising might be shared with the broadcasting sector, which are the intended beneficiaries of TV licence receipts.

Overall savings identified: up to €46m

6 Department of Education and Skills

6.1 Scheme: Post-primary school transport Cost: c. €70m

Proposal: Abolish. The 2011 VfM Review of the School Transport System[3] found that while it was not possible to establish the number of children who would be transported by private car in the absence of the STS, analysis of the number of tickets issued to post-primary pupils and seat occupancy rates, indicates that a significant number of parents who have access to school transport services choose to make, and are able to make, alternative arrangements to get their children to school at certain times of the school day / school year, especially in the shorter summer term[4] (Table below). The economic cost of providing the STS to post-primary students is €958 per pupil with the pupils paying a charge of €350 per annum (c.37% of economic cost). The VfM report also found that the private companies (contracted by Bus Eireann) are more efficient than BE (21% cheaper per km), which suggests that regulated market provision may be preferable.

Alternative: Pilot Scheme of removing STS services[5] for some post-primary schools. The pilot scheme could asses how the private sector, outside of the STS, could become involved in provision. It should be borne in mind that there is currently private sector provision of school transport service outside the STS.

Year	Tickets Issued Autumn Term	Tickets Issued Summer Term	Decrease In Tickets Issued	% Decrease in Tickets Issued
2005/2006	75805	68005	-7800	-11.47%
2006/2007	74758	68749	-6009	-8.74%
2007/2008	74499	69349	-5150	-7.43%
2008/2009	74135	66267	-7868	-11.87%

[3] http://www.education.ie/servlet/blobservlet/st_vfm_school_transport_scheme_2011.pdf?language=EN

[4] The school transport charge remains the same for both terms but the duration of the summer term is generally about a third shorter.

[5] The CEEU cross-cutting paper no. 3 on publicly funded local transport schemes also makes a number of recommendations regarding greater coordination and integration of local transport services which should be able to deliver efficiencies and productivity, as an alternative to the specific proposal put forward above.

6.2 Scheme: Free Third level Fees Cost: €328m

Proposal: Replace with targeted, means-based supports. Under the existing system, the State pays the full cost of all third-level courses, irrespective of means. While this has positive effects in terms of accessibility of third-level education, it also entails allocative inefficiencies and other drawbacks, including:-

- lack of economic / price signalling regarding the value of different courses (in terms of market demand for particular skill-sets and impact on employability)
- related to the foregoing: lack of market signalling on the relative levels of cost-efficiency in different third-level institutions
- high 'deadweight' costs in respect of students from middle-income and higher-income backgrounds, who would attend third level education in any event
- related to the foregoing: displacement of private resources towards elements of the second-level sector (private schools, 'grind schools' etc) with the potential effect of underscoring educational disparities as between lower-income and higher-/upper-income groups
- potential lack of commitment on the part of a subset of students, as evidenced by relatively high drop-out rates at the end of the first year of courses.

Given the imperative of prioritising scarce resources, models for securing some level of financial contribution from students have been explored in detail over recent years. One relatively straightforward model is to allow for reintroduction of third level fees on the following basis:-

- all third-level institutions apply the course fees at their standard rate
- a State contribution towards the cost of fees is made available on a scale that takes into account:-
    - the means of the student's household, including assets
    - the relative economic priority of the particular course or category of course
    - the degree of compliance by the third-level institution with State norms and guidelines in regard to teaching hours, salaries etc, as determined by the HEA
- the existing 'Student Contribution' charge of €2,000 p.a. should be abolished or sharply curtailed
- as a general rule, each student would be expected to pay some minimum proportion of the cost of their course; full cost payment by the State should be confined only cases of particularly acute need
- the existing means-tested Student Support grant scheme should be integrated into this overall scheme in the interests of efficiency.

While the precise level of savings would depend upon the balance among the factors outlined above, this broad approach should allow for overall savings of between 30%-50% to be secured.

6.3 Scheme: Teacher training Cost: n/a

Proposal: Temporarily suspend the H.Dip in Education for a number of years to reduce the supply of secondary teachers. Given that the pupil teacher ratio has increased and that existing teachers are being redeployed to vacancies that arise, there are less opportunities for new graduates. Rather than train teachers who are likely to seek employment overseas when training is completed, consideration could be given to suspending courses / temporarily closing teacher training colleges, starting with the smaller teacher-training colleges, in which per-capita teacher-training costs are higher than in the larger colleges. This has already happened in the case of Garda Training in Templemore.

Overall savings identified: €140m-€200m

7 Department of Defence

7.1 Scheme: Reserve Defence Force Cost: €4.4.m

Proposal: Abolish. The roles of the Reserve Defence Force are the same as those assigned to the Permanent Defence Forces and it is organised on a standard Infantry Brigade model which mirrors the organisation of the PDF. With the current focus on prioritising resources / objectives, the ongoing priority of maintaining a separate Reserve Defence Force, regardless of its relatively small size and limited functions, is questionable.

Alternative: An alternative is to reduce the numbers in the RDF, there are currently 6405 army reserves (including Officers and non-commissioned personnel), possibly by streamlining the existing 3 regional brigades into one all-Ireland brigade.

Overall savings identified: €4.4m

8 Department of Transport, Tourism and Sport

8.1 Scheme: Tourism Services Cost: €122m

Proposal: Streamline tourism structures. Currently the Irish tourism industry is overseen by a number of bodies including Fáilte Ireland, Shannon Free Airport Development Company, Dublin Tourism, Tourism Ireland; as well as the regional tourism development boards, the structure of which is very fragmented. While tourism development and product is strengthened by local involvement, this should not require a separate structure, with additional cost structures, in addition to existing local authority structures. Efficiencies of 10-15% should be achievable through greater streamlining of these structures.

8.2 Scheme: National Vehicle and Driver Licensing Unit Cost: €16.8m

Proposal: Outsource. The processes involved in delivering the work programmes of the NVDF and the driver testing section of the RSA are amenable to outsourcing. A proportion of driving tests have already been outsourced to reduce the driver testing waiting list and should be extended to apply to all driving tests. The activities associated with the National Vehicle and Driver File (NVDF) i.e. national driver and vehicle licensing, are also suitable for outsourcing because of the standardised and routine processes involved. Revenue has already outsourced some of their registration function. They have appointed the NCTS to carry out a number of functions relating to the registration of vehicles on their behalf. Efficiencies of 10-15% should be achievable through outsourcing of service.

8.3 Scheme: Dublin Bus Market

Proposal: Greater competition. Many of the Dublin Bus routes are perceived to be loss-making, making the Dublin Bus market an unattractive proposition for private operators. The Review Group on State Assets and Liabilities suggested a model whereby the formerly public company is privatised into a number of competing units and the regulator designs the network and tenders for the operation of the actual routes, which are open to all (private and former public sector providers). The companies tender for franchises and the package of routes is awarded to the company requiring the lowest subsidy. The Group recommended that the privatisation of all or part of Dublin Bus should be considered in due course, but only after government has decided on a model for competition in the Dublin bus market.

Overall savings identified: €14m-21m

(not including savings arising from 8.3)

9 Department of Social Protection

9.1 Scheme: Free Travel Scheme — Cost: €77m

Proposal: Introduce nominal charging. The ongoing priority of the free travel scheme, which is no longer restricted to off-peak travel, in the wider expenditure context must be questioned. The introduction of a 'smart card' with an annual charge of €50 for off-peak travel / €150 for anytime travel would counter-act some of the deadweight in the system, reduce subvention from D/Transport to transport providers and reduce social welfare costs. While it is difficult to determine likely take-up of annual tickets / savings, potential savings in the range of 20-30% should be targeted.

Alternative: Re-instate Free Travel scheme to off-peak times only when there is spare, available capacity in the system.

9.2 Scheme: Free schemes — Cost: €690m

Proposal: Simplification. At present, the 'free schemes' include a fuel allowance, electricity allowance, free television licence, and telephone, natural gas and bottled gas allowances, each of which involves its own administrative workload to process claims and payments. Efficiencies could be secured by consolidating all of these schemes into one single Household Utilities Allowance, as an automatic 'top-up' to the basic social welfare payment. In the current budgetary situation, where all expenditure areas must be looked to for savings, it would also be appropriate to scale back the level of subsidy involved. Overall savings of 10-15% should be targeted on this basis.

9.3 Scheme: Employment Support Schemes — Cost: €405m

Proposal: Refocus / Cash limit. The CEEU cross-cutting paper on Activation and Training Measures found that Employment Support Schemes such as the Community Employment Scheme, Rural Social Scheme, etc. are not effective labour market activation measures and a far greater return can be expected from training and skills provision measures which are close to the labour market. Where public sector employment schemes are pursued, time limiting and job search conditionality should be involved in the schemes, with the budgets fixed / cash limited. Overall savings of 10-15% should be targeted.

Overall savings identified: €124m - €176m

10 Department of Health & the Health Service Executive (HSE)

10.1 Scheme: Fund for the Development of General Practice Cost €14m

Proposal: Abolish. If the aim of the fund is to create a system whereby care is provided in the first instance though primary health teams, GPs should not be funded if they work on their own or in teams which are deemed too small to provide GP care on a 24 hour a day 7 day a week basis. If public sector funding were only to be provided (from a certain point in time) if they work in teams of GPs and other health professionals it would encourage consolidation of the sector into GP primary care teams.

10.2 Scheme: Prescription Charges Revenue: €50m

Proposal: Increase current charge of 50 cent per item to €1, with a maximum charge of €3 per precription. One of the objectives of the introduction of the prescription charge was to reduce wasteful prescribing practices and avoid excessive supply, and the charge would appear to have been reasonably effective in this regard. A modest increase in the charge might realise some additional revenues, but its primary objective would be to promote allocative efficiency, in particular by mitigating the risk that (expensive) goods supplied free of charge, or almost free of charge, will tend to be over-supplied.

10.3 Scheme: Grant Supports to various organisations Cost: €3.6bn

Proposal: Reduce the number of organisations funded / reduce number of transactions. Better outcomes and value for money are achievable by focusing limited resources on a smaller number of organisations within each sector, to promote administrative efficiencies and reduce the number of transactions that take place in a particular sector. This is in line with emerging findings from the [redacted] as well as findings from the CEEU Cross Cutting Paper on the Community and Voluntary Sector. Efficiencies of up to 10-15% should be achievable through reducing number of organisations funded / reducing the number of transactions.

Alternative: Introduce 'Payment by results' criteria for procurement of third sector services. Providers would no longer be paid simply on process activity but on the outcomes they achieve – such as the number of people moving from residential congregated settings into community living. Currently there is little evidence of outcomes for these organisations, with targets usually expressed in terms of numbers of people impacted on by the programme, and while accepting that there will be difficulties in identifying measurable outcomes for some organisations, a move to greater results-based funding merits serious consideration.

Overall savings identified: up to €370m

11 Department of Jobs, Enterprise & Innovation

11.1 Scheme: ST&I Single Funding Stream Cost: €120m (current)

Proposal: Further simplification of ST&I sector by bringing the research elements of Teagasc, Environmental Protection Agency (EPA) and the SEAI into the single funding stream. By doing so the potential for similar schemes / duplication in certain areas would be reduced e.g. the EPA Green Business Initiative and the Sustainable Energy Association of Ireland (SEAI) Supports to Business. The expansion of the single funding stream to include these Agencies would result in limited savings initially, however it would facilitate further analysis to take place on the expenditure/effectiveness in the R&D area (the single funding stream has an allocation of €458m in 2011 (€120m refers to current). The ultimate objective of the single funding stream should be to facilitate a position where different sectors, e.g. agricultural research would have to compete with environmental research on the basis of economic return over a fixed period of 3 to 5 years.

11.2 Scheme: Property Portfolio of Enterprise Agencies

Proposal: rationalisation / outsourcing. The property portfolios of the IDA, EI and Shannon Development should be consolidated, including property sales and surrender of leases, and the management of the consolidated portfolio should be outsourced to the private sector. Property that is neither strategic nor central to the core activity of any agency should be realised for the benefit of the Exchequer and the remaining property folios should be outsourced to property management specialists.

Overall savings identified: **Savings from proposal 11.1 (a structural reform measure) would be difficult to quantify; savings from proposal 11.2 dependent on valuation and analysis of portfolio**

12 Department of Environment, Community and Local Government

12.1 Scheme: Western Development Commission Cost: €1.5m

Proposal: Abolish. The ongoing rationale to maintain and fund a separate board to promote the economic and social development in counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare, in addition to the services provided by the other State Agencies, Local and Regional Authorities in these counties, is not apparent. One of the Commission's principal activities is in the operation of the WDC Investment Fund, which provides risk capital for SMEs and is designed to 'address a market failure in the provision of risk capital to enterprises in the Western Region' (a market failure already being monitored by the Credit Review Office), while other functions are mirrored by the IDA and EI.

12.2 Scheme: Supporting Communities Cost: €43m

Proposal: Reduce the number of organisations funded / transactions. This is in line with emerging findings from the [redacted] as well as findings CRE cross-cutting paper on the Community and Voluntary Sector. It might be possible to achieve better outcomes and better value for money by focusing resources to a limited number of organisations within each sector rather than by adopting a broad spectrum approach. Sectors should be encouraged to amalgamate into larger organisations thereby reducing the number of transactions that take place in a particular sector. The CRE cross-cutting paper on the Community and Voluntary Sector found that 'administration costs on the state side added to the aggregated pay costs devoted to administration in the individual organisations, while difficult to quantify precisely, are nonetheless substantial. Percentage savings on this amount are worth pursuing.' Previous analysis of the sector estimated that the administration overhead for some of the smaller funded organisations could be as high as 40%, which suggests that significant efficiencies could be possible by simplifying the structures in the sector. A potential efficiency saving of at least 10% should be possible from the reduction of the number of organisations funded / transactions.

Alternative: Introduce 'Payment by results' criteria for procurement of third sector services. Providers would no longer be paid simply on process activity but on the outcomes they achieve – such as people being free of dependence of drugs or successful in gaining meaningful employment. Currently there is little evidence of outcomes for these organisations, with targets usually expressed in terms of numbers of people impacted on by the programme, and while accepting that there will be difficulties in identifying measurable outcomes for some organisations, it does warrant further examination.

12.3 Scheme: EPA Cost: €19.7m

Proposal: Further simplification of the R&D landscape. Further simplification would be possible if potentially overlapping areas of EPA research / grant allocations was merged with other bodies e.g. SEAI, and eventually amalgamated within a fully integrated S,T&I single funding stream. The ultimate objective of the single funding stream would be to facilitate a position where different sectors, e.g. agricultural research would have to compete with environmental research on the basis of economic return over a fixed period of 3 to 5 years. Efficiencies of 10-15% should be achievable through outsourcing of service.

Overall savings identified: €8m

13 Department of Justice & Equality

Other:

13.1 Scheme: Special Allowances (Garda Siochana) Cost: €214m

Proposal: Phase out. The continued rationale for maintaining a number of legacy allowances such as rent allowances; premium payments; non-public duty allowances; plain clothes allowance; etc., is difficult to justify in the current economic climate, especially when coupled with additional overtime expenditure of over 10% of salaries. The IR difficulties associated with any such measure must be acknowledged, and progress may only be practicable in the context of an ambitious reform and efficiency agenda under the Croke Park Agreement.

Alternative: Discontinue such allowances for new recruits.

[13.2 Scheme: Garda/Prisons travel and subsistence Cost: €20m

Proposal: Increased use of video conferencing and other ICT frameworks. Change procedures so that video conferencing between prisons and courts is a general practice. Permit video conferencing for garda witness statements. This should free up garda and prison officer time and reduce travel and subsistence costs of attending court.]

Overall savings identified: €n/a (difficult to determine given pay nature of proposals)

14 Department of Foreign Affairs and Trade

14.1 Scheme: Bilateral Cooperation (Overseas Aid) Cost: €366m

Proposal: The focus of ODA spending should be diverted from the level of spending i.e. the input, to the outcomes / impacts achieved. It may be preferable to reorient resources to one or two priority countries to achieve desired outcomes rather than spread resources more thinly across a number of priority countries for aid. This more focused approach should also facilitate administrative streamlining and efficiency so that savings of the order of 10% might be realised, while mitigating the impact upon aid recipients insofar as possible.

14.2 Scheme: Overseas Allowances

Proposal: Phase out. The continued rationale of maintaining a number of legacy allowances related to diplomatic representation is difficult to justify in the current economic climate, especially when coupled with the senior grade profile of the Missions.
Alternative. Reduce allowance levels by 10-15%.

14.3 Scheme: Overseas Missions

Proposal: Rationalise. Although the network of oversees missions has already been rationalised to a degree, the Department still commands 76 missions - 58 bilateral Embassies, seven multilateral Missions, eight Consulates General and three other offices. Further rationalisation should focus on the less strategic missions or further mergers between missions. Alternatively, the savings could focus on the staffing structures of the embassies i.e. fewer posts ranked at Assistant Secretary, currently 54.

Overall savings identified: €45m (with regard to proposal 14.1 only)

15. Agency Rationalisation Measures

The Special Group on Public Service Numbers and Expenditure Programmes, in its Report of July 2009, set out a number of guiding principles that should in its view inform the Government's approach to agency rationalisation. The principles, updated to reflect developments and priorities since 2009, are as follows:

1. Citizen focus: The relationship between citizens and the State is the key relationship in any democratic society. Proposals should respect and enhance this relationship, in particular by ensuring that agencies are designed to deliver quality public services, and to contribute effectively to the business of public administration whether directly or via their parent Department.

2. Policy formulation: In the Irish system of public administration, Government Departments are and should be the primary locus of public policy formulation, evaluation and analysis. Policy evaluation and advisory functions should not, as a general rule, be carried on by external State-funded agencies. Specialist advice and consultancy may be availed of from time to time by Government Departments, subject to the tightened Government strictures on the budgets for external consultancies.

3. Specialist agencies: Decisions should take into account whether it is appropriate that a separate agency carry out particular functions in areas where specialist skills may be required, and where independence in the performance of functions requires functional separation from Government Departments.

4. Streamlining: Decisions should be cognisant of duplication, overlapping and similarities of functions and roles of agencies, and the synergies from bringing together separate bodies within cognate areas.

5. Service sharing: Even where bodies should remain separate from one another, or from a 'parent' Department, the possibility of sharing services, including back-office functions, should be explored to the maximum extent possible.

6. Agency life cycle: Decisions should consider whether the goal for which an Agency was originally established has been achieved (or has been found to be unachievable) and whether the original objective remains relevant today having regard to developments in society, changes in Government priorities, and the much more limited availability of resources.

7. Performance focus: Citizens are entitled to expect that every State agency has a clear mandate, clear benchmarks for the level of services that they are expected to deliver with their resources, and an appropriate governance structure that delivers accountability for results and performance.

8. Respect for staff interests: Finally, in relation to the staff employed in the various agencies, the Government will abide by the commitments given in the Croke Park Agreement in considering and implementing specific agency rationalisation proposals, subject to the necessary flexibilities, in particular on redeployment, being delivered.

An additional imperative, which is now even more stark then had been the case in 2009, is the absolute requirement to effect major savings in all areas of expenditure and to reduce staff numbers and administrative overheads. This underscores the need for radical streamlining of bodies, abolishing those bodies whose remit is no longer essential and amalgamation of other agencies, so that public services and functions can be delivered more cost-effectively in line with the priorities set out in the Programme for Government.

Appendix 1 sets out a range of proposed rationalisation measures across the various Depts, having regard to the principles and priorities set out above. In summary, the proposals involve rationalisation, or potential rationalisation, of some 115 bodies as follows:-

- 10 agency rationalisation measures involving 19 bodies, which were announced by the previous Govt but on which slow progress has been made for various reasons, should now be expedited and brought to conclusion.
- proposed new measures involving 44 bodies, and
- a further 52 bodies are proposed to be the subject of further critical Review by Departments as they plan for the measures necessary to stay within their more restrictive expenditure and numbers ceilings in the period 2012-14.

APPENDIX 1 – Overview of Proposed Agency Rationalisation Measures

I - Existing Rationalisations to be Expedited / Concluded

The bodies listed in this section have already been the subject of decisions regarding their rationalisation; but for one reason or other, the process has stalled and not been completed to date. There is a case for giving a strong political direction that outstanding measures such as these should be brought to completion urgently, with named officers responsible for delivery before end-2011 or some other date approved by Govt.

Department of Education and Skills

Amalgamation of FETAC, HETAC & NQAI

1. Further Education and Training Awards (FETAC)
2. Higher Education and Training Award Council (HETAC)
3. National Qualifications Authority of Ireland (NQAI)

Rationalisation of Vocational Education Committees

4. Reduce Number of VEC's from 33 to 16

Department of Jobs, Enterprise and Innovation

Merge Competition Authority & National Consumer Agency

5. Competition Authority
6. National Consumer Agency

Department of Environment, Community and Local Government

Merge Local Government Management Service Board & Local Government Computer Services Board into Local Government Services Board

7. Local Government Management Service Board
8. Local Government Computer Services Board

Department of Finance

Merge Commission on Public Service Appointments with Ombudsman Office

9. Commission on Public Service Appointments

Department of Health

Merge the National Council for Professional Development of Nursing and Midwifery into An Bord Altranais

10. National Council for Professional Development of Nursing and Midwifery

Merge into Health and Social Care Professionals Council

11. National Social Work Qualification Board
12. Opticians Board
13. Pre-Hospital Emergency Care Council

Merge National Cancer Registry Board into HSE

14. National Cancer Registry Board

Department of Tourism, Tourism & Sport

Combine Irish Museum of Modern Art, Crawford Art Gallery and the National Gallery of Ireland, while retaining separate identities

15. Irish Museum of Modern Art
16. Crawford Art Gallery
17. National Gallery of Ireland

Merge National Archives and the Irish Manuscripts Commission into the National Library

18. National Archives
19. Irish Manuscripts Commission

II – Potential New Rationalisation Measures

Having regard to the principles outlined in chapter 15, a strong case can be made for a wide range of bodies to be rationalised, amalgamated or abolished. The list below sets out a range of bodies which are proposed for serious consideration in this regard.

Department of Agriculture, Fisheries and Food

Transfer functions of Bord Iascaigh Mhara into Department of Agriculture

1. Bord Iascaigh Mhara (B.I.M.)

Department of Arts, Heritage and the Gaeltacht

Abolish Language Commissioner

2. An Coiminiséir Teanga / Language Commissioner

Merge the functions of the Heritage Council and Culture Ireland into Department of Arts, Heritage & the Gaeltacht

3. Heritage Council
4. Culture Ireland

Department of Communications, Energy & Natural Resources

Merge the Digital Hub Development Authority with Enterprise Ireland/IDA

5. Digital Hub Development Authority

Department of Jobs, Enterprise & Innovation

Merge the Companies Registration Office and the Office of the Registrar of Friendly Societies

6. Companies Registration Office
7. Office of the Registrar of Friendly Societies

Abolish Forfas and merge necessary functions in the Department of J,E&I

8. Forfas

Merge City and County Enterprise Boards with Enterprise Ireland

9. City and County Enterprise Boards (35)

Merge Shannon Development into IDA

10. Shannon Development

Rationalise the industrial relation / employee rights institutions - Labour Court, Labour Relations Commission, Employment Appeals Tribunal, National Employment Rights Authority, and Health and Safety Authority into single agency

11. Labour Court
12. Labour Relations Commission
13. National Employment Rights Authority
14. Employment Appeals Tribunal
15. Health and Safety Authority

Department of Environment, Community & Local Government

Merge Comhar into Department of Environment, Community & Local Government

16. Comhar

Merge Dublin Docklands Authority into Dublin City Council

17. Dublin Docklands Authority

Merge Limerick Northside and Limerick Southside Regeneration Agency

18. Limerick Northside Regeneration Agency
19. Limerick Southside Regeneration Agency

Subsume the functions of the Irish Water Safety Association into the Department of Agriculture [which will shortly have responsibility for marine]

20. Irish Water Safety Association

Discontinue Dormant Accounts Board

21. Dormant Accounts Board

Abolish Western Development Commission

22. Western Development Commission

Department of Education and Skills

Merge Higher Education Authority into the Department of Education and Skills

23. Higher Education Authority

Merge Irish Research Council for Science, Engineering and Technology & Irish Research Council for the Humanities and Social Science into consolidated single funding stream

24. Merge Irish Research Council for Science, Engineering and Technology
25. Irish Research Council for the Humanities and Social Science

Department of Health

Merge Health Research Board into Science Foundation Ireland

26. Health Research Board

Department of Children and Youth Affairs

Merge Office of the Ombudsman for Children into the Ombudsman Office

27. Ombudsman for Children

Discontinue Family Support Agency and merge necessary Function into Department

28. Family Support Agency

Department of Justice and Equality

Amalgamate Censorship of Films Appeal Board, Censorship of Publication Appeal Board and Irish Film Classification Office and transfer to Broadcasting Authority of Ireland

29. Irish Film Classification Office
30. Censorship of Films Appeal Board
31. Censorship of Publication Appeal Board

Abolish the Prison Visiting Committee and the Prison Authority Interim Board

32. Prison Visiting Committee
33. Prison Authority Interim Board

Abolish National Disability Authority and transfer necessary ongoing functions into appropriate Department (s)

34. National Disability Authority

Subsume Commissioners of Charitable Donations and Bequests into the Charities Regulator

35. Commissioners of Charitable Donations and Bequests

Department of Taoiseach

Abolish N.E.S.D.O. and N.E.S.F.

36. N.E.S.D.O
37. N.E.S.F

Department of Transport, Tourism & Sport

Subsume the functions of the Irish Sports Council into Department of Transport, Tourism & Sport

38. Irish Sports Council

Discontinue National Sports Campus Development Authority

39. National Sports Campus Development Authority

Merge National Roads Authority with Railway Procurement Agency

40. National Roads Authority

Merge National Transport Authority and Commission for Aviation Regulation

41. National Transport Authority
42. Commission for Aviation Regulation

Abolish Údarás Na Gaeltachta

43. Údarás Na Gaeltachta

Abolish Shannon Development (Tourism) and merge functions into Fáilte Ireland

44. Shannon Development (Tourism)

III – Identified for further Critical Review over 2012-2015

As part of the process of delivering expenditure and payroll reductions over the medium term, Departments will have to look critically at the full range of bodies under their aegis to weigh the scope for more ambitious action on streamlining and rationalisation. The bodies listed below would appear to merit critical consideration in this overall context, subject to more detailed analysis by the relevant Department of the options and issues arising in each case.

Department of Agriculture, Fisheries and Food

1.	**Teagasc** Privatise advisory service role. Agri-food related R&D should be included as part of the single funding stream where different sectors, e.g. agricultural research and environmental research, should ultimately have to compete with each other on the basis of economic return over a fixed period of 3 to 5 years.
2.	**Irish Maritime Development Office** Subsume into the Marine Institute
3.	**National Milk Agency** Abolish or merge with Bord Bia

Department of Communications, Energy & Natural Resources

4.	**Commission for Communication Regulation** Merge as part of establishment of a single regulatory and competition body.
5.	**Commission for Energy Regulation** Merge as part of establishment of a single regulatory and competition body.
6.	**Inland Fisheries Ireland** Abolish and transfer functions to D/Environment or Local Authorities.
7.	**Ordnance Survey Ireland** Merge OSI, Valuation Office and Property Registration Authority.

Department of Education and Skills

8.	**National Centre for Technology & Education** Absorb into Department.
9.	**National Council for Curriculum Assessment** Absorb into Department.

10	**Léargas - The Exchange Bureau** Absorb into Department.
11	**National Centre for Guidance in Education** Absorb into Department.
12	**Aontas** Merge with National Adult Literacy Agency (NALA)
13	**Chomhairle um Oideachais Gaeltachta agus Gaelscolaíochta – COGG** Abolish / Absorb into Department.

Department of Jobs, Enterprise & Innovation

14	**Advisory Council for Science, Technology and Innovation** Absorb into Department.
15	**Expert Group on Future Skills Needs** Absorb into Department.
16	**Management Development Council** Absorb into Department.
17	**National Competitiveness Council** Absorb into Department.
18	**Office of the Chief Scientific Adviser to the Government** Absorb into Department.
19	**Crafts Council of Ireland** The Crafts Council of Ireland is a company limited by guarantee, there are no shareholders and the State has no financial interest in the Company. It is not established under any legislation other than the Companies Acts and is not regulated and controlled by the Department by virtue of any statutory provision. The Council receives the bulk of its funding from the exchequer via Enterprise Ireland. Cease exchequer funding on the basis of prioritisation of resources.

Department of Environment, Community & Local Government

20	**Environmental Protection Agency / Radiological Protection Institute of Ireland** Merge Environmental Protection Agency and the Radiological Protection Institute of Ireland
21	**An Comhairle Leabharlanna** Dublin City Council should act as lead authority for a shared national service.

22	**BMW and S&ERegional Assemblies** Abolish / Merge into Local Authorities
23	**8 Regional Authorities (RA) (Border RA, West RA, Midlands RA, Mid-East RA, Dublin RA, Mid-West RA, South East RA and South West RA)** Abolish / Merge into Local Authorities

Department of Finance / Department of Public Expenditure and Reform

24	**National Development Finance Agency** Merge National Development Finance Agency into OPW/National Procurement Service
25	**Valuation Office** Merge the Valuation office, the Property Registration Authority and Ordnance Survey
26	**Disciplinary Code of Appeals Board and the Independent Mediator** Abolish /Merge with new employment rights body listed under section II
27	**State Laboratory** Merge with Forensic Science Laboratory.

Department of Foreign Affairs and Trade

28	**Development Education Advisory Committee** Role should be reviewed as part of review of 2006 White Paper on ODA included in Programme for Government.

Department of Taoiseach

29	**NESC** Abolish / disband along with the other bodies in the group (NESDO and NESF), having regard to the duplication of functions with the ESRI and the economic advisory role of the new Irish Fiscal Advisory Council.

Department of Health

30	**Dental Council** Merge into Health & Social Care Professionals Council
31	**Pharmaceutical Society of Ireland** Merge into Health & Social Care Professionals Council
32	**Medical Council** Merge into Health & Social Care Professionals Council

33	**Mental Health Commission** Absorb into Department / HSE
34	**National Paediatric Hospital Development Board** Dependent on outcome of decision on hospital.
35	**Health Information and Quality Authority** The Programme for Government envisages the creation of a Patient Safety Authority incorporating HIQA with a licensing role.
36	**National Treatment Purchase Fund** The Programme for Government states that a new Hospital Care Purchase Agency will combine with the National Treatment Purchase Fund as part of the transition to a universal health insurance model.
37	**National Advisory Committee on Drugs** Merge with the Health Research Board.

Department of Justice and Equality

38	**Forensic Science Laboratory** Merge with State Laboratory.
39	**Property Services Regulation Authority** Merge with the Private Residential Tenancy Board
40	**Reception and Integration Agency , Office of the Refugee Applications Commissioner and Refugee Appeals Tribunal** Rationalise various Refugee Structures.
41	**Property Registration Authority** Merge the Valuation office, the Property Registration Authority and Ordnance Survey
42	**Office of the Data Protection Commissioner** Amalgamate with the Office of the Ombudsman.
43	**Legal Services Ombudsman** Amalgamate with the Office of the Ombudsman.
44	**Equality Authority / Equality Tribunal** Amalgamate / Merge with Human Rights Commission to form new Human Rights Authority

Department of Transport, Tourism & Sport

45	**Medical Bureau of Road Safety** Merge with State Laboratory

46	**Railway Safety Commission** Amalgamate as part of establishing a single transport safety body comprising Road Safety Authority, Railway Safety Commission, Maritime Safety Directorate and the regulatory functions of the Irish Aviation Authority
47	**Road Safety Authority** As above
48	**Bord Scannan na hÉireann** Abolish
49	**Chester Beatty Library** Potential for shared service with other cultural institutions
50	**Placenames Commission / An Choimisiúin Logainmneacha** Absorb function within Department of ACG

Department of Social Protection

51	**Pensions Board** Integrate regulatory functions with the Financial Regulator
52	**Pensions Ombudsman** Merge with the Financial Services Ombudsman on the expiry of the Pension Ombudsman's contract in 2013.