

Ms Ladd, (45)  
As discussed, requested  
ASRE as amended &  
finalized by Mr. Gallagher

Gallagher  
  
2/4/14

Oireachtas and Whole of Year Budgeting

From: Fiachra Kennedy

- 1. Ronan Gallagher
- 2. Secretary General

Purpose Briefing in advance of meeting with PAC

As you know, the discussion of the Estimates at Select Committees is heavily reliant on the briefing material provided by Departments, and for the 2013 Estimates, the Houses of the Oireachtas Service (HOS) piloted a new, performance-based briefing template with five Departments – Social Protection; Education & Skills; Jobs, Enterprise & Innovation; Environment, Community & Local Government; and Agriculture, Food & the Marine.

This template sought to include performance information with information on resource allocation.

We provided some advice on how to approach this new departure to the HOS, but ultimately it determined its own way of doing it. Without getting into the detail, our view was that the HOS approach was too ambitious for a first run and that a more phased approach building up towards what might be considered best practice in performance budgeting would work better for both Committee members and departments.

The experience of the departments engaged in the pilot was that:

- It gave rise to a significant additional administrative burden, as the new performance based briefing template was produced in addition to the old style briefing; and
- the performance information was not used to any significant extent and discussions were on the old style input focused information.

Our view is that departments are able and willing to produce more detailed performance based analysis and briefing and to have such discussion with the Dáil Committees if that is what the Committee members want. It is not clear to us that the Committees do want to have that type of debate.

This is an issue we may come back to you on at a later stage, as to this Department's future role in this area. We have the expertise to support the initiative.

**Context**

*Whole of Year Budgetary Process*  
Following the announcement in the *Comprehensive Expenditure Report 2012-2014* of a new 'whole of year' budgetary process, in January 2012, the Minister for Public Expenditure & Reform wrote to the chairpersons of all the relevant Oireachtas Committees inviting them to engage in the 'whole of year' budgetary process and to bring their considered political expertise to bear upon the task of deciding priorities for subsequent year's Estimates. While some progress was made in 2012, little was achieved in 2013. In part, this may be due to a lack of a central focus for such

discussions. The current approach requires Departments and members of committees to discuss budgetary options in an open and constructive manner but Departments are reluctant to outline their approach to the Estimates and members of committees are reluctant to make suggestions for budgetary savings.

The introduction of the Performance Budgeting Initiative meant that Departments were no longer required to produce Annual Output Statements. This removed a significant reporting burden from Departments. While the AOS were introduced as a tool for Dáil scrutiny of the annual Estimates of Expenditure, they imposed a significant administrative burden on Departments as each year they were required to reconfigure their Estimates to match the High Level Goals set out in their Statements of Strategy. Despite the work involved in producing AOS, they were regarded as 'wordy', 'broad brush', lacking in specific relevance and measurable performance indicators and as a consequence were in almost all cases ignored.

#### *Programme for Government*

While the reformatting of the REV to include performance information was an important early step in the implementation of the performance budgeting initiative, the new Budgetary timetable means that the REV will not include performance information for 2013. Instead the REV will compare '2014 output targets' against '2013 output targets'. This means that the focus of the REV is about setting out targets for the next year (2014) and the resources that are required to deliver them and comparing them against the targets that were set for the previous year and the resources that were allocated.

The new Budgetary timetable means that many Departments and Offices are not in a position to include full-year performance information in the REV for consideration by Oireachtas Select Committees in conjunction with the allocations. This falls short of the Government's commitment in the Programme for Government in the area of organisation performance, reporting and accountability. A key theme of the Programme is to "assess effectiveness in achieving desired outcomes" and of "the whole of Government" becoming "more transparent, accountable and efficient" and "we will pin down accountability for results at every level of the public service".

As above, this is another matter we have considered how best to respond to and may come back to you at a later stage.

Signed:

Date: