

# **Rationale, Operation and Issues: Irish Spending Review Process, 2017-2019**

John O'Hagan, October 2020<sup>1</sup>

---

<sup>1</sup> Professor Emeritus, Department of Economics Trinity College Dublin. I wish to thank the many people who made me so welcome and provided so much help in undertaking this review. I would like to thank Minister Donohoe particularly in this regard.

## 1 INTRODUCTION

This is a short overview paper for the Department of Public Expenditure and Reform (DPER) on the operation of the Irish Spending Review process. An evaluation of the process, and background in Ireland to these reviews, was conducted by staff at DPER in October 2016,<sup>2</sup> and the purpose of this paper is to build on this work but not to cover ground already reviewed there.

Section 2 sets out the context for the study, in terms of the questions to be addressed in this paper. This is followed in Section 3 by a return to a discussion of the basic principles of Spending Reviews, as presented particularly in European Commission and OECD documents. Section 4 places Spending Reviews in the wider public expenditure evaluation framework, to provide context. Section 5 examines the coverage of Spending Reviews, while Section 6 outlines a 'Roadmap' of the key stages in such reviews. Section 7 provides a summary of reflections to date on Spending Reviews in Ireland, first by the European Commission in a euro-zone and then a specific Irish context, including coverage of the main issues which arose in a series of meetings/interviews conducted for this study. In Section 8 the main recommendations of the report are outlined, informed by the material covered in the six preceding sections. Section 9 concludes the paper.

The findings of previously-published reports on Spending Reviews, plus attendance at several Spending Review Steering Group Meetings, its Annual 2019 Conference on Spending Reviews, plus interviews with many staff in DPER and seven spending departments,<sup>3</sup> and interviews with staff in the Parliamentary Budget Office and email contact with relevant staff in the European Commission, the Netherlands, UK, Germany and the OECD, all informed the main discussion to follow and the recommendations of this Report.

## 2 TERMS OF REFERENCE

The specific brief for the study was set out in terms of several questions to be addressed, but it was emphasised that the study need not be confined to this. Bearing this in mind, a much broader coverage of the context within which these questions might be addressed, was as noted already undertaken. The specific questions were as follows.

### 1. Aims, Rationale and Objectives

---

<sup>2</sup> See John Howlin and Fiachra Kennedy, *Spending Reviews in Ireland: Lessons for the Future* (DPER staff papers 2016), available at

<http://www.budget.gov.ie/Budgets/2017/Documents/6.%20Spending%20Reviews%20in%20Ireland-%20Lessons%20for%20the%20Future.pdf>

<sup>3</sup> Communications, Climate Action and the Environment; Culture, Heritage and the Gaeltacht; Education and Skills; Employment Affairs and Social Protection; Health; Transport, Tourism and Sport; Department of Housing, Planning and Local Government.

- Are the aims and rationale for the Spending Review sufficiently clear and appropriate?
  - Have the key objectives of the 2017 – 2019 round been achieved?
2. Structures, Timelines and Communication
    - Are there effective structures in place to provide oversight and management of the process, including the quality assurance process?
    - Has there been effective communication with the relevant stakeholders throughout the process?
    - Are the key tasks / timelines within the process appropriately aligned?
  3. Output and Broader Alignment of Process
    - Is the process producing output of enough quality?
    - Comment on the alignment of the Spending Review process in the context of the broader evaluation landscape, i.e. the Value for Money Review (VFMR) Process and other national and international evaluation/audit requirements?
    - Has the output from Spending Review papers been effectively integrated into policy deliberations / the budgetary process?
  4. Recommendations
    - Recommendations for amendments to / improvement of the process.

The whole Report in a sense is designed to address these issues, but short specific responses are included in Appendix 1.

### **3 RATIONALE FOR SPENDING REVIEWS**

#### **3.1 Definitions**

There is no precise agreement on what is meant by Spending Reviews, but the following from an EU Commission study in 2014 seems to catch the essence of such reviews.<sup>4</sup>

---

<sup>4</sup> A variant of this is the following. The primary ambition of Spending Reviews is to enhance budgetary performance by generating a smarter expenditure allocation. The effort consists in analysing existing individual baseline expenditures in a coordinated effort with the objective to detect: i) opportunities for cutting funding of deprioritized policies or funding with insufficient impact on policy objective, and/or ii) efficiency improvements – less costly delivery of a public good or service, or a better quality thereof at marginally the same cost.’ *Quality of Public Finances: Spending Reviews for Smarter Expenditure Allocation in the Euro Area* (European Commission), September 2016.

[https://www.consilium.europa.eu/media/23664/spending-reviews\\_commission\\_note.pdf](https://www.consilium.europa.eu/media/23664/spending-reviews_commission_note.pdf)

*Spending Reviews refer to the systematic and in-depth scrutiny of baseline expenditures with the objective to detect efficiency savings and opportunities for cutting low-priority or ineffective expenditures in a coordinated effort.*<sup>5</sup>

This is in line with the definition provided in a 2013 OECD report, which states as follows.

*Spending Review is the process of developing and adopting savings measures, based on the systematic scrutiny of baseline expenditure. Spending Reviews may be efficiency reviews (focused on savings through improved efficiency) and/or strategic reviews (focused on savings achieved by reducing services or transfer payments).*<sup>6</sup>

The DPER review in 2016 noted above did refer to savings as the defining characteristic of Spending Reviews (efficiency).

*The purpose of a Spending Review is to increase the fiscal space available to government for new, higher priority policies. This is achieved by systematically examining the scope for savings within baseline expenditure using available evidence and data and consequently by identifying spending programmes that are inefficient or ineffective in addressing priority economic or social goals. This approach counters the increasing tendency to focus only on incremental improvements in expenditure as part of the budgetary process.*<sup>7</sup>

The 2018 *Mid-Year Expenditure Report* defined the purpose of Spending Reviews though in less explicit terms, as follows.

*The specific purpose of the Spending Review, within the wider reforms, is to shift the emphasis away from the year-on-year incremental increases in spending, through the examination of baseline Government expenditure. The Spending Review seeks to maximise the impact of Government spending by reprioritising spending from programmes with poorer outcomes to those with better outcomes.*

### **3.2 Programme versus Process and Agency Reviews**

Spending Reviews as defined in this paper relate to *programme reviews*, which as discussed seek to identify efficiency savings in specific programmes. But there can also be *process reviews* which focus on improving business practices (e.g. procurement) in a ministry or across

---

<sup>5</sup> Caroline Vandierendonck, *Public Spending Reviews: design, conduct, implementation*, EU Commission (2014). Economic Papers 525.

[http://ec.europa.eu/economy\\_finance/publications/economic\\_paper/2014/pdf/ecp525\\_en.pdf](http://ec.europa.eu/economy_finance/publications/economic_paper/2014/pdf/ecp525_en.pdf)

<sup>6</sup> Marc Robinson, *Spending Reviews*, OECD (2013) (For Working Party of Senior Budget Officials), GOV/PGC/SBO (2013)6. Available at:

[http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/PGC/SBO\(2013\)6&doclanguage=en](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/PGC/SBO(2013)6&doclanguage=en)

<sup>7</sup> *Ibid*, p. 5.

the entire public sector, or *agency reviews*, which review a whole ministry or state agency.<sup>8</sup> This work will often be contracted out to consultants and/or outside research agencies, whereas the expectation is that Spending Reviews are done in-house in the public service.

### 3.3 Potential Benefits

The focus of DPER work then in principle is primarily on savings (explicit or implicit) through increased efficiency in specific programmes and/or identifying low-priority programmes (reducing overall services though is considered the domain of policy-makers). There are five clear and inter-related potential benefits from such reviews.

- Identifying the potential for savings can enhance fiscal consolidation and free up fiscal space for either other expenditure or tax-reducing priorities for government.
- They allow, in the event of a required cutback in public expenditure, a more selective and informed approach to policy as opposed to the non-specific across-the-board cuts that often apply in such situations.
- In times of expenditure increases, they allow for a balanced discussion between new spending and baseline spending, where often the emphasis can be almost exclusively on the former.
- Knowing that, *ex ante*, every programme could be considered for review, could lead to more efficiency in *all* areas and not just in those considered for review.
- Subjecting various areas of public expenditure to rigorous efficiency analysis can increase overall public acceptance and support for the taxation measures needed to finance such expenditure.

The last benefit cannot be overstated, as maximum efficiency in how taxpayers' money is used is crucial for the medium- to long-term acceptability of state expenditure. The focus in every expenditure review then, in theory, should be, either explicitly or implicitly, on identifying savings that can be realised but maintaining perhaps the same quantity and quality of services provided.

Another way of approaching Spending Reviews is to require that each review identifies an X per cent reduction/saving in a programme budget, with least damage to the outcomes of that programme.<sup>9</sup> At a minimum some recommendations/suggestions, even if not involving explicit savings, should emanate from each Spending Review.

## 4 RELATIONSHIP TO WIDER PUBLIC EXPENDITURE SCRUTINY

---

<sup>8</sup> Robinson op. cit.

<sup>9</sup> For example, in the Netherlands each review task force in 2010 was required to develop options capable of delivering at least a 20 per cent reduction in expenditure (Robinson op. cit.). They have also posed the question in recent years as to what spending departments could do with 20 per cent *more* funding. See also <http://www.rijksbegroting.nl/binaries/pdfs/this-site-in-english/public-finance.pdf> for more details on public expenditure control in the Netherlands.

Spending Reviews are just one aspect of public expenditure evaluation and where they sit within this wider framework is important to understand. Some of these are very high-level frameworks, other quite specific, but all relate to public sector scrutiny. It is not immediately obvious that most senior staff in the public sector are cognisant with the evaluation framework.

#### **4.1 Public Spending Code<sup>10</sup>**

The overarching principle in terms of achieving the efficient public use of taxpayers' money is the Public Spending Code, managed by DPER, which is designed to guide public expenditure decisions at all levels, as evidenced by the following.

*All Irish public bodies are obliged to treat public funds with care, and to ensure that the best possible value-for-money is obtained whenever public money is being spent or invested. The Public Spending Code is the set of rules and procedures that apply to ensure that these standards are upheld across the Irish public service.*

It covers current and capital expenditures plus the expenditure of semi-state bodies, and hence is in a sense a type of 'constitution' guiding all behaviour in the public service, to which decisions in relation to any form of public expenditure should comply before any expenditure is committed.

#### **4.2 Our Public Service 2020<sup>11</sup>**

This is an overarching programme with three main objectives: delivering for the public in terms of services (e.g. accelerate digital delivery), innovating for the future (e.g. embed programme and project management), and developing the people and organisations within the public service (e.g. increase employee engagement). This covers therefore process/agency reviews and human resource management functions, an important context within which Spending Reviews take place.

#### **4.3 Overall Budgetary Framework: Expenditure and Revenue**

Most important perhaps, Spending Reviews take place within the context of overall budgetary processes within the Departments of Finance and Public Expenditure and Reform, and as such form an integral part of overall budgetary control.<sup>12</sup> The budgetary arithmetic will determine how pressing reviews might be, but this only has meaning if Spending Reviews in turn feed

---

<sup>10</sup> <https://publicspendingcode.per.gov.ie/>

<sup>11</sup> <https://www.gov.ie/en/policy-information/437651-public-service-reform/>

<sup>12</sup> Performance reporting was introduced in Ireland across all areas of public expenditure in 2011, as part of a suite of reforms to the public expenditure framework. During 2016, a detailed analysis of the type and quality of performance information provided was carried out by DPER. The Public Service Performance Report (PSPR) was first published in 2017. This annual publication presents performance indicators for each Vote Group for the previous calendar year.

into the budgetary process and debate. The budgetary process takes account of both expenditure and revenue and sets the broad parameters of expenditure, cognisant of on-going work on the various types of review listed above. Budgetary processes also address the issue of the allocation of monies *across* government Departments, which is outside the remit of Spending Reviews, but for which they can provide an important input. As are decisions in relation to taxation. The Irish Fiscal Advisory Council has special responsibility regarding the overall budgetary situation but has no direct input into Spending Reviews.<sup>13</sup>

#### **4.4 Audits**

There are also audits of public expenditure, but these relate to monitoring processes *within* the administration, *ex post*, to identify if monies were expended in the planned manner and/or to check for unaccounted outlays. Audits in effect are a check that expenditure translates into inputs in the manner planned *ex ante*. This of course is a very important function in all organisations, most of which have both internal and external auditing processes (be it at an Irish or EU or IMF level), but it is separate from Spending Reviews.

#### **4.5 Mid-Year Expenditure Report**

These Reports look at the overall expenditure profile for the state, taking a forward projection, usually for three years ahead, of the main items of expenditure (assuming no policy changes). They commence with an expenditure update and pre-Budget expenditure position for the upcoming budget. This is followed by a detailed overview of the main trends in the various categories of public expenditure.<sup>14</sup>

A detailed overview of the Spending Reviews undertaken in that year is then provided, set as it is in the overall public expenditure context. To assist with this whole process, the Irish Government's Economic and Evaluation Service (IGEES) was established in 2012. The outputs of the Spending Review in 2018 and 2019 are also closely aligned with the current public service reform programme, *Our Public Service 2020*, noted above.

#### **4.6 Value for Money (VFM) Studies**

Policy is about improving outcomes, for example increased quality-adjusted life expectancy, a safer neighbourhood, increased educational standards. Expenditure translates into outcomes via the following steps.<sup>15</sup>

*Expenditure > Inputs > Outputs > Outcomes*

---

<sup>13</sup> <https://www.fiscalcouncil.ie/> The Irish Fiscal Advisory Council (IFAC) is an independent statutory body whose purpose is to provide an independent assessment of official budgetary forecasts and proposed fiscal policy objectives. The Council was established on an interim basis in July 2011 and put on a statutory footing in December 2012.

<sup>14</sup> This exercise is termed a Comprehensive Spending Review in some countries, such as the UK, and can cause confusion.

<sup>15</sup> Vandierendonck, op. cit.

Spending Reviews relate to the translation of inputs into outputs, namely *efficiency*. How outputs translate into outcomes relates to *effectiveness*. *Value for money* (VFM) links expenditure to outcomes, and thus must track the various steps outlined above. The problem with examining effectiveness is that outcomes while they can be defined are very difficult to measure in any meaningful way. For example, how do you measure increased security, or increased social inclusion, or increased quality of human capital? As VFM studies involve the measurement of inputs, efficiency and effectiveness, then such studies are more complicated and time-consuming than expenditure reviews. Some Spending Reviews do incorporate other elements of VFM studies and why this is the case in some and not so in other Spending Reviews is unclear.

One thing to note though: converting inputs into outputs in an efficient way is a *necessary* condition for VFM. Hence even Spending Reviews with the more restrictive focus are a very important sub-component of VFM studies. In this sense it might make more sense to refer to all Spending Reviews as full or partial VFM studies to avoid ambiguity. If the extent to which a VFM study is partial is decided project by project this adds more flexibility to the suite of evaluation measures being applied, but all within the VFM framework.

#### **4.7 Scrutiny in the Dáil**

There is also scrutiny of public expenditure through the wider political system particularly in the Dáil. The key target group of course for Spending Reviews should be members of the Dáil. It is this group which ultimately must endorse or otherwise recommendations by Ministers regarding public expenditure and hence are a vital part of the ‘chain’ in reaching evidence-based policy decisions. To assist with this process the Parliamentary Budget Office (PBO) was set up in 2017,<sup>16</sup> and is a key source of financial and budgetary intelligence for Oireachtas Members and particularly the Oireachtas Committee on Budget Oversight as it conducts ex-ante scrutiny of all budgetary matters. It is an independent specialist unit within the Houses of the Oireachtas Service.

#### **4.8 Scrutiny in the Wider Political Market Place**

Whether or not evidence-based advice is heeded is a different matter: politicians in any parliamentary democracy are primarily driven by re-election and hence must consider other factors that may impinge on their chances of this happening and argue in the political market place why evidence being provided is perhaps not being taken on board. Given the imprecise and often unmeasurable outcomes of public expenditure, there may always be ‘wriggle room’ for a politician to take a contrary line of argument. That is the nature of the political ‘market place’ in all democracies.

An essential part of this political market place is the media. Some of the commentary there can be based on hearsay, or isolated and often unresearched material. The media can though provide important checks in a liberal market economy on how public monies are

---

<sup>16</sup> <https://www.oireachtas.ie/en/how-parliament-is-run/houses-of-the-oireachtas-service/parliamentary-budget-office/>

spent. The objective of Spending Reviews and other research is to ensure that such checks are based on informed, evidence-based studies. In an age of ‘soundbites’ the purpose of such studies cannot be underestimated if the public’s faith in the vital role of the state is to be sustained.

#### **4.9 Connecting the Different Constituents**

What needs to be looked at more carefully perhaps is how the various assessment methods relate to each other and form part of an integrated whole. There are for example separate processes in place for evaluating capital expenditure, pay rates and tax expenditures and they all involve public expenditure and taxpayers’ money. Even within expenditure reviews there are different approaches used, perhaps of necessity? There are Value for Money Reviews (VFMRs), focussed policy assessments (FPAs) and Spending Reviews (SRs). If we assume that the last two are the same, there does not though appear as noted earlier to be a clear demarcation at present between VFMRs and SRs, apart from scope and depth. Therefore, it is suggested that just one term be used, namely VFM studies where the coverage and level of detail though can vary project to project.

## **5 COVERAGE**

### **5.1 Main Types of Public Expenditure<sup>17</sup>**

The issue here is to what part of government expenditure Spending Reviews are applied. Practice seems to vary across countries regarding this. While a Spending Review as discussed relates to a specific programme, such programmes involve pay and non-pay elements. Public expenditure breaks into three major categories.

*Public CONSUMPTION (e.g. spending on state health and education services) + public TRANSFERS (e.g. state pensions, sickness benefit, unemployment benefits) + Public INVESTMENT (e.g. state-funded capital expenditure on hospitals or broadband or transport).*

The highest levels of public sector employment by far arise from public consumption, as in relation to the other two categories the main task of public sector workers is to administer and distribute the transfers and capital expenditure payments, albeit in as efficient a manner as possible.

### **5.2 Consumption Expenditure: Numbers, Pay and Pension Levels, Non-Pay**

---

<sup>17</sup> Whether Spending Reviews should apply to all levels of government or not, including in the Irish case, local government expenditure is another issue to address in discussing coverage. This issue though would have more significance in a large, federal state such as Germany.

The total pay bill for public sector employees (current and retired) depends on the number of people employed in each pay category, plus pay levels, and corresponding figures for retired public servants. These matters are subject to negotiation with trade unions and are outside the remit of Spending Reviews. The number of workers within each pay scale is also a matter for negotiation. However, it must be recognised that pay forms a huge element of all public consumption expenditure and hence limits greatly the possibilities for expenditure control arising from Spending Reviews alone.

The main scope for savings in expenditure on public consumption reduces to altering numbers and/or business processes, somethings which can take many years to implement. For example, the introduction of new IT processes can be complex and costly, involving buy-in by existing staff, something which is not readily forthcoming. This further restricts the potential for savings arising from Spending Reviews alone, certainly in the short term.

### **5.3 Transfer Payments**

In the case of programmes involving transfer of money to individuals, similar constraints apply, as qualification and payment levels are determined in the political market place, and new cost-saving IT projects are costly and difficult to implement. Spending Reviews should in principle apply to all areas of state current expenditure, including transfer payments, as is the case in many OECD countries, as social security contributions constitute such a large share of current government expenditure. However, the remit of Spending Reviews in this case would relate only to the administration of these schemes, because as noted above the level of payments is for the political system to determine.

Another issue relates to the role if any for Spending Reviews of capital expenditure/transfers. The advice seems to be that capital expenditure raises very different issues and is best dealt with outside the Spending Review process, as is the case in Ireland.<sup>18</sup>

### **5.4 Tax Expenditures**

A stronger case could be made that tax expenditures should be considered for inclusion. They often involve large outlays of monies, and in ways not immediately comprehensible to the wider public. They also interact with other public expenditure, such as for example direct grants to industry as opposed to tax breaks, with both types of expenditure considered together. They have been largely excluded to date from many Spending Reviews. They are though covered via another channel in Ireland, namely the Tax Strategy Group chaired by the Department of Finance.<sup>19</sup>

### **5.5 Extent of Coverage**

With on-going Spending Reviews, as is the case in Ireland, the question arises as to whether they should over time attempt to cover as many current consumption expenditure programmes as possible? It might be possible to limit the areas to be covered for practical

---

<sup>18</sup> Robinson, op. cit.

<sup>19</sup> Details at: <https://assets.gov.ie/19128/c3533669a4d948e282476b72d79f7785.pdf>

purposes, but this should not perhaps be done *ex ante*. It is better that review teams are asked to include all Ministries/Departments and state agencies as *potential* targets for review, even if in any one cycle only a selection of programmes is chosen. Why should any part of the public sector not be subject to review unless there are no possibilities for saving in some areas, which is highly unlikely?

## **5.6 Choice of Areas for Coverage**

How though is the coverage of specific programmes in a single year best chosen? In theory the choice should be based on some perceived probability that high-value savings are possible, perhaps arising in the cases where the efficiency has been widely questioned, either internally or in the public domain. This type of approach may be better than trying to review all programmes over a three-year cycle, unless much more of the time of public servants is diverted from day-to-day work for this purpose. How to attach even proximate probabilities of high savings to different programmes is though not clear-cut or easy.

Other factors determining the scope of Spending Reviews relates for example to data availability on which to base them and implementation risk of effecting any change resulting from the identified changes. Related to this is the danger of reform fatigue among public servants, especially if there is no real belief that such reviews justify major change. The implementation of savings resulting from Spending Reviews involves highly complex processes, such as knowledge of the administrative set-up, data analysis, transformation of complex sub-organisations, project management and so on. Before deciding on the scope of the review account should be taken of the availability of the expertise to affect such complex savings through change.<sup>20</sup> This though should not be used as an excuse for not attempting to implement change, an on-going worry in any large public sector body.

## **6 ROAD-MAP: GENERAL PRINCIPLES**

While there is no single way or 'roadmap' for carrying out a Spending Review process, some general principles seem to be widely agreed. The stages of a successful expenditure review might look as follows.

### **6.1 Phase 1: Commitment.**

First, political commitment must be secured and communicated, as it will be politicians who eventually decide on whether to implement or not proposals for change. Second, the commitment of the public servants who are expected to contribute to and experience the changes proposed is essential should the government eventually decide to implement change.

---

<sup>20</sup> Vandierendonck, op cit.

There needs also to be a clear understanding of the approach, objectives, scope and time horizon if the commitment is to be effective. Particularly, it must be accepted in advance that Spending Reviews are embedded in budgetary plans and not kept separate from them, and that their timing makes such embedding possible.

Enough resources need to be dedicated to the project, especially through the delegation of some high-level staff members from existing duties. It will also require the existence of enough technical and economics expertise in-house, or else the contracting out of work. The implementation phase in turn will require specialist project management expertise. If Spending Reviews do not lead to change and re-organisation it must be asked why are they undertaken?

## **6.2 Phase 2: Design or Framework<sup>21</sup>**

At this stage high-level aspirations and guidelines must be disaggregated into multiple projects and more detail provided. They include choosing specific review topics, specifying the key review questions for each topic and setting time-lines for the work, bearing in mind the time-frame for the overall budgetary process, using a standardised template. The choice of topics should be chosen bearing in mind the issues discussed earlier.

To what extent the proposals made regarding the choice of topics might emanate from line Departments or be suggested by DPER is open to debate but bear in mind that as discussed earlier 'buy-in' by staff in the line Department involved will be crucial to the identification and more important implementation of any efficiency gains. As such, it seems that extensive involvement by the Department under whose remit the expenditure is being reviewed should be involved very early in the process (see later).

## **6.3 Phase 3: Conduct**

This relates to the actual conduct of the reviews and has three defining moments.<sup>22</sup>

The first is a diagnosis of the problem to be addressed, in terms of detailed analysis of inputs and outputs, drawing on international best practice. The purpose here is to question historically-accepted assumptions that may be enshrined in procedures that have become obsolete or impaired by add-ons and exemptions.

The second key moment is to identify, based on the above, alternative proposals for change, using sensitivity analysis if possible.

The third component is identifying the feasibility of the proposals. This relates to the cost of implementation (e.g. staff training), risk (e.g. administrative or social/political resistance), pre-requisites (e.g. must amend the law), and negative spill-overs on other expenditure areas. Feasibility for one project has also to be considered in the light of proposals emanating from other reviews, as the implementation of multiple reforms simultaneously might over-stretch the capacity and seriously damage the morale of those involved.

---

<sup>21</sup> The Irish process follows the guidelines outlined in relation to design very well (see Appendix 1).

<sup>22</sup> Vandierendonck, op. cit.

A set of the reform proposals for implementation must be part of the conduct of reviews and how reforms are selected is a major governance question. It should ideally be addressed in Phase 1 and be positioned at senior decision-making level to carry weight and overcome resistance during the implementation phase.

#### **6.4 Phase 4: Implementation**

This aspect of Spending Reviews is outside the terms of reference for this study. It is of course though a crucial aspect in the success of Spending Reviews leading to actual policy change and implementation. It involves a discussion of much wider issues than those involved in a simple review of the Spending Review process, such as governance, political realities, the management of human resources, the implementation of new IT programmes and changes in business practice. One thing that might be said though is that if strong commitment is not evident in Phase 1 discussed above, then implementation will be much more difficult.

### **7 ASSESSMENTS OF SPENDING REVIEWS IN IRELAND**

Spending Reviews in Ireland have been subject to scrutiny in at least four contexts. First, in 2017 and 2018 an overview of the experience with them in the euro zone was conducted by the EU commission. The first addressed their overall operation in member states and this report highlighted five areas of concern for future review. The first of these was the lack of ownership by the administrations involved in the member states and it was the focus of the 2018 review. A further study is underway for 2019, the result of which may not be known for some time. The key findings of the 2017 and 2018 reports as they relate to Ireland are covered below.

DPER in its Mid-Year Expenditure Reports as noted earlier reviews the experience in that year and its comments on 2018 and 2019 will be reviewed later. The Parliamentary Budget Office produced in late 2018 the report, *Analysis of Spending Review 2018*, and two further reports since (see later). Finally, an extensive series of interviews with relevant staff in various government departments was undertaken to ascertain reaction to Spending Reviews to date.

#### **7.1 Findings of EU Reports<sup>23</sup>**

---

<sup>23</sup> See the following. *Quality of Public Finances: Spending Reviews for Smarter Expenditure Allocation in the Euro Area* (European Commission), September 2016.

[https://www.consilium.europa.eu/media/23664/spending-reviews\\_commission\\_note.pdf](https://www.consilium.europa.eu/media/23664/spending-reviews_commission_note.pdf)

*Quality of Public Finances: Spending Reviews for Smarter Expenditure Allocation in the Euro Area* (European Commission), June 2017. (Key insights from the April-May 2017 Commission survey.)

[https://www.consilium.europa.eu/media/23582/eg-15-june-2017\\_note-on-spending-reviews.pdf](https://www.consilium.europa.eu/media/23582/eg-15-june-2017_note-on-spending-reviews.pdf)

*Quality of Public Finances: Enhancing Ownership in Spending Reviews* (European Commission, May 2018), [https://www.consilium.europa.eu/media/34836/com-note\\_ownership-in-spending-reviews\\_eg\\_20180518.pdf](https://www.consilium.europa.eu/media/34836/com-note_ownership-in-spending-reviews_eg_20180518.pdf)

In September 2016 the Eurogroup called on euro area Member States actively to use Spending Reviews and approved a set of common principles for improving expenditure allocation through their use. The European Commission undertook two surveys in 2017 and 2018 on the use of Spending Reviews in member states of the euro zone, with another undertaken in 2019 (report not yet published).

### *2017 Survey*

In general Ireland comes out as one of the better performers in the euro zone, and several had only just started with Spending Reviews. Some strong points made in this Report are perhaps worth noting.

1. Spending Reviews cost money. Staff diverted from other activities means that they are not available for this work anymore.
2. A key danger is that Spending Reviews stop with the delivery of an analytical report which does not carry enough internal support to trigger decision making at the political level and hence does not lead to subsequent tangible reforms and actions.
3. The risk is that the Spending Reviews marginally adjust administrative structures and processes while not improving substantially the quality of the services.
4. Integration of proposals stemming from the review into the budget planning is the litmus test of how decision-makers act on their actual implementation.
5. Spending Reviews should be subject to independent ex-post evaluation to learn lessons for future reviews.
6. Almost all member states now use Spending Reviews. However, detailed reform options, implementation roadmaps and ex-post evaluations are not systematically available. Future discussions should focus on the elements identified as most challenging and/or least assimilated in the practice of euro area countries.
  - fostering ownership by administrations under review
  - design of detailed reform options and implementation roadmaps
  - use of operational checks, pilots and analyses of the outcome for the end-user
  - provision of adequate resources
  - ex-post evaluation

### *2018 Survey*

The 2018 EU report was devoted to the first of the issues listed under 6 above, namely getting buy-in on 'ownership' of Spending Reviews. Again, several points made are worth restating.

1. Is it possible that participation in the review process by staff in a vote Department may get more buy-in but could also trigger some obstructing behaviour, in that the same administration may fear eventual cuts that can result from the reform?
2. To what extent then should the administration under review be involved in each phase of the process to enhance its ownership?

3. How should roles and responsibilities be allocated between the administration under review and the ministry of finance/coordinating entity?
4. What set of incentives would better strengthen the support of the administration under review?

These issues arose in relation to almost all members States, with Ireland if anything doing better than most. Nonetheless, fostering ownership is a *sine qua non* of a successful Spending Review process.

## **7.2 DPER Mid-Year Expenditure Reports**

The Mid-Year Expenditure Review (MYER) is more of a summary of what has been done in the year in question than a critique per se of the Spending Review process. This is useful, but the narrative might have greater traction if there was more of an overview of what if anything each Spending Review paper achieved and what could be improved. Three things stand out from the 2018 MYER. First, the main achievement was in establishing a series of ‘working papers’ which at some later stage could inform expenditure policy. There was no discussion of specific recommendations and the outcome from these. Two problems identified though were the need to get more buy-in by Departments with the Spending Reviews and serious data deficiencies.

The 2019 MYER reiterated some of these points, particularly in relation to the data issues. It was also pointed out that in preparation for the Spending Review in 2019 there was more consultation and research collaboration with the spending departments. It recognised though that while the process has delivered a larger stock of analysis given the volume of output that has been produced, the degree to which the process has provided the evidence base for reform is not so clear. It is argued however that because of the multi-annual nature of the spending review process it has provided analysts with the scope to implement an incremental approach to the analysis of complex policy areas. How this has been achieved though is not specified.

## **7.3 Parliamentary Budget Office**

### *Analysis of Spending Review 2018*

The Parliamentary Budget Office paper contains some insightful comments on Spending Reviews in Ireland. Particularly it noted that Spending Reviews ‘do not generally provide specific policy options and as there is no *ex post* review of their impact on the Budget, the mechanisms by which they feed into the Budget discussions (from a parliamentary perspective) is unclear’ (p. 1). The fact that Spending Review 2018, and indeed 2019, does not have a standard approach regarding recommendations included in individual papers (if provided at all), makes tracking implementation very difficult if not impossible. The PBO Report also ‘highlights the lack of transparency and accessibility of the Spending Review from a parliamentary perspective’ (ibid), mainly arising from the lack of provision of any summary

findings easily accessible to all parliamentarians. Besides, it argues that ‘it is unclear why an (indicative) list of the forthcoming papers could not have been published’ earlier’ as ‘timely notification of papers, and their release, would facilitate parliamentary scrutiny and preparation’ (p. 1).

The Report argues that the relationship between Value for Money and Spending Reviews is unclear. They also address the issue of the input from spending Departments and note that ‘it would seem logical that the officials who are delivering services and developing policy should be included, or perhaps have a central role, in future evaluations published as part of the Spending Review’ (p. 10). They also point out that it is unclear how specific topics for Review were selected. The Report points out also that each of the Reports was to address at least one of four evaluation criteria but that DPER did not identify which or how many of these criteria applied to each paper.<sup>24</sup> The Report also noted that while Health is a significant and high area of expenditure it was not included as one of the key areas for expenditure control in MYER 2018.

### *Suggestions from International Experiences*

The PBO recently also reviewed the Irish experience in terms of that in other countries, drawing on similar material to that discussed above and, also based on their own survey evidence obtained from an inter-parliamentary network and three country specific case studies.<sup>25</sup> This Report confirmed that Ireland was ahead of many countries in terms of application and development of Spending Reviews.

From the national and international evidence and research gathered and analysed by the PBO though, suggestions for the Irish Spending Review were identified, as follows.

1. Greater parliamentary awareness of the spending review process through more interaction with the Houses of the Oireachtas;
2. Clearer links to the budget process; and
3. Greater ownership from line departments

The Report interestingly points out in relation to the first two points that in the Netherlands, the parliament is informed by the Government on the spending review process. A year before

---

<sup>24</sup> These criteria were as follows: is the programme objective a government priority; what is the sustainability of spending trends in terms of the key drivers of expenditure; how efficiently are inputs converted into outputs; and how effectively are outputs converted into outcomes. The choice of which criterion to use permits flexibility, which is necessary given the variable data availability and staff resources.

<sup>25</sup> Available at: [https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2019/2019-07-04\\_the-irish-spending-review-suggestions-from-international-experiences\\_en.pdf](https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2019/2019-07-04_the-irish-spending-review-suggestions-from-international-experiences_en.pdf) A further report was published by the Parliamentary Budget Office in September 2019 at: [https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2019/2019-09-12\\_the-future-of-the-government-s-spending-review-a-parliamentary-scrutiny-perspective\\_en.pdf](https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2019/2019-09-12_the-future-of-the-government-s-spending-review-a-parliamentary-scrutiny-perspective_en.pdf). This report as the title indicates looked at the future of Spending Reviews from a parliamentary perspective, especially in terms of better communication. It also critically reviewed in some detail the Spending Review work undertaken in 2019. Most of the issues raised in its two earlier Reports arose here again.

the beginning of each process, the Ministers of line departments are obliged to inform the Lower House of Parliament of the upcoming spending review and parliament is given an outline of each policy under review by the Ministers of the relevant line departments. It is also noteworthy that most policy reviews are conducted by the line departments, which helps with ownership.<sup>26</sup>

#### **7.4 Interviews/Meetings**

As noted earlier, part of the brief for this study was to meet with relevant officials in DPER and some spending Departments. In relation to the former, meetings were held with eight officials in DPER and in relation to the latter with seven spending Departments, with between one and six officials in attendance. I communicated also with the two people who presented at the DPER Spending Review conferences in 2018 and 2019, from the Netherlands and Germany respectively, and, also contacted relevant people in the UK. The Dutch experience perhaps had the most relevance for this review, as the UK is not in the euro zone and while conducting strict expenditure oversight does not have Spending Reviews as defined for this study. The federal structure in Germany also makes comparison difficult. All euro zone countries though are covered in the EU Commission studies.

There seems to be two opposing views on the progress of Spending Reviews in Ireland, as judged by people directly involved, although all agreed that they must be continued with, for the reasons outlined earlier.

1. One argument is that Spending Reviews will take time to bed down, as staff hired to undertake most of the research gain experience, data availability is improved, and other staff take on board and adapt to the changes underway. In this sense it is argued that considerable progress has been made already. It is also pointed out that to date Spending Reviews have been helpful in budget negotiations with spending departments and that over the years there has been increased 'ownership' of them, especially by the smaller spending departments.
2. The other is that the process is in danger of stagnating as Spending Reviews have had little impact to date and could soon be viewed as little more than interesting research exercises but with little focus on concrete policy recommendations and hence improvements in efficiency.

Set against the Aims of Spending Review 2019 (Appendix 1), they are meeting most of these adequately, but set against the original purpose of Spending Reviews as outlined in Section 3

---

<sup>26</sup> In personal correspondence with an official in the Ministry of Finance in the Netherlands, it was pointed out that spending reviews are initiated by the Ministry of Finance and topics are selected based on actual challenges or problems faced. Spending reviews analyse current policies and problems and give several policy options for the future. There is no political intervention in the Review, it is a report done by civil servants chaired by an independent chair.

then this is not the case. As such, the issue comes down to whether the aims in future should be more ambitious and link more directly to the original aims of Spending Reviews or not?

A few other general issues arose from these meetings. The matter of lack of buy-in discussed earlier came up a few times, with the cause proffered for this differing across individuals. There is little doubt it seems that the relationship between DPER and some spending Departments needs further work, in a two-way collaborative approach, if Spending Reviews are to fulfil their promise. It is a vital role of DPER to manage overall public expenditure and reform, and hence a tension with spending departments is unavoidable. It is a question then of ensuring that such tension does not become debilitating. How this might be done is difficult to indicate but a few issues arose, as follows.

1. There is not enough involvement according to some by the spending departments in the choice of topics and on the Steering Committee. Such involvement should also take place way ahead, six months or more, of the time when topics are to be finalised.
2. There are it is pointed out dedicated staff in DPER dealing with each Vote and hence there is regular contact between DPER and the spending departments via these channels which should help ensure more department involvement in choice of topics.
3. The research if authored solely by a relatively junior member of staff does not carry weight or spending department commitment. This is seen as a major problem by several people.
4. Many of the papers are well-conducted pieces of academic research but need more cutting-edge policy relevance and insight. The authors in other words do not see themselves as catalysts for change and protecting the interests of the taxpayers, perhaps partly because they are relatively junior members of staff. They also lack the experience and reality of policy-making in the political market place alluded to earlier.
5. Papers should not just point out areas for attention/improvement but also highlight where there are areas of real success. This it is felt could encourage more engagement and hence morale.
6. With the improvements in the public finances in the last few years there is little if any appetite to challenge base-line expenditure in spending Department; the only 'action' relating to new expenditure. This was the type of situation which Spending Reviews were designed to avoid. Maximising the budget for a spending area as a key if not the only objective for public servants in that area was rightly strongly criticised in the past.
7. There is not only the relationship between DPER and the spending department to consider, but also that between the spending department and the agency to whom the money is allocated for distribution (e.g.in the case of Health, the HSE) and that relationship must also be managed.

Reservations were also expressed about the communications policy regarding Spending Reviews. While it is recognised there is a danger that results can be taken out of context or otherwise distorted by the media, the findings of Spending Reviews must first and foremost impact on Dáil members to have an impact in the policy process. At present there is no formal

channel through which Dáil members, except through the Parliamentary Budget Office, are made aware of Spending Review reports. Perhaps this task could be undertaken by the Parliamentary Budget Office, but it seems better that DPER communicates in the first instance the key purpose and findings of each Spending Review in a way that is understandable by each member of the Dáil.

It was also pointed out that the Government's Economic and Evaluation Service (IGEES) was established only in 2012 and that since then there has been an impressive build-up of staff with strong analytical skills to assist with economic research and evaluation.<sup>27</sup> This is recognised by many within the public sector and has led to much greater awareness of the need for and value of evidence-based policy making. IGEES staff of course have been involved in the creation of most of the Spending Reviews to date. The issue though is how this service can be best developed in the years ahead, now that it is well embedded in the public sector, to fulfil more its undoubted potential. As mentioned previously, devoting monies to staff to undertake research evaluation also has a significant cost that must be justified.

There was general strong support for changing the role and membership of the Steering Committee,<sup>28</sup> with more representation at a senior level from the large spending departments and the use of at least two members external to the public sector with relevant knowledge and understanding of not just the aims of Spending Reviews but also the operation and constraints under which the public sector operates.

## 8 RECOMMENDATIONS

To bridge the gap between the aims and operation of Spending Reviews in principle and in practice, the following recommendations are suggested. The key recommendations are as follows (with footnotes where needed to elaborate on the rationale/detail).

- 1 *If savings targets are not to be explicitly required, then each Spending Review study should contain at least three/four recommendations or actions or observations that require a response and are verifiable within not more than six to twelve months.<sup>29</sup>*
- 2 *Given this, the authorship/responsibility for each Report needs to be urgently reviewed, so that each Report carries weight and conviction at spending department level. Possibilities are no named authorship, or individual authorship but with comments by the spending department and DPER in relation to the recommendations appended. There may also be other possibilities.<sup>30</sup>*

---

<sup>27</sup> <https://igees.gov.ie/about-us/>. IGEES is an integrated cross-Government service to enhance the role of economics and value for money analysis in public policy making.

<sup>28</sup> The question put in relation to this was prompted by the Dutch experience. See Wim Suyker, 'Experience of Spending Reviews in the Netherlands', IGEES Spending Review Conference, Dublin March 2018.

<sup>29</sup> These could take the form of doing a follow-up study with more time and better data or raising questions as to the sustainability of spending or highlighting areas where there is little evidence on the connections between outputs and outcomes or suggesting areas within the programme which could be downgraded to allow others to be upgraded.

<sup>30</sup> The papers should be primarily policy-relevant, not research papers in an academic journal sense, and hence need input from not just young staff with good technical skills but also more senior staff with experience of the

- 3 *The number of reports might be reduced significantly, if necessary, to make the above possible.<sup>31</sup> This is especially so if ex ante all spending areas are eligible for review. In this regard there needs to be much more clarity on the relationship between Spending Review and Value for Money studies. It is proposed that the term Value for Money be applied to all Reviews, with it specified whether they are full or partial VFM studies.<sup>32</sup>*
- 4 *Reviews should not just emphasise where things are not working well or unclearly, but also the many areas where they are, hence not be unnecessarily negative overall.*
- 5 *Topics for each Spending Review year should be discussed jointly between high-ranking staff in DPER and the relevant spending department at least six months in advance of the final choice of topics for review.*
- 6 *To facilitate the above, changes in the governance arrangements for Spending Reviews should be considered on the following lines.*
  - *The Steering Committee should take a more high-level role, mainly deciding on topics, communication strategy and the evolving role of Spending Reviews, and have as its membership a Chair from DPER, four further Senior DPER staff, and four Senior Staff (at least AS level) from the three biggest spending departments and one other department. Plus, one external, highly-qualified person with relevant experience, if possible, from the Netherlands Ministry of Finance.<sup>33</sup>*
  - *A Research Committee be established the task of which is to overview the research sanctioned by the Steering Group, on the lines of the tasks undertaken at present by the Steering Committee. Chaired by DPER member of staff, at Assistant Secretary level, who reports to Steering Committee. The Research Committee should have no more than 13 members, with at least two members chosen from the external research community, with relevant research experience, bearing in mind that the papers are not intended as academic article but practical policy pieces.*
- 7 *After two years at the latest, the recommendations/actions in each report should be reviewed by the Steering Committee, with a view to ascertaining what action has been*

---

implementation difficulties that could arise and, also add knowledge/evidence not easily codifiable but still often vital in terms of the policy relevance of the paper. There is a danger that implementation difficulties could be used to stymie change, but this is a management/personnel issue to address perhaps.

<sup>31</sup> The number of reports undertaken each year for example in the Netherland has been dramatically reduced in favour of more in-depth studies of five to seven in number. The requirement is that each spending line be reviewed every seven years, as opposed to every three in Ireland.

<sup>32</sup> While VFM studies tended to take over twelve months in the past, there is no reason why this could not be reduced to six months, especially if topics are under discussion for at least six months or more in advance of giving the go-ahead for the study, and the brief was kept more narrowly focussed. One argument is that they need to be produced in time to impact on the Budget. If topics however were decided by say September of 2020, there seems no reason why they could not be ready by July 2021 and impact on the Budget in that year. This would also facilitate the possibility of more relevant policy recommendations.

<sup>33</sup> *Even if this recommendation is not accepted it is suggested that contact should be made with the Ministry of Finance in the Netherlands as soon as possible to study there in detail the application of Spending Reviews in what seems like the euro zone country most advanced, and comparable to Ireland, in this regard.*

*taken and, where no action has been affected, to be updated on why this is the case, and to suggest what further action if any is needed.*

- 8 *Communication with members of the Dáil needs to be substantially upgraded, in the first instance through the provision of a reader-friendly, short (150 words maximum) summary of the main messages of each research report.<sup>34</sup> If necessary, a special small unit be established to effect such a change. The Minister might also brief the Dáil, or one of its Committees, a few times each year.*
- 9 *The importance of the Public Spending Code as it applies to every project and individual in the wider public sector needs to be reaffirmed over again, and the role of IGEES, DPER and Spending Reviews therein highlighted. As part of this, a simple flow chart of how the various 'arms' of public sector evaluation and reform are linked might be provided. In this regard, it is important that the Spending Reviews should directly inform the overall reform agenda. The greatest challenge to the future of public-service provision perhaps is that it is not viewed as good value for money by the taxpayers at large who fund it.*
- 10 *It may be that some of the above are impractical for various reasons, but either way a written response from DPER to these recommendations might be communicated to the Minister and the Steering Group within six months of the date of publication of this report.*

## **9 Concluding Comments**

The structure of this paper was designed to lead in a logical progression to the main recommendations. As such, the following key points of context were highlighted.

1. There are variable definitions of a Spending Review. They have though in some form or other been adopted by now in all euro-zone countries.
2. Whatever the definition used, there are potentially sizeable benefits emanating from such studies. Such studies of course involve large expenditure outlays on staff and must be justified like any other area of public expenditure.
3. Spending Reviews are just one of a suite of evaluation procedures applied to public expenditure and their context within this structure is important to understand.
4. As a result, there are many areas of public expenditure to which Spending Review do not apply and hence they relate to a quite small share of overall expenditure. For example, they do not directly cover pay and promotions, capital outlays and tax expenditures.

---

<sup>34</sup> See PBO for suggestions on how this might be done, at:  
[https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2019/2019-07-04\\_the-irish-spending-review-suggestions-from-international-experiences\\_en.pdf](https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2019/2019-07-04_the-irish-spending-review-suggestions-from-international-experiences_en.pdf)

5. Spending Reviews have, in theory at least, clearly-defined stages to be effective, the first and most important perhaps being commitment at a political and senior administrative level.
6. No matter how sophisticated the analysis, the evaluation of outcomes from public expenditure will never be a science in any usual sense of the term and hence no definitive policy answers can be forthcoming. They can only be suggestive at best, but allied to other forms of evidence, including case studies and narrative accounts by experienced staff, they should nonetheless often provide enough material to justify informed policy choices and decisions.

It must be noted also that considerable progress has been made in Ireland since the financial crisis of 2008 and its aftermath in aligning public expenditure with tax revenues, with major institutional change effected, especially the establishment of the Irish Fiscal Advisory Council in 2011, the Irish Government Economic and Evaluation Service (IGEES) in 2012 and the Parliamentary Budget Office in 2017. Over a short number of years there has been an impressive build-up of economic expertise in the Departments of Finance and Public Expenditure and Reform and more recently across the whole public sector. This has made possible the development of Spending Reviews throughout the public sector with an impressive output of policy analysis over a short number of years.

Ireland comes out well also in international comparisons of experiences with Spending Reviews in the euro zone. The country though faced a more serious public expenditure crisis following 2008 than most other member states and hence needed more drastic action perhaps. There has been success in embedding an ongoing evaluation culture across the Civil Service and in encouraging greater engagement of all Departments in critically reviewing the efficiency, effectiveness and impact of spending. The energy, openness and intelligence of many people involved in Spending Reviews is besides very impressive.

Despite these considerable achievements, significant recommendations for change and improvement have been outlined in Section 8. As seen earlier, while elements of an ideal Roadmap are followed well in Ireland, other elements such as the lack of concrete recommendations and by corollary implementation fall well short of desired practice. This in turn can be related to the need for more mutual co-operation in the process of Spending Reviews between spending departments and DPER, and more understanding of the role of DPER in this regard, as the ultimate insurer of value for money for the taxpayer throughout the public sector.

As the state, after a period of buoyant revenues, faces increased uncertainty in this regard for some years ahead, it is important that an evaluation culture is embedded further in the wider public sector. The extent to which the potential benefits of Spending Reviews outlined earlier are to be realized in practice could face an existential test sooner than some might expect. In the event of a funding crisis, it would be all too easy, politically, to revert to across the board indiscriminate cuts, with potentially deleterious political and social consequences.

Economics and politics are inseparable when it comes to economic policy. As such, as well as an increased input in terms of economic analysis, this must be supported by an informed knowledge of the administrative structures and issues within the public sector, as well as a knowledge of how the political market place operates if realistic economic policy recommendations are ever to reach implementation stage. In other words, policy advice must be informed by *realpolitik*. For this to be realized, greater buy-in by the spending departments, especially at senior level, must be fostered and encouraged. The benefits in general of Spending Reviews, and in relation to specific studies, should also be communicated more effectively to members of the Dáil.

It is for politicians to take on board the professional advice of public servants or not. One of the perennial dilemmas in a democracy is that a politician who faces the reality of public finance difficulties often risks not being re-elected. It is the job of the public servant to make sure that professional advice, based on the best available evidence, is proffered in a timely way to help policy-makers best address this situation.

## **Appendix 1: Short Responses to Specific Questions**

These are implicit in what has been discussed in the main text and are treated best perhaps in this broader coverage. Nonetheless, short responses to the specific questions asked are listed below.

5. Aims, Rationale and Objectives
  - Are the aims and rationale for the Spending Review sufficiently clear and appropriate? CLEAR BUT PERHAPS NEED REVISING AS DISCUSSED IN TEXT. SEE ALSO APPENDIX 2.
  - Have the key objectives of the 2017 – 2019 round been achieved? YES, ON BALANCE, BUT OBJECTIVES TOO LIMITED (SEE TEXT)
6. Structures, Timelines and Communication
  - Are there effective structures in place to provide oversight and management of the process, including the quality assurance process? YES, BUT CHANGES SUGGESTED IN TEXT. SEE ALSO APPENDIX 2.
  - Has there been effective communication with the relevant stakeholders throughout the process? THERE IS ROOM FOR IMPROVEMENT IN THIS REGARD, SEE TEXT.
  - Are the key tasks / timelines within the process appropriately aligned? YES, BUT SOME SUGGESTIONS FOR CHANGE IN TEXT. SEE ALSO APPENDIX 2.
7. Output and Broader Alignment of Process
  - Is the process producing output of enough quality? IN TERMS OF RESEARCH YES, BUT NOT IN TERMS OF POLICY RELEVANCE.
  - Comment on the alignment of the Spending Review process in the context of the broader evaluation landscape, i.e. the Value for Money Review (VFMR) Process and other national and international evaluation/audit requirements? SEE TEXT.
  - Has the output from Spending Review papers been effectively integrated into policy deliberations / the budgetary process? NO, SEE TEXT.
8. Recommendations
  - Recommendations for amendments to / improvement of the process. SEE TEXT.

## **Appendix 2: Aims, Timelines and Tasks for 2019 Spending Review**

In targeting the core objectives (see main text), the aim is that this process will lead to significant reforms, such as:

- embedding an ongoing evaluation culture across the Civil Service;
- encouraging greater engagement of all Departments in critically reviewing the efficiency, effectiveness and impact of spending;

- providing an enhanced role for IGEEES staff (economists/evaluators) across the Civil Service and embedding their skillset within the budgetary process; and
- providing clear options for Government to reform, negotiate and/or re-prioritise spending in an evidenced-based manner.

*Timeline and Tasks*

December 2018 - Begin evidence gathering and topic selection.

- Initial engagement – letter from SG issued (sent Nov 2018)
- Further guidance issued – letter and guidance note (sent Dec 2018)
- Meeting with all Votes and Departments (early-/mid-Jan 2019)
- January 25<sup>th</sup> – topics selected and signed off by Votes

Broad timelines for analysis

- Late January – data collection, preliminary analysis and submission of scoping templates
- Feb/March – present scoping templates to steering group
- March 8<sup>th</sup> – IGEEES Spending Review Seminar
- April 30<sup>th</sup> – preliminary draft of papers
- May 31<sup>st</sup> – Submit final draft to Spending Review Steering Group
- June – Meet with steering group and sub-groups for quality and consistency assurance
- July 11<sup>th</sup> – First batch of papers published on Spending Review website
- July 18<sup>th</sup> – Second batch of papers published on Spending Review website

<b>Spending Review 2019: [Paper Title]</b>	
<b>Group Members and Author(s)</b>	[Names and roles]
<b>Context/Rationale</b>	<p><b>Context for examining this area of expenditure:</b></p> <ul style="list-style-type: none"> <li>• Provide a description of the existing program (include details of when it was introduced and recent amendments if applicable).</li> <li>• What is the public policy rationale?</li> <li>• What are the programme objectives, outputs and impact on change?</li> </ul> <p><i>Background (if required)</i></p> <ul style="list-style-type: none"> <li>• Have there been any previous program evaluations undertaken? If so, what were the recommendations and were they implemented.</li> </ul> <p><b>Benchmarking, trends, and pressures:</b></p> <ul style="list-style-type: none"> <li>• Outline recent trends in program expenditure and drivers;</li> <li>• Provide details of short and medium-term cost pressures; and</li> <li>• Summarise relevant benchmarking of program parameters and outcomes.</li> </ul>

<b>Objectives</b>	<p><b>List out some of the key questions to be asked in the programme review</b></p> <p>The questions might focus on some of the following listed below, but other objectives can be considered:</p> <p><i>a. Alignment:</i></p> <ul style="list-style-type: none"> <li>• Is the program aligned with Government or Departmental strategic policy priorities?</li> </ul> <p><i>b. Effectiveness and Impact:</i></p> <ul style="list-style-type: none"> <li>• How well does the program meet the policy objectives?</li> <li>• Is the programme achieving the desired impact?</li> <li>• Are there other means to achieving these objectives?</li> </ul> <p><i>c. Efficiency:</i></p> <ul style="list-style-type: none"> <li>• Can specific steps be taken to improve cost effectiveness?</li> <li>• Is there scope to improve service delivery or simplify administrative arrangements?</li> </ul> <p><i>d. Sustainability:</i></p> <ul style="list-style-type: none"> <li>• Is the programme sustainable in the long-run?</li> </ul>
<b>Methodology</b>	<p>Desk based, survey, quantitative vs. qualitative; Techniques used (trend analysis, international benchmarking, CBA, counterfactual etc.)</p>
<b>Data</b>	<ul style="list-style-type: none"> <li>• Data sources (Public national and international datasets, Government published data, administrative etc.)</li> <li>• Data Limitations (if any)</li> <li>• Data sharing between vote and line department (if any)</li> </ul>
<b>Deliverable</b>	<p>Output of the review (full review (20/25 pages) or analytical note (8/12 pages)); list of possible reprioritisation measures etc.)</p>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>• Late January – preliminary analysis and submission of scoping templates;</li> <li>• Feb/March – present scoping templates to steering group;</li> <li>• April 30th – preliminary draft of papers;</li> <li>• May 31st – Submit final draft to Spending Review Steering Group;</li> <li>• June – Meet with steering group and sub-groups for quality and consistency assurance.</li> </ul>