

CAPABILITY REVIEW

DEPARTMENT OF BUSINESS, ENTERPRISE AND INNOVATION

6th December, 2018

Contents

INTRODUCTION.....	3
EXECUTIVE SUMMARY	7
1. LEADERSHIP.....	11
1.1 LEADERSHIP BY SENIOR MANAGEMENT.....	11
1.2 CROSS-DIVISIONAL WORKING.....	14
1.3 BREXIT: LEADERSHIP AND COLLABORATION	15
1.4 CROSS-GOVERNMENT LEADERSHIP AND COLLABORATION	18
1.4.1 EU LEVEL: LEADERSHIP AND COLLABORATION.....	18
1.4.2 TRADE, AND INWARD INVESTMENT AND INNOVATION.....	21
1.4.3 INTERNATIONAL ORGANISATIONS: DEPARTMENTAL ENGAGEMENT.....	22
1.4.3 ACROSS GOVERNMENT SYSTEM: LEADERSHIP AND COLLABORATION	23
1.5 COMMUNICATIONS	23
2. POLICY AND STRATEGY	27
2.1 CAPABILITY FOR DEVELOPING POLICY AND STRATEGY	27
2.2 FIT BETWEEN STRATEGIES OF AGENCIES AND OFFICES WITH DEPARTMENTAL POLICIES...	32
2.3 DEPARTMENTAL BUSINESS PLANNING	33
2.4 PRIORITY V STRATEGIC.....	34
2.5 ROLE OF THE STRATEGIC POLICY DIVISION.....	35
2.6 EVALUATION AND APPRAISAL	40
3. DELIVERY	42
3.1 IMPLEMENTATION OF POLICY	42
3.2 CUSTOMER SERVICE.....	43
3.3 GOVERNANCE	45
3.4 RISK MANAGEMENT.....	49
4. ORGANISATIONAL CAPABILITY.....	51
4.1 MISSION, CULTURE AND VALUES.....	51
4.2 HR POLICY AND STRATEGY	52
4.3 RETIREMENT CLIFF AND WORKFORCE PLANNING.....	53
4.4 STAFF MOBILITY, PERFORMANCE MANAGEMENT AND SKILLS DEPLOYMENT	56
4.5 LEARNING AND DEVELOPMENT.....	59
4.6 CORPORATE CAPABILITY IN FINANCE	60
4.7 CORPORATE CAPABILITY IN ICT.....	61
4.8 DATA MANAGEMENT.....	65
APPENDIX 1: OVERVIEW OF DEPARTMENT	67
APPENDIX 2: BREXIT OVERSIGHT AND CO-ORDINATION STRUCTURE.....	69

INTRODUCTION

Action 20 of the *Civil Service Renewal Plan* provides for the implementation of a programme of organisational reviews, the purpose being:

‘To embed a culture of regular and objective assessments of the capacity and capability of each Department to achieve its objectives and take the necessary action to close any gaps.’

Having consulted with the sponsoring Secretaries General and the Civil Service Management Board (CSMB), the Department of Business Enterprise and Innovation (DBEI) was chosen for review on completion of similar exercises in respect of the Courts Service and the Department of Transport, Tourism and Sport.

OVERVIEW OF DEPARTMENT

There are three Ministers assigned to the Department:

- Minister for Business, Enterprise and Innovation – Heather Humphreys, TD
- Minister of State for Training, Skills, Innovation, Research and Development – John Halligan, TD
- Minister of State for Trade, Employment, Business, EU Digital Single Market and Data Protection – Pat Breen, TD

The Department plays a key role in developing and implementing Government policies to stimulate the productive capacity of the Irish economy and to create an environment which supports sustainable job creation. Its remit also extends to ensuring fair competition, consumer protection and safeguarding health and safety for workers. Aside from developing policy for individual sectors, there are large EU and international dimensions as well to much of the Department’s work, as well as challenging cross-sectoral issues such as Brexit and international trade – *see Appendix 1 for further details.*

Five Offices and eight Agencies operate under the aegis of the Department:

Office ¹	Agencies ²
Companies Registration Office ³ Labour Court Office of the Director of Corporate Enforcement Patents Office Workplace Relations Commission	Competition and Consumer Protection Commission Enterprise Ireland ⁴ Health and Safety Authority IDA Ireland Irish Accounting and Auditing Supervisory Authority National Standards Authority of Ireland Personal Injuries Assessment Board Science Foundation Ireland

¹ The Offices are staffed with Departmental personnel who can move between Offices and the main Department and are eligible for internal promotional competitions

² InterTrade Ireland – a North/South body based in Armagh and established under the Good Friday Agreement – is jointly funded by the Irish and UK governments and is supported by a liaison unit based in the Department

³ Includes Registry of Friendly Societies

⁴ Enterprise Ireland administers a network of Local Enterprise Offices (LEOs) on behalf of the Department

TERMS OF REFERENCE FOR THIS REVIEW

The Terms of Reference agreed for this review are:

“To review the organisational capability of the Department of Business, Enterprise and Innovation to deliver on its mission as set out in its Statement of Strategy, 2018 – 2021. The review will be future focused and aimed at assessing the capability and capacity of the Department by reference to leadership, strategy, delivery and corporate support.

The scope of the Review will be focused on an assessment of the core divisions of the Department. It will encompass wide engagement with management and staff as well as engagement with senior management in the Offices and Agencies of the Department. In addition, external engagements will take place with the key stakeholders and representative organisations.

The principal objective of the review is to contribute to the ongoing and future development of the Department’s capabilities so that it is recognised as a ministry of excellence and a role model for other Departments to follow.”

GOVERNANCE OF THE REVIEW

A review team based in the Reform and Delivery Office of the Department of Public Expenditure and Reform (DPER) carried out the review. The team comprised Dave Hanley, Gerry Cribbin and Alan Cromie from the Department and Fergal Cullen as the Departmental Liaison Officer (DLO) from DBEI. The DLO provided vital support and assistance, scheduled and attended most interviews and/or workshops, offered guidance and context in relation to evidence and other research material gathered and participated in the drafting of the final report.

The team reported to an External Peer Review Panel whose role was ‘to review, validate, edit and finalise the report prepared by the team’. The panel comprised:

- Tom Moran, former Secretary General, Department of Agriculture and the Marine
- Ann O’Connell, former Partner, PricewaterhouseCoopers (PwC)
- Dr Brian Cawley, former Director General, Institute of Public Administration (IPA)

The overall programme of capability reviews is overseen by a steering group of three sponsoring Secretaries General from the Civil Service Management Board (CSMB): Seán Ó Foghlú, Department of Education and Skills, Mark Griffin, Department of Communications, Climate Action and Environment, and Maurice Quinn, Department of Defence.

REVIEW PROCESS

The evidence gathering phase took place between March 2018 and July 2018 inclusive. This was followed by a small number of clarification interviews. The review process involved one-to-one interviews with all members of the Department’s Management Board and a number of Heads of Function (PO grade). Workshops were organised for all other staff on a grade basis, up to and including Principal Officers. These workshops involved staff throughout the country including a workshop for staff in the Patents Office in Kilkenny and staff based in the Permanent Representation to the European Union in Brussels. Interviews were also held with the Heads of the Department’s Offices and Agencies, along with a number of key stakeholders.

INTERVIEWS AND WORKSHOPS CONDUCTED

Category	Number of Engagements Undertaken	Number of Participants
Minister and Ministers of State	3	3
Senior Management Team (incl. Secretary General)	7	7
Head of Office	5	5
Head of Function(s)	7	7
PO Workshops	3	21
AP Workshops	5	41
HEO/AO Workshops	4	39
EO Workshops	5	36
CO Workshops	4	39
PRB Workshop in Brussels	1	12
Patents Office Workshop	1	9
Sub-total	45	219
External Stakeholders (incl. Min. Education and Skills)	14	18
Total	59	237

‘O’ RÍORDÁIN REVIEW’ OF DEPARTMENT OF JUSTICE AND EQUALITY

The Effectiveness and Renewal Group for the Department of Justice and Equality, which was established in January 2018, submitted its report (‘Ó Ríordáin report’) to Government in June 2018. The various findings and recommendations contained therein have been accepted and are being implemented.

While the context and nature of the Ó Ríordáin report differ significantly from those of the organisational capability review (OCR) programme, its findings nonetheless have been considered – insofar as practical and appropriate – in finalising this review.

This report – like that of Ó Ríordáin – focuses significantly on matters relating to policy development, transparency, governance and legislative reform, although no changes to Departmental structures are being recommended in this instance.

The need for change as identified in the Ó Ríordáin report is also reflected in the three organisational capability reviews conducted to date, especially strategic challenges facing Departments and impediments to the effectiveness of senior management. Some of the overlaps between the two review processes include examinations of policy-making capability, the degree to which data and ICT are used as management tools, the quality and rigour applied to performance management, the extent to which senior management have the necessary space to self-reflect and plan ahead, and the nature and quality of relationships between a Department and its agencies, including the degree of policy alignment between them.

THEMATIC APPROACH

This review of the Department of Business, Enterprise and Innovation was guided by a comprehensive standards-based methodology template, comprising four over-arching filters: Leadership, Policy and Strategy, Delivery and Organisational Capability.



ACKNOWLEDGEMENTS

The Review Team thanks sincerely the management and staff of the Department for their co-operation throughout the review process. Special thanks is due too to the Departmental Lead Official for his proactive participation.

EXECUTIVE SUMMARY

The Department of Business, Enterprise and Innovation is one of the main economic policy Departments in the State and plays a central role in the development and implementation of policies and strategies aimed at building and sustaining economic development. Traditionally it has had a particularly strong focus on supporting enterprise, job creation and maintenance, and plays a leading role in Ireland's research, development and innovation system. It also has a statutory remit to promote fair competition, protect consumers and safeguard workers, in terms of both employment rights and occupational health and safety.

Developing and implementing strategy

The Department has a strong track record in leading on the development of policy and strategy for each of the functional areas for which it has primary responsibility. Notable examples include the *Action Plan for Jobs, Innovation 2020, Enterprise 2025* and *Enterprise 2025 Renewed*. In each case, there was appropriate input by agencies and engagement with stakeholders.

With the annual *Action Plan for Jobs* initiative, the Department has been playing a lead role since 2012 on its successful delivery. Under this whole-of-Government plan, Departments and Agencies work together to deliver agreed action points for each year ahead, with the objective of creating 200,000 jobs by 2016. An indicator of success is that 377,000 more people were at work by the end of Q2 2018 than in 2012 when the Plan was first published and overall unemployment has decreased significantly over the period from a high of 15.2% to 5.3% now.

Even with economic recovery having now taken hold, the Department has followed up with a further job creation initiative, the *Regional Action Plan for Jobs*, whereby the Department led the development and publication of eight regional plans in consultation with regional stakeholders. Published in May 2016, the Programme for Government sets out an ambition to create a further 200,000 jobs by 2020, of which a significant proportion – 135,000 – will be outside the Dublin region. The Department is refreshing the *Regional Action Plans for Jobs* and, in conjunction with the Department of the Taoiseach, is now developing the *Future Jobs* initiative.

Brexit preparations

Whether in terms of employment creation, enterprise investment or trade promotion and regulation, the Brexit negotiations present special challenges and potentially profound economic and social impacts. The Department is regarded as responding speedily and professionally. Its publication, *Building Stronger Business: Responding to Brexit by competing, innovating and trading*, includes assessments of the likely effects across key policy areas, and outlines the responses and measures either underway or planned to address them, including the supports available to companies in preparation for Brexit and the associated regulatory implications.

EU and international relationships

Externally, the Department has a significant EU and international dimension to much of its work. It invests considerable time and resources in ensuring that this important facet is professionally and effectively managed.

Corporate regulation

The Department and its regulatory Offices and Agencies are promoting strong business regulation and effective competition in the marketplace, and strong consumer protection policies and practices are being implemented. Allied to that work, the Department continues to oversee

major modernisation of company law legislation, including a transformative consolidation programme.

Legislative and structural reforms

The Department has successfully delivered on a number of major legislative and structural reforms including consolidation of the Companies Acts, the reorganisation of the State's Industrial Relations apparatus involving the establishment of the Workplace Relations Commission, establishment of the Low Pay Commission, evolution of the County Enterprise Boards into the Local Enterprise Offices, creation of the Personal Injuries Commission, introduction of an online Employment Permits system, and development of *Licences.ie* which allows businesses to apply, renew and pay licences online.

Governance of Offices and Agencies

The Department has five Offices and eight Agencies under its aegis. The general conclusion is that corporate governance role is an area of strength, involving effective oversight and liaison arrangements. Additionally, there is strong alignment between the strategic priorities of the Agencies and those of the Department.

Leadership and management

Internally, management and staff are regarded as committed and professional. The HR function is being modernised and is pursuing a more strategically-focused agenda. Investment in Learning and Development is a notable organisational strength, and internal collaboration is being strengthened by the recent appointment of an Assistant Secretary to manage the Corporate Services portfolio. The *2017 Civil Service Staff Engagement Survey* showed strong positive results from Departmental staff in the areas of competence (measuring staff belief in their ability and skills to carry out the work required in their role), wellbeing (the extent to which staff feel they can realise their own potential and cope with the normal stresses of life) and employee engagement (which measures the sense of energy, connection and fulfilment civil servants have with their work).

Notwithstanding the Department's strengths and its record of achievements, it is facing challenges on a number of fronts. Many of these challenges are shared across the Civil Service, as evident for example from the focus on them in the *Civil Service Renewal Plan* and the overall reform and delivery agenda. Some of these challenges are being tackled through agreed central approaches such as the development of shared services, strategic HR and workforce planning.

Retirement cliff

Similar to many other civil service organisations, a significant number of the Department's staff are approaching retirement age, with some 22% being eligible to retire over the next three years. This presents the Department with an immediate and substantial capability challenge. While a workforce plan will feature centrally in the Department's ultimate response, the plan is at the early stages of development. This matter should be accorded top priority, requiring input and leadership at senior levels – especially by the Board and individual managers, as well as the HR Unit. A number of matters will need to be addressed simultaneously such as succession planning, skills matching, knowledge management and business re-engineering, especially in the public facing services such as the administration of Employment Permits and the work of the Companies Registration Office.

Strategic and analytical capability

The core function of the Department is the development of policy and strategy. For many years, it relied upon Forfás – the former independent State policy research and advisory Agency – for much of its detailed enterprise policy analysis and research. In 2014 certain Forfás functions were integrated into the Department as its Strategic Policy Division (SPD). Since then, core capability around strategy and analysis has become diluted within that Division, primarily as a result of staff churn, retirements and reassignments in the absence of a managed skills replacement programme.

Capacity is also a concern: the SPD currently lacks the critical mass of specialist staff needed to support the various and diverse policy business units across the Department.

As a result, the depth of analysis in individual sectors of the economy has reduced. That is having a knock-on effect on the Department's ability to influence across the government system, chiefly on those policy remits for which it does not have lead responsibility such as climate change.

Planning for the future

Project Ireland 2040 projects a population increase of approximately 1 million people in Ireland over the next 20 years. That will require the creation of some 660,000 additional jobs across the regions to achieve and maintain full employment. In addition, the skills needed for many jobs are changing and the acquisition of new skills will be vital to keep pace with technological changes. The Department contributed strongly to the development of *Project Ireland 2040* and will be at the forefront of the development of Government policies to meet these challenges. It is imperative therefore that it has both the capacity and capability in terms of properly skilled staff to undertake this work.

As a first step in planning a response, the Department needs to assess available skills in the areas of strategy development and policy analysis, adjusted for any changes in organisational needs. Appropriate measures will then need to be taken involving a mix of recruitment, training, and secondment or exchange programmes with the Agencies of the Department.

At a structural level, the SPD will need to be repositioned within the Department's overall business model so that collaboration with other divisions and business units will become embedded. The Department should also reorient its model for evaluations from topic-specific reviews in an individual organisation to broad thematic evaluations of programmes and focused policy assessments covering perhaps multiple organisations.

Together, all these measures would strengthen the Department's strategic and analytical base and put it on a sustainable footing for the future.

A related capability issue is the underdeveloped management and usage of the combined data reservoirs of the Department's Divisions, Offices and Agencies as a policy resource. There is no evident policy in place, the in-house ICT support systems are fragmented, and data integration with agencies is weak.

Innovation

The importance of Ireland's innovation performance to inward investment and export performance has been demonstrated by the resilience and growth of firms during the recent recession. Optimising the return from these linkages, between innovation and economic and sustainable employment growth, underpins the refreshed *Enterprise 2025* and *Innovation 2020*

strategies. In addition, the Department has identified the need to build deeper relations with its enterprise, trade and innovation counterparts in the UK in a post-Brexit scenario.

Risk management

In the area of risk, the process is generally well managed, although awareness is low amongst line managers and staff. Furthermore some strategic risks do not feature on the Department's Corporate Register at all, such as upcoming largescale retirements and a dependence on certain ICT applications (particularly Lotus Notes) for which there is a dwindling support base.

Communications

Given the variety of policy areas with which it deals and the number of Agencies and Offices under its aegis, the Department has to be especially adept at communicating effectively with its stakeholder base and the public at large. As part of the professionalisation and modernisation of the communications function across Government, the Department has established an enhanced Communications Unit, subsuming the former Press Office into its functions. This relatively new initiative is not yet fully embedded in the day-to-day business of the Department. In particular the Unit needs to deepen involvement with the policy divisions and business units. It should be helped in that regard by the successful implementation of the recently published communications strategy which places a heavy emphasis on building a business partnership model between the Communications Unit and line business units.

Conclusion

The Department has a strong and positive history of delivering on its various strategic and business objectives and has been to the forefront in the State's response to the major economic crisis in the past decade. It has also been heavily involved in many of the initiatives aimed at modernising and professionalising the delivery of public services. Internally, it continues to undergo transformation, aimed especially at delivering on the ambitious programme of civil service renewal currently under way.

The Department is in a period of transition, driven in particular by the global economic uncertainty due to more protectionist tax and trade policies, the technological changes that are transforming sectors, business models and workplaces, the high uncertainty around the implications of Brexit, and retirement cliff facing the Department.

Addressing these challenges presents an opportunity for enhancing the Department's impact across Government and the economy by strengthening capability across a number of mutually reinforcing policies – deepening the Department's strategic and analytical skills base, embedding workforce planning as a strategic management process, developing data management as a policy resource, and using the skills and technical knowledge of Agencies and Offices to better effect. By undertaking these actions and following up on all the other recommendations in this report, the Department will significantly strengthen its capability to avail of the opportunities and address the challenges that lie ahead.

1. LEADERSHIP

STRUCTURE OF THIS CHAPTER

Module 1 of the methodology template for the capability review programme relates to LEADERSHIP.

In this chapter, the leadership capability of senior management, comprising the Management Board and the Principal Officer cohort, is assessed in the following way:

Introduction: Overview of senior management structure.

Section 1.1, Leadership by Senior Management: The leadership and decision-making of the Management Board, its engagement with the Agencies and Offices under the aegis of the Department, its engagement with the PO cohort and the leadership capability of the latter.

Section 1.2, Internal cross-divisional working: The extent to which the individual Assistant Secretaries, their divisions and the constituent business units collaborate with one another.

Section 1.3, Brexit leadership and collaboration: The capability of the Department's Brexit Unit to lead and collaborate internally on Brexit-related matters, reflecting the criticality of that issue.

Section 1.4, Cross-government leadership and collaboration: The degree to which the Department leads, influences and collaborates across government, including at EU level.

Section 1.5, Communications: The capability of the Department to communicate effectively, internally from management to staff and externally to the public.

INTRODUCTION

The Department's Management Board, which meets every week, comprises the Secretary General and the seven Assistant Secretaries who are each responsible for a specific division. The Principal Officer in charge of the central coordination function, Management Services Unit, also attends meetings of the Board, arising from the extensive internal coordination which is a feature of the Department's business, and external coordination with the Agencies, Offices and across Government.

The Heads of the various corporate units such as Finance and HR attend on a quarterly basis, and more frequently as the need arises. The Head of the Communications Unit attends for part of all meetings. In the event of an Assistant Secretary being unable to attend, a Principal Officer from the line division deputises for him or her.

1.1 LEADERSHIP BY SENIOR MANAGEMENT

The Department's senior management is tasked with leading on a broad policy remit. Overall capability is examined in this section.

CAPABILITY OF SENIOR MANAGEMENT

A notable characteristic of the Department's senior management team is the notable improvement in gender balance over recent years. The Department's Board is now split evenly between the genders and, overall, 39% of managers from PO to Secretary General are female.

Overall amongst interviewees, there was general praise for the Department's senior management and staff for their contributions to economic recovery and rebuilding post-recession. The

Agencies and Offices played important roles too, and that is widely acknowledged internally and across the government system.

Meetings of the Department's Management Board are regarded as being conducted in an efficient, business-like manner, notwithstanding the large number of items on a typical agenda. Decision-making is regarded as reasonably good and there is a general sense that the Board is taking steps to ensure that an appropriate balance is struck between time spent on policy and strategic issues as against corporate and housekeeping matters.

Regarding the leadership of POs, this senior management cohort is high calibre and well-regarded. They are knowledgeable and authoritative in the conduct of their business. A notably positive practice is that POs usually deputise for their line Assistant Secretaries when they cannot attend Board meetings.

Findings: Leadership by senior management

General: The Department's senior management, comprising the Management Board and Principal Officers, is highly regarded and respected, internally and externally.

Board: At Board level, business is regarded as being conducted in an efficient manner, with structured weekly agendas. In addition, steps are being taken to ensure that an appropriate balance is struck between strategic and corporate issues.

Recommendation

1A The Management Board should ensure that it creates sufficient time and space to deal with the broad set of shared organisational challenges it faces.

BOARD ENGAGEMENT WITH POs

The Management Board meets with the POs twice a year on their business plans, early in the year to set out priorities and associated actions and around mid-year to review progress. These short engagements are useful in providing POs and APs with an opportunity for visibility to the Board, although the scope for in depth discussion is limited. Some POs regularly present policy proposals to the Board for discussion, decision and agreement.

An additional layer of engagement with the POs takes place in the form of monthly meetings with the Secretary General and Assistant Secretaries which is regarded as especially beneficial from an information-sharing perspective. By far the most engagement between members of the Board and their POs is on a bilateral day-to-day basis.

Separately a PO Research and Consultancy Group has been established recently to consider proposals for projects under the Department's consultancy budget.

Finding: Engagement with POs

There is good formal engagement between the Management Board and the POs and Heads of Offices. There is scope, however, to improve their involvement in decision-making on organisational issues.

Recommendation

1B A self-directed PO network should be established. There is a need for the PO cohort to take ownership and responsibility for developing a clear terms of reference and an ongoing work programme for the network in support of the Management Board, and to work collaboratively

towards dealing with the many organisational challenges facing the Department. Such a network would complement the existing monthly meetings between the PO cohort and the Management Board.

One of the network's first tasks could be to oversee implementation of the Department's Action Plan in response to this review. The network and the Management Board have a shared interest in collaborating on the various organisational challenges facing the Department.

BOARD'S ENGAGEMENT WITH HEADS OF OFFICES AND AGENCIES

On engagement by the Board with the Heads of its Agencies and Offices, it meets formally with them once a year, the key purpose being to exchange and reflect on strategic priorities, risks and challenges. Based on the evidence of the CEOs interviewed, each engagement focuses on past performance, current issues and future priorities, all set within the frame of the Agency's or Office's multi-annual business plan. The negotiations around budgets and staffing are not covered, taking place instead in other settings based on assessments of demands and performance, and the strategic objectives of the Minister and Department.

The engagements with the Board, while having substantive elements, are considered by most of the Heads as somewhat cursory, due to the allocated time being too short and the agenda too extensive. They believe that a one-hour engagement once a year is not adequate, although they do acknowledge that issues of interest or concern are often conveyed to the Board via the relevant line Assistant Secretary in the Department.

That bilateral relationship with the Assistant Secretary, augmented by the liaison units in the Department and Agency or Office, is the principal means by which problems are resolved, rather than at the level of the Department's Board. That process is widely regarded as both pragmatic and effective for the majority of issues requiring attention – *covered in more detail in section 3.3 on Governance*.

For issues relating to high-level policy and risk, bilateral relationships with Agencies and Offices alone should not be relied upon for problem-solving: there is an onus on the Board to ensure that all such matters are considered at that level. That is already the case with the Department's overarching policies and strategies, whereby the Board has given – and continues to give – the requisite attention and direction on the major issues relating to jobs, enterprise, innovation and broad contexts like significant Brexit and EU-related developments.

Finding: Business planning with the Offices and Agencies

While the business plans of individual Agencies and Offices are given attention by the Board, they tend to be of an organisation-wide rather than of a risk-specific nature: resourcing relative to risk does not feature as a discussion item. Instead, such matters tend to be addressed in high-level bilateral discussions away from the Board table.

Recommendation

1C As a sequel to the formal engagement between the Board and the Department's Agencies and Offices, follow-up meetings focussing on two or three critical challenges or risks should become standard practice. That would deepen the Board's engagement and would strengthen the frequent and extensive bilateral engagements already taking place.

1.2 CROSS-DIVISIONAL WORKING

The Department has a very broad remit covering the three major factors of production: enterprise, labour and capital, along with a diverse and challenging regulatory function – see *Table A1, Appendix 1*. Given the policy impacts shared between them, it is unsurprising that there are crossovers between some of the seven divisions, such as innovation spanning across the Innovation and Investment, Indigenous Enterprise and Strategic Policy Divisions. The key to dealing effectively with such crossover issues is strong internal collaboration and that matter is examined in this section.

COLLABORATION ACROSS BUSINESS AREAS

Assistant Secretaries give primacy at Board level to advancing the policies under their own remits which include protection of their funding streams. At the same time, they are expected to work with the Secretary General and other Board colleagues on developing and pursuing a common agenda that binds the Department and its disparate business remits into a broad cohesive whole. There is evidence that the Department is successful in achieving that – for example:

- a. **Jobs and enterprise strategies:** The development of the *Action Plan for Jobs*, which was co-ordinated by the Strategic Policy Division, was a major cross-divisional as well as cross-government programme, together with the *Enterprise 2025* and *Enterprise 2025 Renewed* strategies.
- b. **Brexit:** The Board's deliberations on Brexit, as well as the contributions of the various Divisions, Agencies and Offices, demonstrate collaboration and collegiality, and the capacity across the Department to respond quickly to new challenges.
- c. **Innovation and research prioritisation:** The Innovation and Investment Division and the Strategic Policy Division worked closely in undertaking a year-long refreshment of research prioritisation, which ultimately informed the Government's €500 million Disruptive Technologies Fund launched as part of *Project 2040*.
- d. **Skills review:** The Strategic Policy Division is working closely with the Workplace Regulation and Migration Division and with the Department of Education and Skills on addressing the skills needs of enterprise.

Turning to the more general situation, collegiality amongst Board members and between their divisions is widely perceived as improved and improving, and while collaboration between business units within a division is strong, it lessens when cooperation outside the division is called for. Diverse business remits, busy workloads and self-contained work were all cited as factors. However, the critical issue revolves around ownership – especially evident with sectoral matters and the coordination of Parliamentary Questions (PQs). In some instances, there is an absence of clarity regarding who has lead responsibility.

Similarly in the case of civil service reform initiatives such as gender equality, the Department has internal responsibilities to pursue those agendas and to also play its part in wider government deliberations. In such instances though, Senior Responsible Owners (SROs) within the Department often don't exist. That situation needs to be addressed, recognising that the solution is not just about internal coordination; policy understandings and analytical inputs are required too.

In the case of PQs, if one straddles three or more divisions, an internal coordination unit known as the Management Services Unit (MSU) will coordinate the production of a reply for the Minister; if straddling two divisions, the matter is remitted for local resolution, typically at PO level.

Findings: Lead responsibilities

Sectors: Managers and staff are often unclear regarding who has lead responsibility for a sector or discrete policy matter, recognising that more than one division or business unit usually have pertinent contributions to make to briefing packs, speeches and PQ replies.

Whole-of-government: Similarly, it is not clear either who holds lead responsibility for whole-of-government policy priorities that straddle a number of business areas but are not within the exclusive remit of any one of them.

Recommendation

1D Matrixes of Senior Responsible Owners (SROs) should be developed setting out primary and secondary leads for each economic sector within the Department’s remit and for discrete policy initiatives to which the Department is expected to contribute. The matrixes should be approved by the Board before roll-out.

HORIZON SCANNING

In recognition of its lead policy responsibility for science and innovation, the Department and its constituent divisions acknowledge the need to look beyond their own borders and assess new developments and trends from a national development perspective, particularly the implications for future jobs. In that context, a number of internal and external stakeholders referred to the need for the Department to ‘scan the horizon’ for possible challenges, implications and opportunities potentially facing Ireland arising, for example, from emerging new sectors – see *chapter 2, section 2.5*.

Finding: Horizon scanning

There is scope to improve collaboration between business units, especially on harnessing their unique knowledge and expertise to examine the implications of emerging external challenges and the solutions to unaddressed internal capacity issues.

Recommendation

1E Cross-divisional project teams, chaired in each case by a named co-ordinator, should be used more widely to examine externally-driven challenges such as the implications and opportunities for Ireland of emerging new sectors, new types of enterprise and the redefinition of jobs.

1.3 BREXIT: LEADERSHIP AND COLLABORATION

Brexit and its possible implications constitute a major national challenge. Given the Department’s centrality in economic planning and delivery, it has a critical role to play in progressing, protecting and managing a very broad spectrum of issues and interests relating to both its own core business and that of its Agencies and Offices. In this section, capability is assessed by reference to leadership and collaboration.⁵

⁵ As with all reviews of this kind, the quality of policy-related outputs is not examined

BREXIT CO-ORDINATION STRUCTURES

There are a number of cross-government structures in place on Brexit, as set out in *Appendix 2*. The overarching mechanism is a Cabinet Committee on the EU, including Brexit, chaired by the Taoiseach and supported by a Senior Officials' Group led by that Department. Underneath those structures are a number of other coordination mechanisms as follows:

- a. **DFAT Interdepartmental Group on the EU and Brexit:** The Department of Foreign Affairs and Trade (DFAT) chairs an Interdepartmental Group on the EU and Brexit into which five working groups report, including the Trade and Investment Group which is chaired by the DBEI Assistant Secretary leading on EU Affairs and Trade Policy (which includes the Brexit Unit).
- b. **Enterprise Forum on Brexit and Global Challenges:** This forum, which is chaired by the Minister for Business, Enterprise and Innovation, includes representation from the enterprise agencies and some 14 representatives from a wide variety of business stakeholder groups such as Ibec, SFA and ISME as well as representatives from three retail representative organisations.
- c. **Coordination in Brussels:** At the Permanent Representation in Brussels (PRB), there is a Brexit Co-ordination Group chaired by the Permanent Representative which meets weekly and includes representatives from each of the seven Government Departments and Offices, including DBEI, which make up Ireland's representation.

Regarding the Department of Business, Enterprise and Innovation's (DBEI's) leadership and coordination on Brexit, there are four core structures as follows:

- a. **Enterprise Forum on Brexit and Global Challenges:** This forum, which is chaired by the Minister for Business, Enterprise and Innovation, includes representation from the enterprise agencies and some 14 representatives from a wide variety of business stakeholder groups such as Ibec, SFA and ISME as well as representatives from three retail representative organisations.
- b. **Brexit Coordination Group:** Chaired by the Minister, the group comprises the CEOs and equivalents from seven of the Department's Agencies and Offices.⁶ The Secretary General and senior officials from each Division also participate, and the two Ministers of State may attend as they wish.
- c. **Cross-Divisional Brexit Senior Officials' Group:** This group which is chaired by the Secretary General includes representatives from each division. A key aim is to ensure that the various perspectives and analyses are fed into the Brexit Unit for dissemination around the appropriate cross-cutting structures.
- d. **Board:** The Board's input is primarily in the form of guidance and decision-making, with Brexit being a fixed item on the Board's weekly agenda.
- e. **Brexit Unit:** This internal Unit is led by an Assistant Secretary and PO. It works cross divisionally, and ensures that the Department's positions, perspectives and analyses,

⁶CEOs or equivalents of Enterprise Ireland; IDA Ireland; Science Foundation Ireland; Health and Safety Authority (including INAB); National Standards Authority of Ireland; Consumer and Competition Protection Commission; and Irish Auditing and Accounting Supervisory Authority

including those of its Agencies and Offices, are co-ordinated effectively and inputted into wider deliberative structures, including at EU level.

The Department's five structures above are generally very effective: the Minister's Brexit Coordination Group is regarded as working very well by participants and informed stakeholders alike, the Senior Officials' Group operates on the basis of open and effective engagement, and the Board provides clear direction when required.

BREXIT UNIT

On the Brexit Unit specifically, it is widely cited as the Department's best current model to showcase its ability to work effectively on a cross-functional basis, involving not just the internal divisions but also the Agencies and Offices. It is very effective in its coordination and analytical roles and external influencing. The management and staff are regarded highly internally and no capability gaps were identified.

One area of concern is that the Brexit Unit was initially considered by some internal managers and staff as the single entity responsible for all the Department's Brexit-related matters, and there is still a communications challenge in that respect. The Unit does not have the skills, knowledge or capacity to assess the policy implications for each division of alternative scenarios in different areas of policy under each Division.

BREXIT-RELATED RESEARCH

The Brexit Unit led on the production of two Brexit studies, *Ireland and the Impacts of Brexit* and *Building Stronger Business*. Inputs were provided by the internal policy divisions, as well as many of the bodies under the Department's remit. With both reports, contributions were also sought from the PRB. Brexit-related research and analyses have also been undertaken by other business units. Such examples point to proactive leadership on the Department's part and illustrate its ability to harness the knowledge of internal divisions and its Agencies and Offices to good effect.

There is evidence too of proactivity by the Department's Agencies on undertaking Brexit-related research. For example, the report, *Impact of Brexit on Irish Consumers*, was undertaken by the ESRI at the behest of the Competition and Consumer Protection Commission (CCPC) which is an Agency of the Department. DBEI was very supportive of the initiative from the outset.

On the matter of contingency planning, the Department and its Agencies have undertaken and commissioned a considerable amount of analysis on the implications of a 'no deal Brexit', including on some of the possible impacts on vulnerable sectors. In response to the specific challenge for enterprise arising from market volatility and currency fluctuations, the Indigenous Enterprise Division worked with the Department of Agriculture, Food and the Marine and the Department of Finance, together with the Strategic Banking Corporation of Ireland (SBCI) and the EIB, to develop a Brexit working capital loan scheme announced in Budget 2017 and a new longer term loan scheme announced in Budget 2018 to help deal with some of the challenges involved. Again this demonstrates strong forward contingency planning on the Department's part.

BREXIT-RELATED CAPABILITY ISSUES

Over the course of evidence gathering, two capability issues emerged:

- a. **Brexit – effective contributions:** The Department leads and contributes well on the Brexit agenda. It is well respected across the government system and amongst Agencies and

stakeholders. Capability is high and the deliberative structures which it leads are regarded as effective and inclusive of key interests.

- b. **Brexit – collaboration with and engagement by Agencies:** The Department’s Offices and Agencies, including EI, IDA Ireland, the National Standards Authority of Ireland, the Health and Safety Authority, the Competition and Consumer Protection Commission, and the Local Enterprise Offices are working through the implications of Brexit in a detailed way with their stakeholders and/or clients. So too are the Department’s principal stakeholders such as the Irish Exporters’ Association which is providing training for members on such matters as border controls.

Finding: Brexit

The leadership on Brexit is regarded as a real organisational strength. The structures are effective, the engagement of Agencies and Offices adds value, the coordination is efficient, and the inputs into wider government deliberative structures are strong.

1.4 CROSS-GOVERNMENT LEADERSHIP AND COLLABORATION

The Department’s broad remit of responsibilities requires it to engage extensively across the government system and in other arenas of influence, notably at EU and wider international levels. The form of engagement varies, depending on the issue and circumstance. When leading or contributing on a policy matter, officials are expected to be knowledgeable on a range of matters outside of its range of direct control, such as the impact of taxation and climate change proposals on business. The Department’s capability to lead and collaborate is assessed in this section, by reference to EU level engagement and general cross-government co-operation.

1.4.1 EU LEVEL: LEADERSHIP AND COLLABORATION

Apart from specific Brexit-related business, the Department engages extensively on other EU matters. For example on regulatory matters, significant and high quality engagements are required, relating in particular to company law. There is very good attendance by Ministers at Council meetings, and by officials from the Department and its regulatory bodies in other forums, especially at working group level. The following are the key issues that came to light over the course of evidence gathering:

QUALITY OF DEPARTMENT’S ENGAGEMENT

The Department’s officials on secondment to the Permanent Representation in Brussels (‘PRB’) are well regarded, internally by colleagues and externally by other Departments and organisations. While resources are somewhat stretched at times, it’s not evident that any policy area is not being attended to.⁷

The Department’s staff in Dublin are also highly respected, notably for their leadership and engagement on a number of national priorities such as State Aids and Science and Innovation. Collaboration with Agencies, Offices and stakeholders is strong, and there is a high degree of trust on their part in the Department’s capacity to lead and influence. Company law is an area of particular strength. A challenge on occasion though is the capacity to support some technical and legal aspects in areas such as trade licensing.

⁷ A notable development is that the overall numbers assigned to Brussels are under review in the context of both Brexit and the Taoiseach’s initiative on Ireland’s global economic footprint

On leveraging the knowledge and expertise of the Department's regulatory and accreditation Agencies and Offices, it is notable in the first instance that they have extensive engagement at EU level in their own right, primarily through technical working groups. Officials from the Department rarely attend these meetings, and given the nature of deliberations, that is regarded as appropriate. In the opinion of some Agencies and Offices, there is scope to improve the usage of their technical knowledge for developing policy and strategy.

Finding: EU engagement

The Department leads and engages well on EU matters, and is especially well regarded on national priorities relating to State Aids, science and innovation, and corporate regulation. While it uses the knowledge and expertise of Agencies and Offices to quite good effect, there is scope to further leverage the technical knowledge of the Department's regulatory Agencies and Offices for policy-making purposes.

Recommendation

1F The Department should seek to increase the use of the technical knowledge of the Department's regulatory Agencies and Offices for policy-making purposes, based in particular on their extensive engagement at EU level.

IMPACTS OF STAFF CHURN IN DUBLIN ON STAFF SERVING OVERSEAS

For the staff in the PRB, Ireland's EU Presidency in 2013 set the gold standard for engagement by Dublin-based officials on EU matters. While probably not practical for replication on a day-to-day basis outside of a Presidency, they – and their colleagues in the Permanent Mission to the UN in Geneva and the Irish Embassy in London – believe that the frequency and scale of staff churn in the Department's Dublin-based staff is giving rise to certain problems and challenges.

At times, it can be difficult to get clarity or direction from HQ on a policy matter in a timely fashion. Staff in the PRB stated that it often finds itself having to compensate for gaps in Dublin. Briefings, while often very good and timely, sometimes fall short of what's required for DBEI colleagues representing Ireland abroad.

Finding: Impacts of staff churn in Dublin

There are some shortcomings in the quality assurance and communications processes relating to engagement between the Department's home -based operations and their overseas colleagues. The scale and pace of significant staff churn is adding urgency to the need to remedy the shortcomings. Given the heavy workloads and competing demands on overseas-based staff, the urgency and importance of briefing requests from them is not always comprehended fully by their colleagues in Ireland.

Recommendation

1G There is scope to strengthen the quality assurance processes around the provision of briefing material from business units to overseas missions. Additionally, new arrangements should be put in place to ensure timely communications with these missions on emerging or newly agreed policy positions or initiatives.

INFLUENCING EU AGENDA

The Department is proactive in seeking to influence deliberations on individual legislative files for progression through the EU democratic process – for example, on copyright, unfair trading and intellectual property. It adopts where appropriate policy positions which do not necessarily accord on all points with those of its principal domestic stakeholders, reflecting the Department's

assessment of strategic national and public interests, and the potential for building alliances and policy priority trade-offs, departmentally and nationally.

Currently, the formal EU Trilogue meetings, involving representation from the Commission, Council and Parliament, constitute the main form of interaction with the European Parliament. However, given the increasingly important role played by the Parliament in the EU legislative process, there is a need to improve the overall quality of engagement with MEPs, particularly those acting as Rapporteurs on relevant legislative files.

Finding: Influencing the EU

The Department has demonstrated capability to formulate independent positions on policy matters at EU level. It also seeks to exert influence on priority issues. While there is evidence of good interdepartmental cooperation on points of intersection with the European Parliament, there is scope to improve engagement with individual MEPs.

Recommendation

1H The Department should examine how it could improve engagement with the Parliament, especially with Rapporteurs,⁸ on relevant or appropriate legislative issues.

INFLUENCING EU AGENDA – DIGITAL SINGLE MARKET

The Department took on the role of cross-government leadership and co-ordination of the Digital Single Market (DSM) in mid-2017 following a transfer of functions from the Department of the Taoiseach. A Minister of State based in the Department has ministerial responsibility for progressing the EU's Digital Single Market Policy in Ireland.⁹

The Department established a new DSM and Digital Economy Unit to support this new work. The Unit is engaged on national digital economy policy including the development of a National Digital Strategy, working with the European Investment Bank on financing options for company digitalisation, and collaborating on EU policy initiatives in areas such as Artificial Intelligence. The Unit also engages in like-minded EU groupings, including hosting a meeting of Digital 9 (D9) Ministers in the first half of 2018.

The DSM strategy is one of the Juncker Commission's ten political priorities which were adopted by EU Member States in 2015. Its basic objective is the removal of key differences between the online and offline worlds by breaking down the barriers to cross-border online activities. That requires a wide variety of complex issues to be addressed, including cross border contract rules for consumers and businesses, copyright matters, and cybersecurity.¹⁰

The majority of DSM initiatives announced by the Commission have horizontal implications that cut across the responsibilities of individual Ministers and Departments. In order to ensure a whole-of-government approach and cross-government coordination of the DSM agenda at national and EU levels, an Interdepartmental Committee (IDC), chaired by the Minister of State and supported by the DSM and Digital Economy Unit, was set up and held six plenary meetings over the first 12 months. The Unit also has responsibility for progressing the Platform-to-Business

⁸ 'Rapporteur': an MEP selected by parliamentary peers to lead on a subject or legislative file

⁹ The Minister of State chairs a cross departmental group on the matter and, at EU level, the Department is represented on the Expert Group on Electronic Commerce

¹⁰ Other issues include geo-blocking, proposals to reduce the administrative burden on businesses arising from different VAT regimes, reform of the current telecoms rules, handling illegal content on the internet, free flow of data, platform to business, and e-Government

file,¹¹ servicing the eCommerce Directive and Expert Group, and undertaking an ongoing programme of stakeholder engagement.

At present the IDC includes representatives from seven Government Departments¹² with responsibility for specific elements of the DSM agenda. It is planned to expand composition to include a further three Departments,¹³ likely to be followed by invitations to other Government bodies and agencies to provide for the coherent sharing of policy perspectives. That will add to the Unit's challenge in ensuring that the IDC continues to operate effectively in helping coordinate the delivery of this challenging and diverse policy priority.

Over the course of evidence gathering, internal and external stakeholders referred to the special importance and urgency attaching to this matter, given especially the EU Commission's ambitious plan to complete the DSM by mid-2019.

By way of context, the estimated contribution of the Digital Economy to the Irish economy was €12.27 billion in 2015, increasing to €21.4 billion in 2020, by which time direct employment will have grown by approximately 50% to 107,500.

Finding: Digital Single Market

The successful cross-departmental delivery of the Digital Single Market (DSM) is of singular importance to Ireland's future economic development. The Department's Interdepartmental Committee on the DSM has a critical leadership and co-ordinating role to play across the government system in delivering the DSM agenda on behalf of consumers and business alike.

Recommendation

1J Given the expanded membership of the Interdepartmental Committee (IDC) on the DSM and the ambitious timetable set by the EU Commission for completion of the EU Digital Single Market, the Department should regularly monitor the capacity of the DSM and Digital Economy Unit to support effectively the delivery of the complex and varied DSM agenda into the future.

1.4.2 TRADE, AND INWARD INVESTMENT AND INNOVATION

The Minister has an extensive set of responsibilities in relation to international trade, investment and innovation policies, which the Department discharges directly at HQ, through secondments to missions in Brussels, London and Geneva, and indirectly through its agencies (EI and IDA) located in key existing and emerging markets. It has lead responsibility for trade and investment policy at EU, WTO and OECD levels.

The Department has set out its ambition, as part of its contribution to the Government's Global Footprint initiative, to increase its presence in existing and new overseas locations through additional targeted secondments, reflecting key trade, investment, Brexit mitigation, taxation and innovation objectives as outlined in *Building Stronger Business*.

In the past three Budgets, the Government has provided additional resources to the Department and the enterprise agencies to support the realisation of these objectives. It is crucial that these resources are deployed in a strategic manner, whether by the Department or the agencies, and

¹¹ This initiative focuses on the fairness of trading practices in the online platform economy

¹² Department of the Taoiseach; Department of Business, Enterprise and Innovation; Department of Communications, Climate Action and Environment; Department of Finance; Department of Foreign Affairs and Trade; and Department of Public Expenditure and Reform

¹³ Department of Health; Department of Education and Skills; and Department of Transport, Tourism and Sport

that there is a clear mechanism to maximise the synergies between the Department, its overseas staff and the international work of its agencies (EI, IDA and SFI).

Finding: Trade

The strategic objective of the Department's trade policy is supporting greater export diversification and maintaining high levels of inward investment.

Recommendation

IK The Department needs to ensure that the return on investment from recent Budget resource allocations is maximised, especially within the context of the Department's strategic role in international trade negotiations at EU and WTO levels, and Brexit-related opportunities and challenges.

1.4.3 INTERNATIONAL ORGANISATIONS: DEPARTMENTAL ENGAGEMENT

Ireland is a member of a number of key international organisations in the areas of labour, trade, and research and development. The Department plays a leading representative role for Ireland in engagement with these organisations.

In relation to trade, the Department plays a leading role in international trade negotiations at EU level and through Ireland's membership of, and participation in, the World Trade Organisation (WTO). Interactions with the WTO are served primarily by DBEI staff based in Geneva and the EU Affairs Division in Dublin.

The Department's officials in Geneva have built up considerable influence within the WTO and amongst Member States, notwithstanding Ireland's relatively small size and that the EU leads on trade matters - for example, DBEI have chaired a variety of committees, and officials from the Permanent Mission to the UN often attend EU meetings such as the Trade Policy Committee and EU Councils.

On international labour issues, the International Labour Organisation (ILO) is the lead UN agency and its tripartite nature is unique in the UN system. The Department leads on Ireland's ILO participation and last year Ireland was elected to a titulaire (voting) seat on the ILO's governing body for the first time since Ireland joined in 1923.

Ireland's high profile role in the work of the ILO has been resourced both in Geneva and Dublin, and Ireland is now well positioned as a key influencer on ILO policy development and operational matters. The Department coordinates the wide ranging agendas covered by the ILO across government by way of chairing an Inter-Departmental Group to share information and agree national positions. In addition, it liaises closely with the business and employer representative bodies, given the tripartite composition of the ILO.

Regarding research, development and innovation, key elements of Ireland's offerings are underpinned by membership of the World Intellectual Property Organisation (WIPO) and leading international research organisations such as the European Space Agency (ESA) and the European Molecular Biology Laboratory (EMBL).¹⁴

¹⁴ Ireland's memberships of these international organisations are overseen by the Department's Innovation and Investment Division

1.4.3 ACROSS GOVERNMENT SYSTEM: LEADERSHIP AND COLLABORATION

Along with EU and wider international influences, the nature of the Department's mandate requires it to reflect on national contexts and developments impacting on the delivery of its goals, both within and outside its policy remit.

On engagement with whole-of-government strategies such as *Project Ireland 2040*, the Department's primary avenues for influencing the broad government system are through the various cabinet committees and senior officials' groups on which it is represented. Typically, they are complemented by strong bilateral engagement at Secretary General and Assistant Secretary level.

The Department is viewed across Government as an effective advocate for the enterprise agenda. This is demonstrated most forcefully in areas of public policy where the Department holds the primary lead – for example, on the *Enterprise 2025* and *Innovation 2020* strategies – although in the opinion of some enterprise bodies and representative groups, there is room to embed enterprise policy more firmly as a priority across the government system.

Additionally, the Department has shared agendas with a number of other Departments, such as the Department of Education and Skills on labour force skills. In that respect, the two Departments worked very closely on developing shared priorities for the *National Planning Framework*, mostly on developing human capital.

A policy capability matter requiring follow-up is the view amongst peer and stakeholder groups that the Department has lost some capability to exert influence on system-wide policy challenges such as climate change and energy costs.

Finding: Whole-of-government engagement

Where the Department has lead responsibility for a policy matter, or where there is a shared agenda, its capacity to lead, influence and collaborate is one of its key strengths. However, the capacity to influence whole-of-government matters has been reduced—due to staff and skills churn.

Recommendation

1L As part of its workforce planning exercise, the Department should assess the quantum and nature of skills needed to improve its engagement on those cross-cutting issues for which it does not have lead responsibility but are critical to its strategic goals – see also recommendation 4C in chapter 4, section 4.3.

1.5 COMMUNICATIONS

The Department needs to ensure that it has strong channels of communication between senior management and staff. It must also engage effectively with the media, particularly on raising awareness amongst the public of achievements such as on job creation and investment. Strong communications capability is important also for consulting and informing the business community as to the regulatory obligations and enterprise supports in place and to highlight any special challenges on the horizon, notably by reference to Brexit.

COMMUNICATIONS MODEL

The three principal elements of the Department's communications model are:

- a) **Communications Unit**, incorporating the Press Office function¹⁵
- b) **Communications strategy**, recently signed off by the Board. The strategy is aimed at developing structures and practices to improve communications and engagement. As with the Department's new HR strategy, central to this approach is the development of a business partner model aimed at ensuring that communications planning and support becomes embedded in each business unit, and
- c) **Communications campaigns**, the implementation of which will be led by the Communications Unit. There will be three priority communications campaigns over the period to end-2019:
 - Brexit
 - Research, Development and Innovation, and
 - Jobs in the Regions

INTERNAL COMMUNICATIONS

In addition to the extensive informal communications that are typical of any large organisation, the Department's internal communications apparatus revolves mainly around the Board, individual business units and an intranet, BoB ('Business on Business').

- a) **Board:** Board papers are circulated via a HIVE.¹⁶ Every month or more regularly each Assistant Secretary debriefs their POs (sometimes APs as well) on Board meetings ('Mini-MACs') and they, in turn, are expected to brief the line managers reporting to them. This practice, while viewed very favourably as a concept, is somewhat patchy in its execution. In particular, the cascading of key messages through the various staff grades does not always occur.
- b) **Monthly meetings:** On a monthly basis the Secretary General meets with the Assistant Secretaries and Principal Officers; these meetings are primarily of an information-sharing nature.
- c) **Business units:** Meetings between the managers of business units and their staff vary in frequency and quality.
- d) **Intranet:** The Department's primary means for internal communications are the 'BoB' intranet, which is led by the Communications Unit, and the document sharing platform known as HIVE. These recent innovations are regarded very positively by managers and staff alike, and constitute genuine efforts to modernise the architecture and structures for internal communications.

A criticism is that the organisation chart, a key tool for supporting cross-divisional communications, is considered poor. Staff details relative to job assignments are often out-of-date, a problem compounded of late by considerable staff churn.¹⁷

¹⁵ Established on the integration of the Forfás Communications Unit into the Department in August 2014 and assumed responsibility for the Press Office function in early 2018 on the recruitment of a PO to head up a reconfigured Communications Unit

¹⁶ Board minutes are not always shared in a timely manner – for example as at 23rd October 2018, the latest minutes that were posted and available on the Departmental intranet were to the end of June 2018

Minutes are not always shared in a timely manner – for example, the last available minutes date from May 2018

¹⁷ Population of the organisational chart, spanning 7 divisions and the overseas offices, is in an unwieldy spreadsheet format that makes it difficult to manage it well centrally. Each division produces the content for their own areas for onward transmission to the HR Unit.

Finding: Internal communications

Internal communications are reasonably good. The Board and other managers make genuine efforts to keep staff informed of plans and developments. Matters requiring attention are: the regularity and consistency of meetings at business unit level, and the accuracy of content on the Department's organisation chart.

Recommendations

1M A standardised practice model should be developed for the conduct of meetings at the level of individual business units.

1N The HR Unit should assume lead responsibility for the Department's organisation chart and review the process by which updates are managed and made.

EXTERNAL COMMUNICATIONS

The Department faces a challenge in projecting joined-up messages given the breadth of its mandate and the scale of the enterprise family in a broad policy environment that includes eight Agencies, five Offices and 31 Local Enterprise Offices (LEOs), some high profile and with their own communications functions.

The Department's ability to communicate effectively is helped by the coherence that exists between the various enterprise-related policies. However, there is a challenge in marshalling the messages from Agencies and Offices into a coherent whole on the behalf of Ministers, and in mediating between administrative and political demands.

As matters stand, the messaging can be fragmented or lack context at times, particularly on positive messaging around job creation and enterprise investment at local level.

Finding: External communications

There is scope to improve external communications on the policies and deliverables under the Department's remit. That would be best achieved by closer collaboration between the Head of the Communications Unit, the internal policy and liaison units, and the Department's Agencies and Offices.

COMMUNICATIONS UNIT

As part of a move to modernise and professionalise the communications function within the Civil Service, a Communications Unit was established to provide the Department with a more strategic approach to communications than previously – in particular, that there would be a stronger focus on its leadership roles in major areas of public policy.

The evidence gathered showed a considerable lack of awareness amongst management and staff as to role of the Communications Unit and the way it differs from the Press Office, a situation that is undoubtedly exacerbated by significant staff changes in recent times.

This is highlighted by the lack of understanding that exists between many business units and the Communications Unit on how the latter can assist in providing guidance and support with organising various national and regional campaigns. Responsibility lies in both directions for ensuring that the Communications Unit and the Department's business units work together on issues of common cause.

Findings: Communications Unit

Internal collaboration: The establishment of a dedicated communications function represents a significant cultural shift which inevitably takes time to bed down. In that context the communications function and supporting structures are not yet as aligned as they should be in supporting cohesive messaging across divisions and business units, and with the Department's Offices and Agencies.

Unit maturity: The Communications Unit in its current configuration is still at the early stages of maturity, and it had been operating without the guidance and context of a communications strategy. Given that a new strategy has recently been put in place and that it places particular emphasis on business partners, the Unit is now better positioned to deliver on the goal of projecting the Department's leadership of, and contributions to, public policy at national and local levels.¹⁸

Recommendation

10 The Communications Unit and business units should engage more systemically with one another. To that end, business units should collaborate in a substantive and timely manner, especially in ensuring that the Communications Unit is kept fully informed of, and involved in, significant plans and developments. For its part, the Communications Unit should demonstrate the value-added it can provide in supporting the delivery and promotion of business priorities, including through the provision of guidance and assistance on promotional campaigns. The Unit also needs to operate more seamlessly with the Agencies and Offices so as to maximise the synergy between them and the Department on communications matters.

2. POLICY AND STRATEGY

STRUCTURE OF THIS CHAPTER

Module 2 of the methodology template relates to POLICY AND STRATEGY.

In this chapter, the Department's capacity to initiate and shape policy, and the analytical rigour applied to that task, are assessed, along with its ability to prioritise in a dynamic environment of multiple and sometimes competing demands. The structure of this chapter is as follows:

Introduction: Overview of the Department's policy-making environment.

Section 2.1, Capability for developing policy and strategy: The influencing factors, and capability by policy area.

Section 2.2, Fit between strategies of Agencies and Offices with policies of Department: The degree of alignment between strategies and overarching policies and priorities.

Section 2.3, Departmental business planning: The effectiveness of internal business planning.

Section 2.4, Priority v strategic: The relativity in balance between accommodating immediate demands and progressing long range priorities.

Section 2.5, Role of Strategic Policy Division: The extent to which Forfás was integrated into mainstream policy-related business, the challenges arising and the Division's future role.

Section 2.6, Evaluation and appraisal: The capability and capacity for undertaking such work.

INTRODUCTION

The Department has an expansive remit encompassing business, enterprise, innovation, labour market, industrial relations, consumer, and regulatory functions broadly defined. While having the lead responsibility for policy and regulatory in these areas, it does not control all the levers, and relies extensively on eight Agencies such as Enterprise Ireland, IDA Ireland and Science Foundation Ireland, and five Offices, like the Companies Registration Office¹⁹ to implement the policies, regulate them, and ensure fairness in compliance.

2.1 CAPABILITY FOR DEVELOPING POLICY AND STRATEGY

Given its especially broad remit, the Department faces distinctive challenges when devising policy and developing strategy: it must have the capabilities to research, innovate, collaborate, guide, prioritise and influence across a broad spectrum of issues and interests, and to do so in a manner that dovetails with, or contributes to, national policy frameworks led by other Departments. The extent to which the Department leads on policy making is critical in those respects.

OVERALL LEADERSHIP AND CAPABILITY ON POLICY-MAKING

There is a strong convergence in views expressed by internal and external interviewees that the Department should lead on the development of policy and strategy, and that it does so with input from the bodies under its aegis. By reference to that general finding, a number of factors surfaced over the course of evidence gathering:

- a. **Capability relative to responsibility:** As set out earlier in section 1.4 (b), when the Department has lead responsibility for a policy matter, or where there is a shared agenda,

¹⁹ Each of the Department's Agencies and Offices have independent statutorily-based functions

its capacity to lead, influence and collaborate is one of its key strengths. However, the capacity to engage on whole-of-government matters has been diminished in instances where an issue impacts on the Department's agenda but it does not have primary responsibility for it.

- b. **Capability relative to Agencies:** The Agencies have stronger technical capabilities than the Department arising from their largely single purpose remits and specialist day-to-day activities. As already noted, there is scope to make greater use of such expertise and knowledge for policy-making purposes. However, the Department and each of its Agencies are clear on their respective roles and strengths in developing policy and strategy, and there are positive synergies between them.
- c. **Capacity of Strategic Policy Division:** The Department's Strategic Policy Division (SPD) carries-out a range of work including national enterprise policy formulation, performance measurement, economic analysis, programme evaluation, and policy analysis and advice. Its origins are in the former Forfás, an independent State policy research and advisory Agency which was absorbed into the Department in 2014. As currently configured, the SPD is neither sufficiently nor appropriately resourced to contribute optimally to the development of policy and strategy across the Department's diverse business remit – *this point is expanded upon further in section 2.5.*

In addition to enhancing the analytical skills base, interviewees suggested that policy-making capacity would be improved by making structural changes to address the following gaps:

- a. **Utilise Agencies' resources:** While the Department and each of its Agencies have their own subject matter experts, the cross fertilisation of skills and knowledge through job secondment programmes is virtually absent.²⁰
- b. **Strengthen sectoral understanding:** Although the SPD produces well-regarded performance and trend analyses by sector for the Management Board, the Department's general depth of understanding of developments and challenges at individual sector levels, and the attendant policy implications, have lessened due to resource and reprioritisation factors.
- c. **Enhance internal cooperation:** There is scope for more systemic engagement between divisions and business units to enhance overall policy-making capacity – *already covered in chapter 1, section 1.2.*
- d. **Transform data management:** Data management is significantly underdeveloped as a business resource, and represents an opportunity foregone as an aid to policy-making. That gap encompasses not just the Department's internal datasets, but also those of its Offices and Agencies – *see also chapter, 4 section 4.8.*

Finding: Strategic and analytical skills

The Department needs to increase its overall number of staff with formal strategic and analytical skills, particularly in the Strategic Policy Division.

²⁰ A positive development is the secondment of two specialist staff from the Personal Injuries Assessment Board (PIAB) to work on matters relating to the Personal Injuries Commission which is based in the Department

Recommendations

2A As a first step, the Department should undertake a gap analysis of available policy-making and analytical skills relative to needs, with a view to determining the extent and nature of requirements. In the interim, it should continue to explore with the Irish Government Economic and Evaluation Service (IGEES) on how the recruitment inflow of specialists might be accelerated – see also recommendation **1F** in chapter 1 and recommendation **4M** in chapter 4.

2B The Department should develop with the agreement of its Agencies a skills exchange programme to strengthen its strategic and analytical skills base. The programme should have an emphasis on deepening understanding of particularly key sectors of the economy – a matter that a number of stakeholders, including some of the Department’s own Agencies, cite as requiring urgent attention.

UTILISATION OF OVERSEAS KNOWLEDGE BASE

Ireland’s Permanent Representation to the EU is the State’s largest overseas mission, with staff assigned to it from almost all Government Departments.²¹

In the course of a workshop with Departmental officials based in the Permanent Representation in Brussels (PRB), the Permanent Mission to the UN (PMUN), the International Labour Organisation, the World Trade Organisation and the Irish Embassy in London, the following three matters were identified by them as requiring special attention from the perspectives of developing policy and influencing the policy agenda:

- a. **Utilisation of skills:** There is scope for the Department to make stronger use at times of the knowledge and skills of staff in Brussels and other overseas missions.
- b. **Inter-divisional coordination:** Engagement between divisions in Dublin could be improved where policy overlaps occur.
- c. **Cross-departmental collaboration:** With regard to a small number of files being progressed at EU level such as the *Platforms for Business* legislative file, there is insufficient clarity on lead Departmental responsibilities for certain tasks. Additionally it is not always clear to the PRB that sufficient cross-departmental discussion and collaboration takes place on teasing out the details and implications of proposals on their development.

Finding: Specialist knowledge

The specialist knowledge and expertise of the Department’s overseas staff could be tapped into more systemically for policy-related inputs.

Recommendations

2C Measures should be put in place to improve the means by which engagement between the Department’s HQ and overseas staff could be improved so that they could better support the development of policy and strategy.

²¹ The representation from the Department of Business, Enterprise and Innovation includes two Counsellors, three Attachés and two other staff, one of whom is shared with the Department of Foreign Affairs and Trade. These staff usually spend 3-4 years in Brussels and service the various Council Working Groups associated with the Department’s remit as well as liaising with the European Commission and Parliament and engaging with representative groups and stakeholder interests

2D Measures to improve internal coordination and develop cross-departmental positions on some files for progression at EU level are needed.

POLICY-MAKING CAPABILITY BY THEME

For the delivery of specific policies and services, roles and functions are assigned to Agencies and Offices, prescribed mostly by statute and relating in the main to developmental, promotional, research, regulatory, and enforcement activities. Given that complex context, it is unsurprising that there were differences in the assessments of stakeholders on the extent to which the Department leads on policy-making:

- a. **Enterprise policy:** The Department has produced two enterprise policy statements within two years of one another – *Enterprise 2020* strategy (November 2015) and an update, *Enterprise 2025 Renewed* (March 2018). The Department led on the development of both of these strategy documents, engaged strongly throughout with government departments, enterprise Agencies, stakeholders and internal contributors.²²

The Department has also led on the development of other strategies impacting on enterprise development, promotion and attraction such as the *Policy Statement on Foreign Direct Investment in Ireland (July 2014)*, and it contributed to the *National Development Plan 2018 – 2027 (January 2018)*. More recently the Department is playing a lead role in the development of the *Future Jobs* initiative in collaboration with the Department of the Taoiseach.

- b. **Trade promotion:** As already noted in *chapter 1, section 1.4*, there was close collaboration with the Department of Foreign Affairs and Trade in producing the new trade strategy, *Ireland Connected: Trading and Investing in a Dynamic World (March 2017)*. The strategy reflects ambitious targets for Ireland's exports, foreign direct investment, tourism and international education with a focus on intensifying activities in markets where Ireland already has a strong trading relationship, and on diversifying to others.
- c. **Science policy:** Ireland's strategy for research and development, innovation and technology, *Innovation 2020*, was led by the Department and involved significant inputs by a number of bodies, notably Science Foundation Ireland which is an agency of the Department. The Department has also refreshed its *Research Prioritisation* programme, as part of which it published *Research Priority Areas 2018 to 2023* in March 2018. Similarly, it has led on the development of a national space strategy to support Ireland's key strategic objective with respect to the space sector, to develop a strong and sustainable space industry in Ireland, and to optimise and grow the economic return from Ireland's participation in European space programmes.
- d. **Labour market policy:** While the labour market policy role was transferred to the Department of Social Protection and Employment Affairs in September 2017, the DBEI still needs to have the capacity so that it can input into, and respond to, labour market policies made in other Departments that impact on its business remit.

²² Unsurprisingly, some organisations were in particularly strong positions to exert influence on the direction and content of the strategies – for instance IDA Ireland and Enterprise Ireland arising from their deep knowledge of markets, sectors and products

- e. **Multi-annual employment creation plan:** The *Action Plan for Jobs (APJ)* was initiated and driven by the Department, coordinated initially by Forfás and subsequently by the Strategic Policy Division. Working closely with the Department of the Taoiseach, the APJ was in response to the challenging employment situation facing the country in 2012. When developing the Action Plan, the research capabilities of Agencies were used to good effect, engagement across the government system was strong, and the deliverables were clearly defined and, on implementation, the follow-up mechanisms were transparent and well managed.

All of the above strategies are horizontal in nature, as they have features and measures for many individual enterprise sectors within the Department's remit and outside of it. A gap identified by external stakeholders though is the lack of strategies for a number of sectors, including some of notable importance to Ireland such as pharmaceuticals and software.

Finding: Policy development

The Department has a strong record on the development of national strategies, and is well regarded in that respect, although the lack of sectoral strategies is a gap.

Recommendation

See recommendation **2K** in *chapter 2, section, 2.5, p.39* on enhancing the capability and capacity of the Strategic Policy Division.

POLICY-RELATED CAPABILITY ON LABOUR MARKET MATTERS

The transfer of the policy responsibility for employment rights from DBEI to the Department of Employment Affairs and Social Protection (DEASP) in September 2017 is regarded as having a number of impacts on capability to develop labour market policy and strategy:

- a. **Skills depletion:** The loss of experienced and skilled staff has left the residual policy division in the Department, which deals with workplace regulation and economic migration, somewhat denuded of critical resources. The resultant struggle at times to service committees, including at EU level, is impacting negatively on departmental capacity to influence policymaking.
- b. **Labour and enterprise in different Departments:** For policy-related analysis and input, the transfer out of the employment rights policy function has made it more difficult to take account of both labour market and enterprise perspectives in a timely and face-to-face manner. It is believed internally and externally that significant value added accrued to policymaking when the two factors of production – enterprise and labour – were considered in a holistic and relational way in a single departmental setting.
- c. **Impacts on business:** Consequent on the above, the Department now has to work harder at ensuring that the impacts on the cost base of business of new employment rights proposals are factored into deliberations.
- d. **At a remove from policymaking:** The Department's labour market regulatory and enforcement functions are now further away from the policymaking loop in respect of employment rights than had been the case prior to the transfer of functions. Both the

Labour Court and the Workplace Relations Commission have also cited practical difficulties since the split took place.^{23 24}

- e. **Confusion on responsibilities:** Confusion exists amongst stakeholders on some of the dividing lines around the responsibilities of the Department vis-à-vis DEASP and the Department of Justice and Equality on certain labour market matters.

Finding: Labour market

The labour market function within the Department is perceived as having diminished in priority since the transfer of employment rights policy responsibility to the Department of Employment Affairs and Social Protection. The relevant division is challenged to influence labour policy as it did in the past, with the energy of the Department predominantly focused now on business, enterprise and innovation, and related regulatory matters, in conformity with its title. The Department needs to ensure that it has the capacity to respond to labour market competitiveness issues where policy decisions impacting on labour are taken in other Departments.

Recommendation

2E There should be full clarity on the respective roles and responsibilities of the Department, the Department of Employment Affairs and Social Protection and the Department of Justice and Equality reflecting how each Department could contribute their best based on own unique strengths.

2F In developing the work programmes of the SPD, consideration should be given to how labour market policies might be more systemically taken into account in the formulation of enterprise-related policies and programmes.

2.2 FIT BETWEEN STRATEGIES OF AGENCIES AND OFFICES WITH DEPARTMENTAL POLICIES

The Department must have mechanisms in place to ensure that the strategies and plans of its Agencies and Offices are in accordance with the policies of not just the core Department itself but also of wider government.

Generally, there is a strong sense of shared identity between the Department and its Agencies on the direction of policy and strategy. That tapers off somewhat with the Offices and indeed some of the Agencies, especially those with regulatory or enforcement functions.

Effective mechanisms are in place to ensure that the priorities and strategies of Agencies are aligned with – or at least do not vary from – those of the Department and wider government. The development of IDA Ireland’s four year strategy in 2014 is particularly illustrative. Following a wide consultation process and iterative engagement with the Minister and departmental officials, the ultimate strategy was the product of significant ministerial and official-level challenge, notably in terms of its ambition to progress national priorities on investment and job creation at the time.

As with the Agencies, the Department ensures that the strategies and objectives of its Offices are broadly in line with its own. However there is a strong belief amongst senior management of the Offices that much more could be done to reflect the key priorities of the Offices in those of the

²³ The Labour Court and the Workplace Relations Commission remain with the Department of Business, Enterprise and Innovation, even though responsibility for employment rights policy was transferred to the Department of Employment Affairs and Social Protection in September 2017

²⁴ A notable caveat is that the current configuration of the Department of Employment Affairs and Social Protection is in line with how the EU Commission configures its responsibility portfolios

Department. While true that they may not feature expressly in any of the seven high level goals, nonetheless many of them are included in the suites of actions supporting those goals.

The regulatory Agencies and Offices perceive that lower priority is given to them by the Department relative to the more powerful and stronger resourced enterprise-related Agencies. They believe that their specialist expertise and knowledge could be utilised better when developing strategies.

Finding: Strategy and the Offices

There is good synergy between the strategies of the Department and the bodies under its aegis. However, that lessens with those Offices and Agencies that have regulatory or enforcement functions, and they perceive themselves as having a lower priority status than the enterprise Agencies.

Recommendations

2G The Department should take steps to ensure that some of the priorities of the Offices and regulatory Agencies are reflected more centrally or prominently in future in the Department's three-year *Statements of Strategy*.

2H Based on consultations with its regulatory Offices and Agencies, the Department should develop understandings on how and in what way their specialist expertise and knowledge could be better utilised for policy-related purposes.

2.3 DEPARTMENTAL BUSINESS PLANNING

The Department's internal business planning revolves around its Statement of Strategy which is set by reference to the following vision:

We will make Ireland the best place to succeed in business, delivering sustainable full employment and higher standards of living across all regions of the country.

The Statement of Strategy provides a framework for detailed business planning at business unit level, within which individual performance management is set. The process involves the following two steps:

- a. **Preparation of the Statement of Strategy:** Every three years or when a new Minister is appointed, the Department is obliged to prepare and publish a new Statement of Strategy, setting out the Minister's and Department's key priorities. It sets out seven high level goals which are supported by a series of enabling high level actions and aligned to a number of specific intended outcomes.²⁵
- b. **Preparation of business plans:** The Department's divisions, each headed by an Assistant Secretary, and their constituent business units use the Statement of Strategy to produce annual business plans which in turn should form the basis for individual role profiles for all officials as part of the formal Performance Management Development System (PMDS).

Over the course of evidence gathering, views were sought internally and, where appropriate, externally on the effectiveness of the process:

²⁵ In March 2018, the Department, on foot of the appointment of Minister Humphreys in late 2017, published a new *Statement of Strategy for 2018 – 2021*, following an internal and external consultation process

- a. **Engagement on *Statement of Strategy*:** When developing its three-year *Statement of Strategy*, the Department engages reasonably well: internal engagement with the Offices is good but generally diminishes at junior grade levels across the organisation; external engagement, although regarded as substantive with the large well-resourced Agencies, is perceived as somewhat cursory by the smaller bodies.
- b. **Engagement on business planning – core Department:** While business planning is generally done well, there are variations in the quality of analysis and the depth of engagement between divisions and business units. While regarded as a useful process, even if somewhat perfunctory, there is a general acceptance that business planning has improved in recent years, although EOs in particular expressed a desire for deeper engagement.
- c. **Engagement on business planning – Offices:** The Offices have their own business planning processes which involve engagement internally with their management and staff and with their own liaison units in the Department.²⁶ Overall, business planning is taken seriously in the Offices, involving significant forward planning in some cases.
- d. **Engagement on business planning – Management Board:** The Department’s POs and Heads of Offices and senior management of the Agencies, separately present to the Board on their business plans at the start- and mid-year points in the form of short presentations. The emphasis is on key achievements in the outgoing year and the priorities for the yearly or six monthly period ahead. Essentially, the process is a hygiene check rather than an interrogation of any business unit’s performance and plans.

Notwithstanding its broad policy remit, the Department manages to encapsulate its strategic priorities into seven goals as set out in its *Statement of Strategy*. Yet despite their small number, the priorities are not well known internally amongst staff in either the core department or its Offices, other than in a generalised sense around enterprise, competitiveness and Brexit.

Finding: Awareness of priorities

The Department’s high level priorities are not widely known internally amongst staff, including in the Offices, other than in a generalised manner.

Recommendation

21 The Department generally and managers individually should take responsibility to improve overall engagement and understanding amongst staff of the Department’s priorities.

2.4 PRIORITY V STRATEGIC

The Department, like others across the Civil Service, is challenged to meet the considerable transparency and accountability requirements of an open democratic society while at the same time progressing its priorities and delivering on its services in a professional and timely manner. Interviewees and workshop participants referenced a number of factors which are impacting on efforts to achieve an appropriate balance between accommodating immediate demands and progressing long range priorities:

²⁶ Following approval by the Department’s Management Board, the ultimate annual business plan is attached to the Oversight Performance and Delivery Agreement (OPDA) in respect of an Agency and the Memorandum of Understanding in the case of an Office

- a. **Knowledge and data management systems:** The absence of good policies, practices and systems for managing and harvesting information and data is inhibiting the efficient and effective use of time and resources, and is generating significant opportunity costs in the execution of tasks both routine and exceptional, such as records recovery in compliance with Court Discovery Orders – *covered later in chapter 4, section 4.8.*
- b. **Public transparency:** A culture of public transparency, supported by an expansive publication policy, is generally believed to reduce demands for information such as Freedom of Information requests. Indications were given over the course of evidence-gathering that the Department has potential to improve in this area.
- c. **Build-to-Share applications:** The Department operates a lot of standalone databases and applications, particularly Lotus Notes based, thus indicating a potential for the greater use of Build-to-Share applications in the conduct of core day-to-day business. The Department and its Offices have developed a number of new bespoke systems that automate service delivery, such as the new employment permits system, thereby reducing considerably the administrative and processing burdens involved – *covered later in chapter 4, section 4.7.*
- d. **Staff mobility and retirements:** As a consequence of greater staff mobility, retirements and increased workloads, some work areas are struggling to achieve a reasonable balance between long-term goals and short-term demands. Stronger workforce planning, mostly around succession arrangements and job documentation, could help significantly – *covered later in chapter 4, section 4.3.*

Finding: Balance between demands

In response to (b) above, the Department, while achieving a reasonable balance between immediate demands and long-term planning, has some weaknesses in terms of structural supports, particularly around workforce planning and data management – *covered later in chapter 4, sections 4.3 and 4.8.*

Recommendation

2J The Department might usefully reflect on whether it should or can do more in terms of proactively publishing as much material as appropriate on its website while, at the same time, not overloading public facing repositories like its website with content.

2.5 ROLE OF THE STRATEGIC POLICY DIVISION

In 2014, Forfás – an independent State advisory Agency on policy matters relating to enterprise, trade, science, technology and innovation – was dissolved. Previously an Agency of the Department, most of its functions and staff were integrated into the Department and assigned to a newly created division called the Strategic Policy Division (SPD).

Today, the SPD undertakes a number of ongoing policy analysis and development functions as part of its day-to-day work, principally as follows:

- a. **Enterprise policy:** The Division is responsible for the development and articulation of overall national enterprise policy drawing on, and coordinating inputs from, other Divisions such as the Investment and Innovation and Indigenous Enterprise Divisions. That work included the development of the *Action Plan for Jobs*, the related *Regional Action Plans*, and the *Enterprise 2025* and *Enterprise 2025 Renewed* strategies.

- b. **Influencing wider Government policy:** The SPD participates in a wide range of external policy fora including the National Skills Council and other inter-departmental policy advice committees and working groups where it aims to ensure that enterprise policy and competitiveness considerations are taken into account in the development of policy in these areas.
- c. **National Competitiveness Council (NCC):** Secretariat which provides research, analysis and published reports to the NCC on which the Minister is represented.
- d. **Skills research:** Research for and secretariat to the Expert Group on Future Skills Needs (EGFSN); the reports of the EGFSN then inform the work of the National Skills Council chaired by the Minister for Education and Skills.
- e. **Survey work:** Two enterprise surveys of the client companies of IDA Ireland and Enterprise Ireland, the principal ones being the Annual Employment Survey of 8,000 clients of the agencies and the Annual Business Survey of Economic Impact (ABSEI). The non-mandatory ABSEI survey is sent to some 4,500 client companies and seeks detailed information on business performance such as sales, exports, R&D and capital investment and expenditure in the Irish economy on payroll and Irish services and goods.
- f. **Survey work for statistical bodies:** The SPD undertakes survey work for the CSO, Eurostat and the OECD relating to science and R&D.
- g. **Appraisals and evaluations:** Specialist reports of both an evaluative and appraisal nature arising from its own work programme which is informed by Government decisions, follow-up actions from the NCC, and internal consultations within the Department.
- h. **National strategies:** National policy statements, such as the lead role it played in the development of the *Action Plan for Jobs (2012)* and the subsequent annual iterations of it.

ASSESSMENT OF ROLE OF THE STRATEGIC POLICY DIVISION

The Department is central in the government system as a policymaker, and thus special attention was given over the course of evidence gathering to the effectiveness with which that function is carried out, particularly around the extent to which the Strategic Policy Division (SPD) has been integrated into the Department.

Positive features

- a. **Capability enhanced:** The absorption of Forfás into the Department in 2014 has significantly strengthened overall policymaking and analytical capability, and constitutes a valuable additional resource.
- b. **Improved fit with Department's remit:** There is a stronger alignment now between the work of the SPD and that of the Department than previously.
- c. **Strong statistical support:** The support provided by the SPD to the work of the NCC and the Expert Group on Future Skills Needs is highly regarded, as are its reports to the Management Board and enterprise surveys which constitute valuable inputs for policy-making and communications purposes.

- d. **Analytical contributions for specific strategies:** Arising from its routine and specialist work, the SPD has led on the development of policy and strategy as evident in the *Enterprise 2025* and *Enterprise 2025 Renewed* strategies.
- e. **More grounded end products:** The end products of the SPD are more rounded and grounded now as Forfás had been at a distance from the political and government systems and, because of that, had been at a disadvantage in seeking to influence it.
- f. **Improved integration due to staff mobility:** The practice of rotating staff between the SPD and other divisions is enhancing the analytical capacity of the recipient business units, strengthening the integration of the relevant staff with the rest of the Department, and arguably broadening the knowledge base of individual analysts in exposing them to the realities faced by policymakers and practitioners.

Remaining challenges

- a. **Insufficiently integrated:** There appears to be a lack of awareness and understanding across the Department of the role of SPD and how it can assist business units in their day-to-day business. The SPD is generally perceived as somewhat remote from other divisions, which is not helped by its title, given especially that its work does not span all divisions.
- b. **Insufficient direction at Board level:** While the SPD's draft annual work programme is discussed and presented at the Management Board and the inputs of individual Assistant Secretaries are sought, it is the view of many senior managers that more in-depth discussion and direction at Board level are called for. Such engagements should not be restricted to Department-specific business but should also include research priorities on departmental contributions to whole-of-government policies such as climate change.
- c. **Reduced capability and capacity:** Of the 30 staff engaged on analytical work when Forfás was transferred into the Department, just seven of these analysts remain in the Division. This has arisen primarily because of the reassignment of analysts to other business units in the absence of a like-for-like replacement programme adjusted for changes if any in priorities or policy focus.
- d. **Incorrectly configured:** In an effort to reinvigorate the SPD's capacity, the relevant Assistant Secretary has engaged with the Irish Government Economic and Evaluation Service (IGEES). As a result, three additional AOs from the IGEES Panel have been assigned to the SPD. Additionally, the CSO has seconded a statistician to head up the Survey Unit. While this increased capacity is welcome, the current structure is still 'management heavy': the Division needs more staff at AP, HEO and AO grades who are comfortable with interrogating and analysing data for policy-making purposes.
- e. **New sectors:** Internal and external stakeholders expressed the opinion that the Department is not as well equipped as Forfás had been at researching and assessing the implications and opportunities for Ireland of new sectors. Whereas in the past such analyses used to be undertaken in collaboration with Agencies – sometimes involving significant field research – it would seem little comparable work is being undertaken now.

- f. **Sectoral analyses reduced:** Every year or two, the SPD produces analytical briefs on 18 sectors for consideration by the Management board and submission to Government prior to publication. While valued and useful, the SPD – unlike Forfás – does not produce in-depth sector-specific reports for dissemination within the Department and across the wider government system.
- g. **Cross-government analysis depleted:** Many interviewees, including within the SPD itself, believe that the depth of sectoral knowledge over recent years has been hollowed out due to high levels of staff turnover arising from staff mobility and retirements.

SPD – CAPABILITY FACTORS FOR CONSIDERATION

As the Department reflects on how to optimally configure and bolster its analytical capability, a number of salient points were made over the course of evidence gathering which might assist deliberations:

- a. **Dispersal boosts local capability:** Individual business units, like the Brexit Unit, enhanced their capabilities from the assignment of experienced analysts from the SPD to them. Additionally some of the assignees themselves believe that the resultant clearer roles and broader work exposures are improving work outputs and career opportunities. A downside is that such staff are spending less time than previously on analytical work owing to routine day-to-day demands such as preparing replies to Parliamentary Questions and representations from the public.
- b. **Centralisation creates economies of scale:** A centralised analytical function, as exists with the SPD, is readily suitable for undertaking analysis of sectoral, cross-sectoral and whole-of-government issues, provided it has the requisite critical mass of skills to do so well.
- c. **Critical mass needed:** For the purposes of encouraging group learning, promoting best practice and achieving maximum impact, newly recruited strategists and analysts should be assigned initially to one central research-oriented unit like the SPD, in line with IGEEES practice. Moreover, their line AP manager should have ideally an analyst’s background, thereby providing the inexperienced analysts with the necessary guidance and technical assistance when required, both centrally by the IGEEES and locally by the Department. Assigning a newly recruited strategist or analyst to a mainstream business unit would not be the most effective use of a scarce resource.
- d. **Skills management programme required:** While there are still strong skillsets in the SPD, further capacity will be lost if a skills replenishment programme is not put in place for those retiring and being reassigned. At present, the exit of analysts is not managed well and is subject to lengthy delays – vacancies need to be backfilled with skills appropriate to prevailing business needs.

Findings: Strategic Policy Division (SPD)

Current model: The current hybrid model, involving centralised analytical expertise in the SPD and dispersed analysts throughout policy divisions, is appropriate. The integration of the SPD into the mainstream Department is still a work in progress – the complete transition is only now taking place. In that respect, the capability and capacity of the SPD requires attention in the following five respects:

- a. **Skills base:** The SPD does not have enough strategists and staff with formal analytical skills
- b. **Skills replenishment:** The exit of analysts from the SPD has created skills gaps – vacancies need to be backfilled on a like-for-like or similar basis without undue delays but adjusted for any changes in needs that might occur
- c. **Board direction:** The Management Board should sign-off and give more attention and direction to the work programme of the SPD
- d. **Internal engagement:** The level of engagement between business units and the SPD on the latter’s work programme is insufficient, and
- e. **Sectoral understanding:** The SPD’s skills and knowledge base on sectoral and cross-cutting policies and issues has been reduced since Forfás was integrated into the Department.

Recommendations

2K The Department, while having strong strategic and analytical capability, has insufficient capacity in both across its broad remit. A number of steps need to be taken to remedy that situation:

- a. The Strategic Policy Division (SPD) needs to be repositioned within the Department’s overall business model so that it collaborates systemically with other divisions and becomes a shared resource for them when undertaking developmental, appraisal or evaluative work.
- b. The remit of the SPD needs to be redefined so as to strengthen and sustain the Department’s capability and capacity to develop policy and strategy, appraise proposals and options, and evaluate outputs and outcomes. Such a process would be aimed at deepening overall competence and growing the Department’s influence across the government system.
- c. In those regards, the SPD needs more strategists and analysts to:
 - Deepen the Department’s role in understanding key sectors and coordinating policy responses such as Artificial Intelligence, the Internet of Things, and robotics
 - Explore the opportunities and challenges of new and emerging sectors
 - Enhance contributions to whole-of-government deliberations impacting on the Department’s policy agendas, including those not within its primary control, and
 - Enable the Department to reorient its evaluative model away from narrow topic-specific reviews within an individual organisation to broad thematic evaluations of programmes covering two or more organisations – *see section 2.6 below*.
- d. In fulfilment of its redefined remit, the mix of skills required by the SDP into the future will need to be assessed and acted upon accordingly. An issue in that regard is that while other Divisions have gained capability from the reassignment of SPD analysts, the resultant vacancies have tended not be backfilled on a like-for-like basis or commensurate with business needs on a timely basis. That needs to change, adjusted for differences in business needs where appropriate.

- e. The SPD's work programme needs to become more tightly coupled with the policy-related roles of the Department's various Divisions than it is at present. For that to happen, stronger direction from the Management Board is called for, along with deeper engagement between business units and the SPD, specifically on the latter's work programme.

2.6 EVALUATION AND APPRAISAL

The SPD's work programme is set in train by the Head of the Division engaging and collaborating with his Assistant Secretary counterparts in the Indigenous Enterprise Development Division and the Innovation and Investment Division. The needs of those divisions take account of their own discrete needs as well as undertakings in high-level policy frameworks such as the *Programme for Government*, the *National Planning Framework*, the *Capital Plan* and Brexit-related priorities. A set of draft priorities over a 12 to 18 months period is then submitted to the Management Board with further proposals sought at that stage from the other Assistant Secretaries.

PROGRAMME OF EVALUATIONS

The Department's programme of evaluations forms a key part of the SPD's work programme, and they are sometimes led or supported by external consultancy research. The following positive points emerged from evidence gathering:

- a. **High-quality products:** The evaluations are produced to a generally high standard, whether undertaken in-house or commissioned.²⁷
- b. **Local capture avoided:** It is standard practice that the division with the lead responsibility for the matter to be evaluated does not lead on the evaluation itself. Where the topic is of a cross-cutting nature, the expertise of an analytical function outside the commissioning business unit is engaged, often the SPD.
- c. **Partnership model:** Throughout an evaluation, the commissioning unit works closely with the SPD, including on developing the Terms of Reference which, along with milestone developments, are brought to the attention of the Management Board.

Notwithstanding such positive feedback, interviewees – internal and external – identified four areas requiring attention:

- a. **Reduction in number of evaluations:** In the past, most of the SPD's work used be on *ex post* evaluations on some aspects of either the Department's or its Agencies' business. It is noteworthy that the number of evaluations has reduced significantly since 2015.
- b. **One person on evaluation:** At present, only one person works on evaluation – an AO in the skills and education area.
- c. **Greater scope for internal engagement:** Outside of the Indigenous Enterprise Development Division and the Innovation and Investment Division, there is scope to

²⁷ The evaluation of the R&D programme, *R&D Budget Survey Report, 2016 – 2017*, which was undertaken as part of the budgetary process, was commended by the Department of Public Expenditure and Reform as best practice and was published as one of the documents accompanying the Budget Statement of 2018

improve engagement on the programme of evaluations with other divisions and constituent business units.

- d. **Greater scope for engagement with Offices and Agencies:** While the SPD's rolling programme of reviews was produced with inputs from some Agencies such as IDA Ireland and Enterprise Ireland, engagement on evaluations with some other Agencies and Offices of the Department has been either uneven or non-existent.

Finding: Evaluations

While the quality of evaluations undertaken and commissioned by the Department are of a high standard, they are mostly confined to discrete areas of the enterprise and innovation agendas. This has arisen primarily from depleted resources and reduced prioritisation, as well as limited engagement when developing the programme of evaluations.

Recommendation

2L When developing the next programme of evaluations, the Management Board should broaden internal and external consultation, and decide what areas of the Department's and its Agencies' business remits should be evaluated over the medium term. As a first step, the Board should assess the requirements needed, particularly in terms of resources and skills, to undertake full programme reviews into the future.

3. DELIVERY

STRUCTURE OF THIS CHAPTER

This chapter examines module 3 of the methodology template which relates to DELIVERY.

Delivery in the context of this Department focuses on three complementary features: implementation of policies and strategies, managing performance, engagement with stakeholders, governance of the Department's Agencies and Offices, and the management of risk. These features are assessed as follows:

Section 3.1, Implementation of policy: The ability of the Department to oversee and drive implementation internally by its divisions and Offices and externally across the wider Government system including by its Agencies.

Section 3.2, Customer service: The service provided to Ministers, stakeholders and the public including by its Offices, and the extent to which online mechanisms are used to achieve measurable efficiencies.

Section 3.3, Governance: The structures and features of the Department's governance model, the oversight and liaison arrangements in place between the Department and its Agencies and Office, and the protocols governing membership of Agencies' Boards.

Section 3.4, Risk management: The policy, approach and structures around risk management, including the risk register, risk committee and risk appetite statement, and the audit function.

BACKGROUND ON DELIVERY

The Department has limited direct contact with the general public but engages extensively with business groups and key economic stakeholders. The Department does however engage with the public through its Employment Permits section and via a number of its Offices, notably the Labour Court, Workplace Relations Commission, Companies Registration Office and the Patents Office.

3.1 IMPLEMENTATION OF POLICY

The Department is aware of the need to ensure strong implementation of its policies and programmes and, in that respect, it is quite adept at using its relationships and connections with the Agencies to tap into their 'policy implementation experience'.

As set out below, there are a number of examples whereby implementation plans and mechanisms are incorporated into the design of departmental strategies:

- a. **Innovation 2020:** The strategy has implementation targets and mechanisms built into its design structure. A particularly strong follow-up process is in place: implementation is monitored centrally and three progress assessments have been produced since its launch in 2015.
- b. **Action Plan for Jobs:** The implementation mechanisms are transparent and well managed in a spirit of collaboration with the Agencies and other Government Departments.
- c. **Regional Action Plans:** In the context of the *Action Plan for Jobs*, the Department has put in place eight regional action plans which are governed by regional implementation committees. Job creation targets are set for each region by reference to a 1% variance

from the national unemployment rate. Implementation is monitored by the Department and the overall process is regarded as effective.

- d. *Enterprise 2025 (November 2015) and Enterprise 2025 Renewed (March 2018)*: Implementation of these strategies is especially challenging arising from the multiplicity of factors and stakeholders involved. A positive feature is that they include suites of metrics by which the Department can measure success both nationally and on the enterprise level too – for example, 2.1 million in employment by 2020. A negative though is that for some actions, there is a lack of clarity on lead responsibilities, both within the Department itself and externally with other government bodies.
- e. *Companies Act, 2014*: The *Companies Act, 2014* is the largest reform and legislative consolidation exercise ever completed in the State, and is a good example of complex delivery over an extended period.
- f. *Workplace reforms*: The *Workplace Relations Act, 2015* represents the most significant reform to the State’s employments rights legislation and industrial relations machinery in 70 years.
- g. *Health and safety measures*: In areas such as occupational health and safety and the transport of dangerous substances by road, the Health and Safety Authority oversees the implementation of policy and offers technical advice on chemical agents, carcinogens and biological agents and their health impacts on workers and consumers.

Notwithstanding the foregoing examples of successful delivery, concerns were raised – particularly by stakeholders – about the lack of clarity regarding lead owners of certain actions in some of the Department’s own strategies, especially those actions that span a number of organisations and internal divisions, and the speed of their delivery. In those regards, reference was made to some commitments in the *Action Plan for Jobs* and the *Enterprise 2025* and *Enterprise 2025 Renewed* strategies where some lead responsibilities are not clear. Often, the internal delivery systems and processes are not reflective of a truly innovative organisation, even though the Department is seen externally as a driver of change.

Finding: Managing implementation

The Department builds performance targets and implementation into the design of its principal strategies. However, there are examples of a lack of clarity regarding Senior Responsible Owners for certain actions, principally in the enterprise strategies.

Recommendation

3A To ensure consistency of approach and assist implementation, the Department should designate a Senior Responsible Owner for each action identified in each of its strategies and the associated implementation plan.

3.2 CUSTOMER SERVICE

In its Governance Framework Document, the Department commits to providing a professional, efficient and courteous service to all in accordance with the 12 principles of Quality Customer Service. It notes in that context that many of its outputs can only be delivered in conjunction or co-ordination with other Departments and Offices.

CUSTOMER SERVICE INITIATIVES

The Department's *Customer Charter 2014 – 2016* outlines its commitments to maintaining and improving the delivery of quality customer service.²⁸ Allied to that is a *Customer Action Plan* which provides details on how the Department will implement and measure its goals under each of the twelve customer service principles. The plan also sets out the Department's core values, behaviours and culture aimed at maximising capacity to deliver on its stated objectives, as well as detailing the Department's customer complaints procedure and its Irish Language policy.

The Department is currently renewing its customer service publications, and that work is nearing completion. It is also exploring ways in which it can standardise its measurement of customer satisfaction across the organisation, drawing chiefly from the models used in customer facing operations such as the Employment Permits Unit and the Patents Office.

MEASUREMENT OF CUSTOMER SERVICE

With the exception of employment permits, customer satisfaction with the Department's core business is not measured, even though that is provided for in the *Customer Action Plan*. Although the great majority of the Department's work is of a non-transactional nature, there is scope nonetheless to undertake more measurement of customer satisfaction levels than at present.

SERVICE TO MINISTERS

The Department is strong in the supports provided to the Minister and two Ministers of State. Staff are responsive, engaged and supportive. Advices and briefings to the Ministers are considered timely and accurate. However, coordination of briefing material could be improved where multiple inputs from different business units are required.

PUBLIC AWARENESS

Due to the number of high profile Offices and Agencies under the aegis of the Department, a 'buffer' has developed that places the Department at a remove from the general public on certain matters. This has reduced the Department's visibility to the general public.

That lack of awareness is evident from the *Civil Service Employee Engagement Survey 2017*. When compared to the general civil service, staff in the Department feel more unappreciated: 71% of respondents within the Department do not feel that the public appreciate the work of the civil service, compared to just 65% across the civil service as a whole.

ONLINE DELIVERY OF SERVICES

Given their remits and public-facing nature of much of their work, the Offices of the Department are especially focused on customer service, with delivery moving increasingly to online provision.

The Department's Employment Permits Unit launched a new online employment permit applications system in October 2016 which has resulted in nearly 99% of applications being received online. The move to the new system, which is very highly regarded, has also reduced considerably the administrative overhead for applicants, both employers and employees.

Regarding the Offices of the Department, the Companies Registration Office is very strong in on-line service delivery. Every year, it transacts nearly 2 million requests via its website including

²⁸ Even though the Department had been awaiting central guidance from the Department of Public Expenditure and Reform in advance of producing a successor, a new Customer Action Plan was presented to the Management Board on 2nd October, 2018

new applications. Similarly, the Patents Office has strong online capacity, with 90% of trademark applications processed online at present, set within the aim of deploying a fully paperless process.

Findings: Customer service

Measurement: With the exception of employment permits, customer satisfaction is not measured, even though provided for in the Department's *Customer Action Plan*.

On-line delivery: There are examples of good developments and plans for the delivery of on-line services to the public, mostly in the areas of employment permits, company registrations and patents applications.

Recommendation

3B The Department should put a process in place for measuring progress under the 12 customer service principles set out in the *Customer Action Plan*.

3.3 GOVERNANCE

Action 3 of the *Civil Service Renewal Plan* sets out an ambition to develop a common governance standard for all Government Departments. Amongst a number of objectives to achieve this goal is a commitment to formalise the role of Departmental Management Boards and to introduce a single governance standard drawing on international best practice.

FUNDING MODEL FOR OFFICES AND AGENCIES

The Department's remit covers a diverse range of activities spanning enterprise development, trade, innovation, intellectual property, industrial relations and certain regulatory functions including company law, consumer protection and occupational health and safety. In exercising its role, the Department provides the support funding to, and exercises governance of, eight Agencies and five Offices under its remit:

- a. **Offices:** The Department's staff complement includes those working in the Offices: Companies Registration Office, Labour Court, Office of Director of Corporate Enforcement, Patents Office and the Workplace Relations Commission. These Offices are an integral part of overall operation and deliverables of the Department.

Exchequer funding for the Offices in 2018 was some €34 million in pay and non-pay expenditure. Certain activities by them generate fees from service users – for example, for the registration of companies, patents and trademarks. The fees from these activities typically generate €25 million per annum for the Exchequer.

- b. **Agencies:** The Department also has direct responsibility for eight State Agencies. Staff of these Agencies are considered to be public servants but are employed directly by the relevant Agency. DBEI also provides funding support to Inter-Trade Ireland (a North-South body established under the *Good Friday Agreement*) as well as to the 31 Local Enterprise Offices (LEOs).

Exchequer funding for the Agencies amounts to some €650 million for 2018. A number of Agencies derive income from activities in support of the enterprise development and regulatory agendas. This typically is in the region of €120 million per annum.

GOVERNANCE FRAMEWORK

The Department's Governance Framework Document, published in April 2016, sets out in detail the various structures and arrangements in place to facilitate effective governance. It is a

comprehensive enunciation of the Department’s approach and policy towards governance, both internal and external.

The Framework covers a wide range of issues such as the roles of Ministers and the Management Board, ethics, assignment of responsibilities, and audit, assurance and compliance arrangements, as well as governance mechanisms and structures for Agencies and stakeholders.

Finding: Framework Document

The Department’s Corporate Governance Framework document is an excellent summary of its processes and procedures and provides a high quality base from which to further develop this important facet of business.

Recommendation

3C It would be timely for the Department to update its Governance Framework document in the near future to reflect the changes in personnel and divisional structures that have occurred over the past two years.

EXISTING STRUCTURES FOR BILATERAL ENGAGEMENT

There exists a very well-structured and strong set of contact points between the Department and its Offices and Agencies at various levels, comprised essentially of the following three engagement structures:

- a. **Liaison Units:** The Department has well established dedicated Liaison Units, headed in each case by a Principal Officer, to work closely with assigned Offices and/or Agencies. Their work is supported by formal bilateral meetings, with the frequency ranging from bi-monthly to quarterly – see *Table A1, Appendix 1*.
- b. **High-level bilateral engagement:** There is regular interaction at the highest levels, usually by Assistant Secretaries and, when required, by the Secretary General with the CEOs and Director Generals of Agencies and Offices. Additionally, senior management from each Office and Agency meets with the Department’s Management Board annually to discuss progress, priorities, challenges and risks. If called for, access to the Minister or either of the Ministers of State is facilitated quite readily.
- c. **Agency Liaison Forum:** An informal network of officials, which had been initiated for the purpose of information-sharing between Liaison Units, was re-established during 2017. The Agency Liaison Forum (ALF)²⁹ is a ground-up group of officials attached to Liaison Units who meet periodically, typically each quarter. The purpose of the ALF is to share information and explore examples of best practice across the liaison units relating to a variety of issues.³⁰

OPERATIONAL GOVERNANCE

The Department’s management and staff have a detailed understanding of the individual Offices and Agencies and the environment in which each of them operates. No capability deficit emerged in that respect.

²⁹ The ALF is a reincarnation of two previous informal cross-liaison groups that existed in the late 1990s and in the mid-2000s

³⁰ Information is often shared by ALF members via a dedicated HIVE site

However, over the course of evidence gathering, a number of Agencies referred to delays in the area of specialist recruitment arising from – in their view – excessive scrutiny of proposals by the liaison function. That practice typically results in the Agency having to account for itself at multiple levels, even though its Board may have already approved the proposal. The net effect is often delays in decision making while approval from the Department is awaited.

For its part, the Department points to its obligations to comply with public pay policy requirements as set by DPER, requiring Liaison Units to scrutinise proposals to ensure compliance. It's understood that the Department is discussing these matters with DPER with a view of resolving some of the delays being experienced.

The Department relies to a significant extent on its Offices to deliver and regulate services to the public. From that perspective, it needs to be constantly aware of the changing environment. A recent example of change in business delivery was the establishment in 2015 of the Workplace Relations Commission replacing, as it did, four pre-existing bodies, and the new mandate given to the Labour Court by the 2015 Act to make it the sole appellate body in disputes under employment rights legislation. Now, three years after the 2015 Act, the role of both bodies continues to expand with, for example, the intention to grant the Garda Síochána access to both the WRC and the Labour Court, with other worker cohorts, such as civil servants due to be given similar access over the medium term.

Findings: Governance

Knowledge base: The Department's management and staff have strong knowledge of the business of individual Offices and Agencies and the environment within which they operate.

Structures: The Department's governance structures in respect of its Offices and Agencies are strong, with good liaison structures and engagement arrangements in place.

Micro-management: There is evidence of some micro-management of Agencies by liaison units.

Recommendations

3D The Department should consider embedding the Agency Liaison Forum as part of its formal governance arrangements by assigning lead responsibility for it to the Corporate Services Division.

3E Based on examples provided by Agencies, the Department should assess whether disproportionate micro-management by individual liaison units does in fact occur and, if so, that remedial steps are put in place.

PERFORMANCE AGREEMENTS

Oversight Performance and Delivery Agreements (OPDAs)³¹ are in place for each of the Agencies and Memoranda of Understanding (MOUs) for each Office. These oversight arrangements form the basis for setting annual performance targets and associated resource allocations, primarily in the form of funding provisions and indicative staffing levels. In the majority of cases, the targets are aligned closely with those already set out in the organisation's corporate or strategic plan. Typically, the OPDAs and MOUs also specify the frequency of liaison meetings and response times

³¹ The OPDAs replaced the former Service Level Agreements which were introduced in 2011/12 as a result of amendments in 2016 to the Code of Practice for the Governance of State Bodies

applying for the provision of material to the Department – for example, inputs for Ministerial events, press responses, and replies to Parliamentary Questions.

Some of the Offices and Agencies questioned the sometimes unrealistic targets that the Department tries to set for them, in what is viewed by some as an inappropriate “one size fits all” approach. However, the process has evolved over recent years such that a stronger balance is being achieved now between the requirements of the Department and its Offices and Agencies.

Finding: Performance agreements

The performance agreements in place between the Department and its Agencies and Offices are important instruments for managing expectations, agreeing performance targets, setting budgets and fostering good bilateral relations. Given the diversity of functions and remits, it is accepted that a “one size fits all” model would not be practical. The current process continues to evolve, and generally a good balance is being achieved now on respective requirements. However the Department could focus on concluding the agreements in a timelier manner.

MEMBERSHIP OF THE BOARDS OF AGENCIES

The Department (via the Minister) typically appoints one official (either an Assistant Secretary or Principal Officer) to serve on the Boards of its Agencies. In some instances, a senior official from the Department with responsibility for an Agency also sits on the Board of that Agency.

Some of those interviewed expressed concern at this practice, stating that it may be in breach of the *Code of Practice for the Governance of State Bodies, 2016*. They also suggested that it might make it difficult for the Department – primarily the relevant Liaison Unit – to challenge or critique a proposal³² from an Agency with the requisite rigour as the Assistant Secretary who heads the Liaison Unit may have already discussed and approved the proposal in his/her role as a member of the Agency’s Board.

Others, including some members of the Management Board, heads of Agencies and other external stakeholders support the practice. They do so on the basis that the appointee would provide the Board with unique value added arising from his/her detailed day-to-day knowledge of the business of the Agency and the environment or sector in which it operates. For the Board and the individual Board member concerned, it would also provide a wide contextual element to their deliberations and decision making processes.

Finding: Board membership

There are mixed views internally and externally on the appropriateness of the practice whereby, in certain instances, a senior official from the Department with responsibility for an Agency also sits on that Agency’s Board.

Recommendation

3F In those instances where a senior official from the Department with responsibility for an Agency also sits on that Agency’s Board, the Department should ensure adherence with the “comply or explain” provision in the *Code of Practice for the Governance of State Bodies, 2016*. That should be monitored centrally, with appropriate control mechanisms in place to ensure that proposals from such Agencies are given appropriate and fair scrutiny by the Department. As a

³² Especially of a major capital funded nature

general rule of thumb, the more commercial the Agency, the greater the risk of a conflict of interest arising.

3.4 RISK MANAGEMENT

The Department's Governance Framework document sets out in detail its policy, approach and structures around risk management and the audit function. The document provides a structured approach for managing and monitoring risk within the Department including the Offices under its aegis.

RISK REGISTER PROCESS

There is a corporate risk register in place for high level risks. The register is detailed and includes comprehensive information on the nature of the risks and the controls in place. 29 high level risks, organised on a thematic basis, feature on the register, along with a number of sub-risks for each of them. Only the high-level risks are considered at Board level. Risks from the Offices would rarely feature on the corporate risk register due in part to the scoring of their risks falling below the threshold required.³³

The Department's risk management process also includes a number of divisional risk registers in which constituent business units and Offices feed in their own localised risks.

A recent development is the decision by the Department to develop a Risk Appetite Statement – amongst the first Departments to do so. In it, the Department will outline the levels of risk it is prepared to tolerate in certain areas of its business – for example, no risk accepted for financial issues but a moderate risk level might be allowed for certain policy matters.

The Management Board is responsible for the general oversight and direction of the risk management process and for ensuring that the risk management process is integrated within the overall strategic management of the Department.

Findings: Risk

High level risks: The corporate risk register features the top 29 risks for the organisation and provides detailed information on them and the mitigating actions in place.

Risks of Offices: Risk registers are also produced for each division. While risks within Offices feature on divisional registers, they rarely feature on the corporate risk register. In the views of the senior managers from the Offices, this is a gap or weakness in the overall risk management process in that their risks would rarely, if ever, feature in deliberations by the Management Board.

Risk appetite: The Department appears to be the first to produce a Risk Appetite Statement.

Recommendation

3G The Department should adjust its risk assessment model such that the key operational and strategic risks of its Offices would feature on the corporate risk register.

RISK MANAGEMENT PROCESS

The Risk Committee, which is chaired by an Assistant Secretary, defines and reviews on a regular basis the risk policy, methodology and standards in place. It also has a role in creating awareness across the Department of the need to manage risk effectively. Unlike the Audit Committee, there

³³ The Agencies are responsible for identifying and managing their own risks

is no external membership but the committee is considered to be ‘impartial and independent’. The head of Internal Audit attends meetings of the Risk Committee in an observer capacity.

At a corporate level, some significant organisation-wide challenges do not feature on the register – for example legacy out of spec ICT systems (predominantly Lotus Notes based) and the impending retirement cliff – see *chapter 4, sections 4.3 and 4.7*. At a business unit level, key personnel highlighted a lack of awareness around risk and risk management – in particular, that risk is not embedded in day-to-day business.

Findings: Risk awareness

Unit awareness: While risk management practices are generally well managed at a corporate level, risk awareness amongst line managers and staff is low in individual business units.

Strategic risks: Strategic challenges facing the Department, relating to looming largescale retirements and the dependence on Lotus Notes applications for which there is a diminishing support base, are not considered from a corporate risk perspective.

Recommendations

3H There is a need to raise awareness amongst all staff on the identification, management and ownership of risk, including appropriate scoring practices and the development of mitigating factors to reduce risk potential. One of the primary means by which that should be done is through targeted training programmes.

3I In the case of high level risks, the Department should review how risk mitigations are managed in order to ensure accordance with best practice.

AUDIT FUNCTION

The Audit Committee, which is chaired by an external party, is tasked with providing independent advice to the Accounting Officer regarding the suitability and robustness of the Department’s internal control systems and procedures.

The committee is supported in its work by an Internal Audit Unit (IAU), the current Head of which was appointed in September 2017. The committee’s reporting line is to the Secretary General and the Board.³⁴ The skills mix within the Unit, which has a staff complement of eight, is considered good.

The IAU’s remit extends to the Agencies – who also have their own internal audit divisions – as the Secretary General is the Accounting Officer for the Department’s Vote which includes the monies provided to its Offices and Agencies. They account for approximately 84% of total expenditure by the Department. The IAU is supported in its work by the various Liaison Units.

Generally, audits are focused on the areas of greatest expenditure. There is a 3 year audit plan which identifies the Schedule of Audits. That selection process is undertaken independently by the IAU and requires sign-off by the Audit Committee and the Secretary General.

Finding: Audit function

The audit function is structured appropriately, governance is strong and the capability of the Internal Audit Unit is high. No capability gaps were surfaced by this review.

³⁴ For resourcing and administrative issues, the IAU reports to the Assistant Secretary in charge of the Commerce, Consumer and Competition Division.

4. ORGANISATIONAL CAPABILITY

STRUCTURE OF THIS CHAPTER

The fourth and final module of the methodology template for the capability review programme relates to ORGANISATIONAL CAPABILITY.

This chapter explores the extent of which the Department maintains and promotes high standards of ethical behaviour, manages and develops its staff through best practice HR policies, has in place effective financial management systems and oversight arrangements, utilises ICT to deliver efficient and effective service, and employs data and knowledge management in support of service delivery and evidence-based policy making.

The structure of this chapter is as follows:

Section 4.1, Mission, culture and values: The policies and practices to promote clarity of mission and strategic objectives, as well as high standards of ethical behaviour.

Section 4.2, HR policy and strategy: Strategic HR and leadership by the Management Board.

Section 4.3, Retirement cliff and workforce planning: The extent to which workforce planning is undertaken, and whether it is applied to the impending retirement cliff facing the Department.

Section 4.4, Staff mobility, performance management and skills deployment: Matters relating to internal staff mobility, performance management and skills matching.

Section 4.5, Learning and Development: The Department's approach to upskilling and training relative to business needs and staff development.

Section 4.6, Corporate capability in finance: The effectiveness of the finance function.

Section 4.7, Corporate capability in ICT: The extent to which the ICT function supports business delivery and safeguards the integrity and security of information through efficient systems and processes.

Section 4.8, Data and knowledge management: Policies and practices on data and knowledge management, aimed in particular at supporting evidence-based policy and strong service delivery.

4.1 MISSION, CULTURE AND VALUES

The Department's Governance Framework document and the results for the Department from the *Civil Service Staff Engagement Survey 2017* are especially relevant to mission, culture and values.

GOVERNANCE FRAMEWORK DOCUMENT

This document sets out the Department's mission as follows:

"To encourage the creation of high quality and sustainable full employment by championing enterprise across government, supporting a competitive enterprise base, promoting a low tax environment to incentivise work and enterprise and promoting fair and competitive markets."

The prescribed goals in pursuit of that mission are:

- Championing jobs and competitiveness

- Promoting and supporting high performance in enterprise
- Optimising research and innovation
- Improving markets and quality employment through better regulation, and
- Delivering strategy and managing change.

On the Department's values, the document describes them as fostering a culture of accountability, efficiency and value for money within the context of a strong public service ethos of independence, integrity, impartiality and openness.

CIVIL SERVICE STAFF ENGAGEMENT SURVEY 2017

The results for the Department from the *Civil Service Staff Engagement Survey 2017* give an indication of the extent to which respondents believe that there is practical adherence to the Department's set of values.

The majority of staff believe that overall morale is good, and has been improving since the previous survey in 2015. Relevant also are the following results where the Department scored very highly:

- employee engagement:³⁵ 70%
- coping with change: 71%
- well-being: 74%
- confidence in ability to do one's job: 76%
- learning and development: 63%, which is well above the civil service average and up 4 percentage points from the results of the 2015 survey

Areas where the scores are low include:

- involvement climate:³⁶ 39%
- performance standards: 47%, although it should be noted that only 10% of respondents agreed that poor performance was being effectively addressed
- innovative climate:³⁷ 50%
- leadership: 55%, which is in line with the overall civil service score.

Finding: Morale

Morale in the Department is quite good. That is reflected in the results for the Department from the *Civil Service Staff Engagement Survey 2017* and is supported by engagement with management and staff as part of this capability review.

4.2 HR POLICY AND STRATEGY

A new HR strategy, covering the period 2018 – 2020 and including both the core Department and its Offices, was finalised and published during the evidence gathering phase of this review.

³⁵ Essentially a measure of enthusiasm for the job

³⁶ Extent of engagement with staff on the introduction of change

³⁷ Extent to which the Department is open to new ideas

HR STRATEGY

The HR strategy has its origins in the 2014 *New Ways of Working* initiative³⁸ and is closely aligned with the *People Strategy for the Civil Service, 2017 - 2020*³⁹ in terms of its emphasis on the Department being an employer of choice; building the workforce of the future; building, supporting and valuing managers as people developers; and positioning the HR function as a strategic driver. Overall, senior management considers that the Department's HR strategy is quite ambitious and of high quality.

The strategy places a heavy emphasis on establishing a HR Business Partner Model alongside Strategic Workforce Planning, and building long term capability within the HR Unit. The Business Partner Model envisages HR business partners building close working relationships with their assigned business units and their Offices. While the model hasn't yet yielded a standardised model for engagement between business partners and their assigned units, it will evolve over time as business partnering takes hold.

HR ANALYTICS

A notably positive feature of the HR strategy is the emphasis placed on HR analytics for predictive analytical purposes and the development of targeted interventions in the areas of workforce and succession planning.

The new strategy marks a discernible move away from the traditional operationally-based HR function to a more strategic model which is set to a long-term vision for the Department – an orientation which is very much in line with that being encouraged throughout the civil service.

ENGAGEMENT BY THE BOARD ON HR MATTERS

The Management Board formally discusses HR issues once a month and as required. Given the nature of some of the significant challenges ahead, this is insufficient. Although the appointment of a dedicated Assistant Secretary for Corporate Affairs will undoubtedly help, more frequent and in-depth consideration of strategic HR issues is warranted.

Findings: Strategic HR

Strategic HR: There has been a discernible move towards creating a more strategic HR function. A new and ambitious HR strategy is in place and amongst its provisions is a business partnership model for improved ongoing engagement with business units.

Management Board: The Management Board is not devoting sufficient time to considering the various strategic HR challenges ahead.

Recommendation

4A The Management Board should set aside more time to consider the strategic HR challenges facing the Department. This should include monitoring progress towards achieving the goals contained in the HR strategy.

4.3 RETIREMENT CLIFF AND WORKFORCE PLANNING

Effective and well-planned succession planning constitutes a major part of any workforce plan. In line with trends and profiles in many other civil service organisations, the Department's age

³⁸ Emerged from a senior management development programme rolled out following the integration of Forfás into the Department

³⁹ Published by the Department of Public Expenditure and Reform in 2017

profile will lead to a significant number of staff, many of them in senior positions, being eligible for retirement over the next three years.

RETIREMENT CLIFF

According to the HR Unit, a potential retirement figure of 188 over the next three years⁴⁰ is anticipated, comprised of staff reaching retirement age plus those who will reach the 40 years' service mark. That retirement figure represents some 22% of the total staff complement.

The impending retirement cliff facing the Department, including its Offices, will give rise to a significant managerial challenge from the recruitment, skills base and corporate knowledge perspectives. Simultaneously, the Department will be required to continue meeting current and unforeseen needs and challenges.

To date, insufficient attention has been paid to this matter. Many interviewees, including some Management Board members themselves, acknowledge awareness of the issue but also accept that no immediate efforts are being made in a systematic way to plan mitigating strategies. Tellingly, the high level of anticipated retirements over the next three years does not feature as a corporate risk on the Department's high level risk register.⁴¹

An opportunity exists for the Department to use the impending retirement cliff to reflect on its current business model, to re-tool its skills base and to augment it with new technologies and practices where appropriate. It could do so in a largely cost neutral way, because the replacement of 22% of retiring staff would be significantly less than the associated proportion of the present pay budget.⁴²

Finding: Retirement cliff

The Department is facing the clear prospect of losing around a quarter of its staff over the next three years. As many of those staff are highly experienced and knowledgeable, significant challenges arise from the perspectives of knowledge management and business continuity. Yet the matter is receiving little attention at Management Board level, or as part of the corporate risk management process.

Recommendation

4B The looming retirement cliff presents a huge strategic challenge for the Department. It needs to be expressly quantified and addressed as part of the ongoing workforce planning process.

WORKFORCE PLANNING

To date workforce planning has been largely left to the HR Unit. While appropriate that the Unit should be highly-involved, it is also necessary that the Management Board would be seen to lead on this major organisational challenge, so that the matter would be accorded the appropriate priority and attention across all managerial tiers.

As part of the preparatory steps for workforce planning, the HR Unit is developing a suite of HR analytics as a management tool, including a dashboard for local managers relating to workforce

⁴⁰ Based on the average headcount posts of 865 for 2016-2017

⁴¹ The Department undertook a workforce planning exercise which was led from within the HR area and involved collaboration with the various Heads of Business Units (Principal Officers). Senior management spoke highly of the finished product; however, a number of the Offices and junior grade staff claimed not to have been consulted

⁴² The key factor here is that the pay of retiring staff is much higher than that of new entrants over the short- to medium-term

planning, learning and development and competition outcomes.⁴³ This approach will involve individual business units working closely with their HR Business Partners to identify and plan for retirements, and identify the consequent skills and corporate knowledge gaps. Such positive developments need to be built upon, and the indications are that the HR Unit intends strongly to do so.

Additionally, close linkages with L&D provision will be necessary to ensure that staff are receiving the necessary training well in advance of anticipated departures. A structured and well-defined mechanism for internal staff mobility would also help.

Finally, in line with evolving policy and practice led by DPER, business re-engineering, leveraging technology and new ways of working should feature as part of workforce planning. Into the future, it should become normal business practice to scrutinise business functions so as to establish whether they are being undertaken in the most efficient way possible and, if not, whether digitisation or on-line technologies could deliver the service more efficiently.

Finding: Workforce planning

Workforce planning, including succession planning, is in the early stages of development in the Department. It needs to be treated as a major priority, involving the active leadership and engagement of the full senior management team, taking account of centrally-developed recruitment and pay determination policies.

Recommendation

4C As a priority, a fully integrated approach to workforce planning is needed and should encompass the following set of complementary developments and initiatives:

- a. improved engagement on strategic HR matters by the Management Board and business units
- b. a well-developed suite of HR analytics
- c. a structured, transparent and purposeful mobility policy
- d. strong skills matching
- e. organisation-focused Learning and Development policies and programmes
- f. business re-engineering and the optimisation of technology , where appropriate, and
- g. well-developed knowledge and data management policies and practices

In implementing these recommendations, the Department will need to take account of developments arising from the overall *Civil Service Renewal Plan*.

KNOWLEDGE MANAGEMENT

Good knowledge management practices are critical to ameliorating some of the risks arising from the impending retirement cliff. As matters stand, some work areas have up-to-date job manuals for new staff, but they are very much in the minority: the practice is driven by individual managers rather than any departmental policy.

While job shadowing is obviously an optimum solution, the reality is that this can only be facilitated in a very small number of instances. That problem is exacerbated by what many

⁴³ Every quarter the individual HR Business Partners will provide the dashboard statistics to each division

perceive as the very slow process of sourcing new replacement staff through existing mechanisms (internal/external promotion and/or recruitment).

An additional factor is that the Department lacks a knowledge management system covering the core Department and its Offices with links into Agencies where appropriate. Forfás brought their own document management system with them but it's no longer supported. A similar situation exists in relation to the WRC's data management system. The Department has already adopted a number of Build-to-Share applications, for example ePQs and eSubmissions.

Finding: Knowledge management

Knowledge management is significantly under-developed as a management tool, particularly for mitigating risk arising from the exit of staff.

Recommendations

4D The Department should put in place a knowledge management plan as an aid to mitigating the risks arising from large-scale retirements over the next three years. A feature of that plan should be a standardised policy on job documentation applying across the entire Department.

4E In consultation with the OGCIO, modern electronic document management systems need to be put in place, predominantly in respect of the Department's core files and records.

4.4 STAFF MOBILITY, PERFORMANCE MANAGEMENT AND SKILLS DEPLOYMENT

A transparent and impactful staff mobility programme, effective performance management and appropriate skills deployment featured prominently over the course of evidence gathering, especially at the staff workshops.

STAFF MOBILITY

There has been significant staff movement or churn in recent times arising from promotions, retirements and increased mobility across the civil service as a whole. This has brought in new skills and refreshed business areas. However the level of churn is also causing difficulties for some business units from a knowledge management and business continuity perspective. These concerns are now beginning to be addressed.

In particular, the new HR strategy acknowledges the need to improve the overall management of mobility through the development of an Internal Mobility and Career Development Policy. As an aid to that, *Guidelines on Internal Mobility* have been developed by the Department of Public Expenditure and Reform (2016). In addition, work is under way between the HR and IT Units on developing an online application process for staff transfer and mobility purposes.

Additionally, a new staff mobility plan has been produced. For those in Offices and regional locations, its success will be judged by the extent to which two challenges are addressed: (a) mobility in the various Offices under Department's remit, and (b) career paths for provincially based staff.⁴⁴ For provincially based staff the recently agreed central mobility scheme will have a major part to play in addressing these issues.

⁴⁴ A problem is that there is little the Department can do about this on its own and any solutions would have to involve centrally agreed mechanisms between DPER and the staff associations

Finding: Staff mobility

Steps are being taken to formalise staff mobility as part of HR planning and practice, although there is still a distance to go in concluding that work. Matters requiring attention are purposeful mobility in the Department's various Offices, as well as the development of career paths for regionally-based staff – this latter point is to a significant degree outside the direct control of the Department.

Recommendations

4F The Department should prepare a paper on options to improve staff mobility in the Offices. The mobility should be 'purposeful' in that business needs would be appropriately weighted against the personal development goals of individual staff.

4G The Department should explore with the Department of Public Expenditure and Reform the steps that could be taken to improve the careers paths of provincially-based staff, perhaps best pursued as part of a whole civil service initiative.

4H The Department should examine the scope for the transfer of some discrete activities from its Dublin-based operations, including those of its Offices, to the regions and reach decisions accordingly.

PERFORMANCE MANAGEMENT

The overwhelming evidence from the staff engagements is that the Performance Management Development System (PMDS) is largely a "tick the box" exercise: the focus of senior management is on compliance rates, little attention is paid to the assessments themselves, and the quality of engagement between line managers and their staff varies significantly.

As a performance management system, PMDS is regarded very poorly and lacks senior management leadership. The results for the Department from the *Civil Service Staff Engagement Survey 2017* are especially illustrative of those points:

- a. Just 10% of respondents agree that staff performance is effectively addressed within the Department
- b. Only 20% agree that senior managers are held accountable for achieving results, and
- c. 28% agree that the Department measures job performance to ensure that all staff are achieving results.

Notwithstanding these negative results, the view from the staff workshops is that the management of underperformance is improving of late, although only 10% of staff believe that it is managed well.⁴⁵ There was general agreement that underperformance is not by any means widespread and that where it does occur, it is being confronted more readily than previously. Clearly a positive influencer has been performance management training. Courses have been rolled out and the HR and L&D Units work hard at promoting them amongst managers and staff who spoke very highly of them at workshops.

Finally, many staff commented that the current on-line PMDS system is facilitating the avoidance of one-to-one discussions between managers and staff on performance reviews. One

⁴⁵ The very valid point was made by the Management Board and the HR Unit that many cases involving underperformance are dealt with privately and in confidence and, as a result, the generality of staff would not be aware of whether individual cases are being addressed

consequence is that some staff are choosing training options to suit their own needs and preferences, instead of the Department using PMDS to enhance organisational capability.

Finding: Performance management

PMDS is regarded very poorly as a performance management tool. It is not applied in a standardised manner across the Department and is not as tightly coupled with L&D provision as it should be. On a positive note, the management of underperformance is regarded as improving due, in part at least, to the well regarded performance management training programme.

Recommendations

4I Led by the Management Board, there is a need to rejuvenate PMDS and to underpin it with a formal system of mentoring, coaching, and regular face-to-face feedback on past performance and discussion on future goals.

4J There is a need to refocus attention so that the PMDS process would be leveraged to build strong and consistent performance management practices across the Department. In particular, all performance reviews should involve face-to-face discussions between a line manager and a staff member.

4K The HR Business Partnering model, which is being developed at present, should include a specific role for monitoring the overall regularity and quality of performance management in each business unit. This in turn should become a regular part of the HR Unit's reporting obligations to the Management Board, whose active leadership will be essential for driving improvements in the exercise of performance management across the Department.

SKILLS MATCHING

Skills matching, while not done formally at present, features nonetheless in the new HR strategy. A critical enabler in that respect is the need to develop and maintain evidential datasets on the skills and other requirements for defined posts so as to improve decision-making on matching individual skills with job needs. The Department is cognisant of that requirement, and of the need to align its efforts with the work of OneLearning⁴⁶ which is developing a skills register for the civil service as a whole. In that respect, the Department, in collaboration with OneLearning, needs to rejuvenate its skills register which fell into abeyance some years ago. This is an essential requirement in planning for largescale retirements ahead.

At present the HR and IT Units are developing an improved organisation chart that will list posts in a business unit with the required skills and competencies and will be accessible to all managers and staff.

Finding: Skills matching

The Department currently lacks the detailed information and data to enable it to make fully informed decisions on matching vacancies with available skills. Addressing that issue now features in the new HR Strategy.

⁴⁶ Civil Service's Shared Service for Learning and Development

Recommendation

4L The Department needs to complete the development of the on-line tool aimed at matching vacancies with skills and competencies and be part of the early adoption of the central scheme to rejuvenate and maintain its skills register as a strategic business tool.

SKILLS RECRUITMENT AND ASSIGNMENT

Given the strong regulatory roles of the Department and some of its Offices and Agencies, there is a critical need for access to suitably qualified professionals, especially with accountancy or legal skills. This is proving difficult. The reasons proffered were a buoyant labour market offering attractive employment alternatives, and public sector pay policy which provides for new recruits starting on the minimum point of the relevant pay scale, irrespective of qualification, experience or existing pay rate.

On the pay policy issue, all of the Agencies and some of the Offices raised this as a very major problem. A number of them referred to mission critical posts in Ireland and abroad that cannot be filled because of the insistence that all newly staff must start on the first point of the relevant pay scale. For its part, the Department of Public Expenditure and Reform confirmed that while exceptions can be made, it has to be very conscious of avoiding a situation whereby exceptions quickly become the norm.

Finding: Skills and secondments

The Department, and in particular its Offices, are finding it difficult to fill specialist posts, notably in areas requiring skills in accountancy and law. Much of this can be attributed to the buoyant labour market and obligations to adhere to public pay policy in terms of starting pay.

Recommendation

4M The Department should explore possible alternatives to direct recruitment to meet skills needs. Secondment opportunities from other public and private sector bodies should be fully explored in this regard.

4.5 LEARNING AND DEVELOPMENT

This is seen widely as a major strength within the Department. Staff at all levels were very complimentary of the investment in Learning and Development (L&D) and the strong linkage with the role profile/PMDS process. The L&D Unit is seen as very proactive and has built up a very good working relationship with business units and staff. The Offices also expressed confidence in the Unit.

A wide range of business-related training is available including on economics, governance and risk management. ICT training is also provided for those requiring it.

On induction for new entrants, a mentoring (buddy) system is being rolled out and an induction training programme is already in place. Although well regarded, timeliness is sometimes an issue: normally courses are not run until there is a critical mass of staff is available, resulting on occasion in some staff having to wait several weeks or even months after appointment before being offered induction training. Overall though, most staff are broadly satisfied with the current approach, although the HR Unit has confirmed that the provision of induction training is under review to ensure that it is meeting requirements.

Additionally, an EU orientation programme for new entrants has been put in place. Its purpose is to familiarise staff with the workings of the various EU institutions in Brussels and to help them ‘find their bearings’ in what can be a confusing and complex environment. Again, this initiative is viewed very positively within the Department.

Finding: L&D provision

The Department has invested heavily in Learning and Development, which is an area of real strength.

Recommendations

4N In support of the invigorated PMDS set out in recommendations **4I** to **4K**, particular attention will need to be given to the development of coaching and mentoring skills of managers.

4O The Department should fully leverage Learning and Development provision in its integrated response to workforce and succession planning.

4.6 CORPORATE CAPABILITY IN FINANCE

The Finance Unit provides a variety of finance-related support functions on behalf of the Department and its Offices. This involves extensive interaction across all business units and with the National Shared Services Office (NSSO).⁴⁷ The Department’s Vote comprises 40 subheads reflecting its broad remit and the considerable capital programmes undertaken by its Agencies.

OPERATIONS OF THE FINANCE UNIT

The totality of the Vote operations is typically in the region of €1 billion per annum, comprising for 2018 an Exchequer provision of €870 million (gross), Agency own resource income of c. €120m, and ‘Appropriations -in-Aid’ income of around €50 million (i.e. various income receipts from department-related activities, such as company registrations).

The Finance Officer (PO) meets with the Management Board once a month, principally to provide updates on expenditure against profile. In addition the Unit liaises extensively with all the divisions and Offices in relation to budgetary and expenditure profiles. The general view within the Department, including from the Internal Audit Unit, is that the Finance Unit is very much on top of its agenda and is very professional in carrying out its functions. The Unit also plays a leading role in the Department’s interactions with the Departments of Finance and Public Expenditure and Reform and the Office of the Comptroller and Auditor General.

Finding: Finance Unit

The finance function is professionally managed and involves regular reporting to the Board.

CAPITAL APPRAISALS AND THE AGENCIES

Capital supports via Agencies such as Enterprise Ireland, IDA Ireland, Science Foundation Ireland and the Local Enterprise Offices have played a significant contributory role to Ireland’s economic recovery over the past six years. Over that period, the Finance Unit has been responsible for co-ordinating various bids for capital supports, whether by the core Department and its Offices or by its Agencies. That has been done primarily through the Expenditure Review Programme and,

⁴⁷ The Department is scheduled to migrate to the Civil Service’s new Financial Management Shared Service in 2020

more recently, through the Department's submission to the national planning framework, *Ireland 2040*. Leading on this strategically important work has required the Finance Unit to:

- a. Work closely across the relevant divisions and assess their capital submissions
- b. Keep abreast of Government policy developments
- c. Possess a good appreciation of the enterprise Agencies' operations and ongoing related developments, and
- d. Try to ensure best alignment of the available capital provision on a multi-annual basis in support of various Government policies.

Taken together, all these requirements place an especially onerous burden and responsibility on the Finance Unit, given especially the size of the capital programme, the variety within it, and the number of Agencies involved. At present, the Unit is tasked with assessing the merits of competing bids and proposals from the Department's Agencies for all major capital investment programmes proposed by them, taking full account of the fiscal and budgetary parameters within which the Department operates.

Individual business units undertake the initial assessments of proposals from Agencies and Offices. While there are examples of strong practice, there are also instances where they need to be more challenging in querying the rationale for expenditure proposals at the outset.

Finding: Capital appraisals

The Finance Unit is not sufficiently resourced and lacks the requisite depth and breadth of knowledge to assess fully on its own the relative merits of competing bids from Agencies for capital investments under major national investment programmes such as *Ireland 2040*.

Recommendation

4P The Department should establish a cross-divisional team to assess the merits of competing bids and proposals for capital investments from its Agencies, taking full account of the fiscal and budgetary strictures within which the Department operates. That would improve the alignment between policy-making and budgetary processes, including in the context of rounds of expenditure reviews.

4.7 CORPORATE CAPABILITY IN ICT

The ICT Unit provides services to the Department and the majority of ICT services to the Offices, including the hosting of nearly all the public facing systems. Sourcing and retaining suitably qualified ICT staff can be somewhat of a struggle but the Unit has benefited from upskilling existing staff in critical areas and recruiting suitably qualified staff to fill certain skills gaps. It also uses external expertise from time to time (Gartner).

The Unit, which is headed by a senior and experienced PO, reports to the Assistant Secretary leading on Corporate Affairs and who also chairs the ICT Steering Committee⁴⁸ which undertakes a number of roles as follows:

- a. oversees implementation of the Department's ICT Strategy

⁴⁸ Until recently, the ICT Unit reported into the Assistant Secretary in charge of the Workplace Regulation and Economic Migration Division, and who also chaired the ICT Steering Committee.

- b. monitors the performance of the ICT Unit against its goals
- c. approves new ICT project proposals, and
- d. monitors progress on the delivery of those projects. This includes approval of the Department's ICT Start-of-Year and End-of-Year Statements. In accordance with DPER Circular 02/2016, the Management Board has the final role in approving the ICT Start- and End-of-Year Statements and in approving any ICT projects over €25,000 in value.

ICT STRATEGY

The Department is currently developing a new ICT strategy, involving significant levels of interaction with all business units as well as key external stakeholders. Cognisance is being taken of the five pillars and best practice principles set out in the strategy of the Office of the Government Chief Information Officer. It is important that the Department's eventual ICT strategy would be business-led and be informed by the needs of the Department and its Offices.

DESKTOP SYSTEMS

The business of the Department is strongly administrative in nature and requires technological solutions that are predominately generic. At present, the Department operates primarily by means of the Microsoft Office suite, although a number of business units such as Finance, HR and Employment Permits have bespoke systems. In addition, there are 54 Lotus Notes databases⁴⁹ in use, which can be explained in part by the diversity and spread of the Department's remit and the reluctance of some business units to modernise. Clearly the number of such databases is excessive and there are likely hidden costs and duplicated effort involved, given that they are of a standalone nature with little interoperable capability.

Regarding the databases, the Head of IT considers that just three of them are mission critical:

- a. an Employment Permits processing system that operates in parallel with a new online application system⁵⁰
- b. a Trade Licensing system, which is regarded by users as unsuitable for data interrogation and analysis, and the production of reports, and
- c. the Labour Court's Tracking System.

On new initiatives, the ICT Unit has delivered a number of programmes and projects which are having positive impacts on the ICT state across the Department, notably:

- a. SharePoint is being introduced and, as already set out in chapters 2 and 3, there are some well-regarded HIVE applications in place
- b. email and calendaring have been migrated to Microsoft Outlook
- c. the roll out of the new Direct Access service
- d. the development of new Intranet
- e. the implementation of a number of Build to Share applications, and

⁴⁹ 17 of these are simple list applications

⁵⁰ This is unavoidable for the present, as the Lotus Notes database holds historical applications

- f. assisting the Business Services Unit with the delivery of significant accommodation moves in 2018 which impacted on some 60% of the core Department's staff.

Finding: Standalone databases

The Department's use of Lotus Notes databases and applications for the execution of mostly routine Office tasks is not in keeping with its lead responsibility for innovation. Notwithstanding that, the ICT Unit has delivered some progressive change.

Recommendation

4Q As a first step, the Department should undertake an inventory of all its Lotus Notes databases and applications. It should develop a plan for a future state based on shared and 'build-to-share' solutions and within that context put in place a programme for the phased replacement, consolidation or discontinuation of the existing Lotus Notes databases and applications.

ICT SUPPORT

The general view is that the Department's infrastructure and networks are mostly reliable and the IT Unit is very responsive, including the out-sourced Helpdesk. There was much positive comment on the helpfulness of staff when dealing with individual business units and the Offices, although some staff believe that the Unit is quite stretched at times in delivering services to all of its customers – for example, Wi-Fi availability is an issue in some of the Offices, especially the WRC.

An area of some concern though is the belief by many interviewees and workshop participants that the ICT Unit is overly-conservative in its responses to requests for new supports, mostly of a routine business nature. Security concerns appear to predominate thinking somewhat excessively at times – for example, on the use of remote devices and access to websites.

Finding: ICT customer support

While the IT Unit is responsive and helpful on a 'business as usual' basis, it does not appear to be particularly innovative or supportive in accommodating new requests for quite routine business supports. In that respect, it is regarded as unduly conservative, with security concerns overriding business needs at times.

Recommendation

4R The Management Board should assess whether the most appropriate balance is being struck between IT security concerns and IT-related business requests. The findings should be incorporated into the forthcoming ICT strategy and related plans.

NEW ICT DEVELOPMENT

While business needs primarily drive the ICT investment agenda, they cannot do so exclusively because the ICT Unit has its own priorities such as investments in cyber security. And while the prioritisation of projects involves consultations between the business side and the ICT Unit, there is scope to improve the process, including in terms of managing expectations.

At present, the ICT Unit applies a strong filter and quality assurance process for assessing proposals and implementing projects. The process involves a number of best practice steps, including requirements for a developed business case, a strong governance model, and business side partnership.

For the process to work well, there must be leadership by the Management Board, an openness to change business processes, rigour around prioritisation and timelines, and sustained

engagement by the business side throughout a project lifetime. In those respects, one major project which has been rolled out successfully is the Employments Permits system. Launched in October 2016, over 99% of applications are now managed online, processing times have been reduced to a fraction of what they used to be, and the ICT and business sides collaborated strongly throughout.

Finding: ICT project management

High quality project management methodology is applied to the selection, appraisal, governance, management and implementation of new ICT projects. However, prioritisation, process re-engineering and engagement between the IT and business sides are not always as strong as they ought to be, although the Employment Permits project sets a standard in those respects.

Recommendation

4S The Department should examine the steps it might usefully take to improve the selection and management of new ICT projects, drawing in particular from the best practice features applied to the Employment Permits project. As part of that process, reporting mechanisms into the Management Board on major projects should be strengthened.

ICT IN THE OFFICES

The Department has three bespoke, highly transactional, public facing systems: the Employment Permits system referenced above, and two major systems in the Companies Registration Office and Patents Office. In addition, the Office of the Director for Corporate Enforcement maintains a major standalone database of its case-related records, which has limited transactional capability.

- a. **Companies Registration Office (CRO):** A major new system is being developed on a phased basis to replace a 20-year old database which has a front-facing functionality for customers.
- b. **Patents Office:** Located in Kilkenny, the Office has four IT staff who report to the IT Unit in Dublin and not to the Controller of Patents (the local manager). Thus there is a degree of disconnection between the local business side and the ICT support service. For example, issues with the local system in Kilkenny have to be first raised with the Helpdesk in Dublin before being routed back to the IT staff in Kilkenny for resolution. This is a counterintuitive model that takes face-to-face engagement out of the picture.
- c. **Office of the Director for Corporate Enforcement (ODCE):** The ODCE maintains a standalone database developed in MS Access of some 30,000 records relating to insolvency and other case records. While the system is just about meeting the immediate needs of the ODCE, it lacks the relational capacity required for analytical purposes and the flexibility needed to accommodate new requirements. The in-house IT capability to manage the system is limited, a problem which is compounded by the depletion of internal capability to interrogate the data. As the Office transitions to an independent Agency (likely in 2019/2020), consideration will need to be given to the appropriate level of internal IT requirements, in terms of both skills and systems.

Findings: ICT in Patents Office and ODCE

ICT in the Patents Office: The current reporting model which splits the Controller of Patents from the locally-based ICT Unit is not appropriate.

ODCE database: The ODCE's current database of case-related records is not suitable for current and emerging business needs.

Recommendations

4T The Department should change the current reporting model relating to the ICT Unit in the Patents Office, so that the reporting line is to the Controller of Patents.

4U The ODCE's case management records should be migrated to a newly developed or acquired solution as a matter of urgency.

BUSINESS CONTINUITY

The Department deploys a range of systems, procedures and processes to prevent data loss and to allow systems and data to be restored in the event of unforeseen incidents. These include access control to systems and data and disaster recovery procedures. It also has a designated ICT security Officer in place and carries out proactive security testing on all online systems deployed.

There are plans to review the major disaster recovery and business continuity plan in the near future. In terms of cyber security, the Department has access to an information security Officer who provides advice and assessment on a needs basis. Furthermore, all external-facing systems are risk tested. A review of cyber security is to be undertaken externally in the near future.

Finding: Business continuity

This review did not reveal any concerns around disaster recovery and business continuity.

4.8 DATA MANAGEMENT

The management of data is an area of notable weakness in the following respects:

- a. **Absence of policy:** There is no evidence of an actual data management policy, and many of the senior staff in the Department acknowledge that data is not well managed.
- b. **Gaps:** Data gaps exist, and data usage across the Department generally is underdeveloped.
- c. **Weak integration:** There are a number of *ad hoc* data and management information systems in place, and the linkages between them are all but non-existent.
- d. **Outdated platforms:** The platforms in use for data management and statistical interrogation are outdated, and lack the modernity that would be expected from a Department leading on innovation.
- e. **Inappropriate data solutions:** The Department remains excessively dependent on Lotus Notes for the storage data. As that system is not statistical in construct, difficulties arise from the perspectives of interrogation, analysis and aggregation.
- f. **Department to Agency/Office linkages:** Issues arise from time to time whereby data and other information required by the Department is not collected by the Offices and Agencies. Typically the business data held by the Offices and regulatory Agencies are the production of legal compliance requirements and are not gathered or compiled with policy-making in mind – for example, the principal business address of a newly registered company is not a requirement of the CRO.

Finding: Data management

Data management is significantly underdeveloped across the Department.

Recommendation

4V The Department needs to develop a research-based policy for the management of data, including on how improvements could be made regarding the data collected by Offices and Agencies and how linkages with the Department could be improved in that respect.

APPENDIX 1: OVERVIEW OF DEPARTMENT

BACKGROUND TO THE DEPARTMENT

The remit of the Department has varied over the years with key functions having moved in and out in reflection of the political priorities and economic realities of the time. The Department has its origins in the merger in 1993 of the former Department of Labour with the Department of Industry and Commerce. Since then, the name and remit have changed on a number of occasions:

- 1993: Department of Enterprise and Employment
- 1997: Department of Enterprise, Trade and Employment
- 2010: Department of Enterprise, Trade and Innovation
- 2011: Department of Jobs, Enterprise and Innovation
- 2017: Department of Business, Enterprise and Innovation

A further significant structural change was the amalgamation of Forfás into the Department in August 2014. Forfás had been the national policy advisory board for enterprise and trade related matters. The dissolution of Forfás and its integration into the Department as the Strategic Policy Division (SPD) – a new arm within the Department – represented a major change in the conduct of analytical and evaluative work.

Most recently, a number of functions have transferred from the Department to the Department of Employment Affairs and Social Protection with effect from 1st September 2017, principally in the area of employment rights policy and legislation, and responsibility for the Low Pay Commission and the National Minimum Wage. In addition, elements of the EU Commission’s Digital Single Market proposals (elements of which are shared across various Departments) – specifically the coordination of the Strategy – was transferred from the Department of the Taoiseach, also with effect from 1st September 2017. (Full details on the background and the remit of the Department can be found in its published Governance Framework.)⁵¹

RESOURCES OF THE DEPARTMENT

The Department, including its five Offices, has a staff complement of over 900 (just over 800 full-time equivalents) spread across Dublin, Carlow, Kilkenny, Cork, Sligo and Shannon. In common with other Government Departments, it was affected by the recruitment moratorium imposed on all public service bodies during the height of the economic crisis (2010 – 2015).

The Department has seven Assistant Secretaries, with most of their Divisions operating liaison units to service the eight Agencies and five Offices under the Department’s remit. Some of the Assistant Secretaries sit in an *ex-officio* capacity on the Boards of the Agencies. Effective governance oversight is a major element of the Department’s work with Oversight, Performance and Delivery Agreements (OPDA) in place with each Agency and Memoranda of Understanding for each Office.

The Department and its Agencies oversee very significant expenditure of Exchequer monies: €871m in 2018, of which €433m is focused on jobs and enterprise development, €356m on innovation, and €82m on regulation. A number of Offices also generate income through fees and charges – for example, the Patents Office for Patents’ Licencing and Trademark Certificates, the Personal Injuries Assessment Board for processing claims and the Companies Registration Office for administering registrations.

⁵¹ <https://dbei.gov.ie/en/Publications/Governance-Framework.html>

Table A1: Department’s Divisions and Business Units, and Liaison Reporting Lines

Division	Commerce, Consumer and Competition Division
Business Units	Competition and Consumer Policy Company Law Policy and Business Regulation Company Law Development and EU Company Law Audit and Accounting Policy Internal Audit (reports to Assistant Secretary for administrative purposes only)
Offices	Companies Registration Office, incl. Registrar of Friendly Societies Office of the Director of Corporate Enforcement
Agencies	Competition and Consumer Protection Commission Irish Accounting and Auditing Supervisory Authority Personal Injuries Assessment Board
Division	EU Affairs and Trade Policy Division
Business Units	EU Affairs and Single Market Export Licensing, Administration and Policy Trade Policy, and EU Multilateral and Bilateral Trade Brexit Unit Embassy in London, Permanent Representation in Brussels, and Permanent Mission to the UN Geneva
Division	Indigenous Enterprise Development Division
Business Units	Enterprise Agencies and Programme Unit Finance for Growth and State Aids Regional Strategies and Enterprise Initiatives Entrepreneurship and SMEs Digital Single Market and Digital Economy
Agencies	Enterprise Ireland National Standards Authority of Ireland
Division	Innovation and Investment Division
Business Units	STI Programmes, Agency Policy and Delivery, Divisional Finances National and International STI Policy Intellectual Property Unit Inward Investment and North/South
Offices	Patents Office
Agencies	IDA Ireland Science Foundation Ireland InterTrade Ireland (joint Ireland UK agency under the Good Friday Agreement)
Division	Strategic Policy Division
Business Units	Competitiveness, Data and Economic Analysis Enterprise Programmes and Policies, Evaluations, and Skills and Education Action Plan for Jobs and Special Projects New Sources of Growth, Foresight and Innovation Enterprise Policy, Trade Strategy, Economic Infrastructure, and Tax
Division	Workplace Regulation and Economic Migration Division
Business Units	Employment Permits Economic Migration Policy and ILO International Industrial Relations Safety, Health and Chemicals Policy
Offices	Labour Court Workplace Relations Commission
Agencies	Health and Safety Authority
Division	Corporate Services Division
Business Units	Human Resources Unit Finance Unit Management Services/FOI/Customer Service and GDPR/ Business Services Unit Communications Unit ICT Unit

APPENDIX 2: BREXIT OVERSIGHT AND CO-ORDINATION STRUCTURE

LEGEND 1

Green: Chaired by DBEI
 Dark Blue: DBEI Representation
 Light Blue: No DBEI Representation
 Yellow: Internal DBEI Groups

LEGEND 2

D/BEI: Dept. of Business, Enterprise and Innovation
 D/FAT: Dept. of Foreign Affairs and Trade
 D/CCA: Dept. of Communications, Climate Action and Energy
 D/TTAS: Dept. of Transport, Tourism and Sport
 D/ES: Dept. of Education and Skills
 D/AFM: Dept. of Agriculture, Food and the Marine

