



Rialtas na hÉireann  
Government of Ireland



Project Ireland 2040  
*Building Ireland's Future*

# The Public Spending Code

Presentation to Italian Delegation as part of Webinar Series

16<sup>th</sup> June 2020

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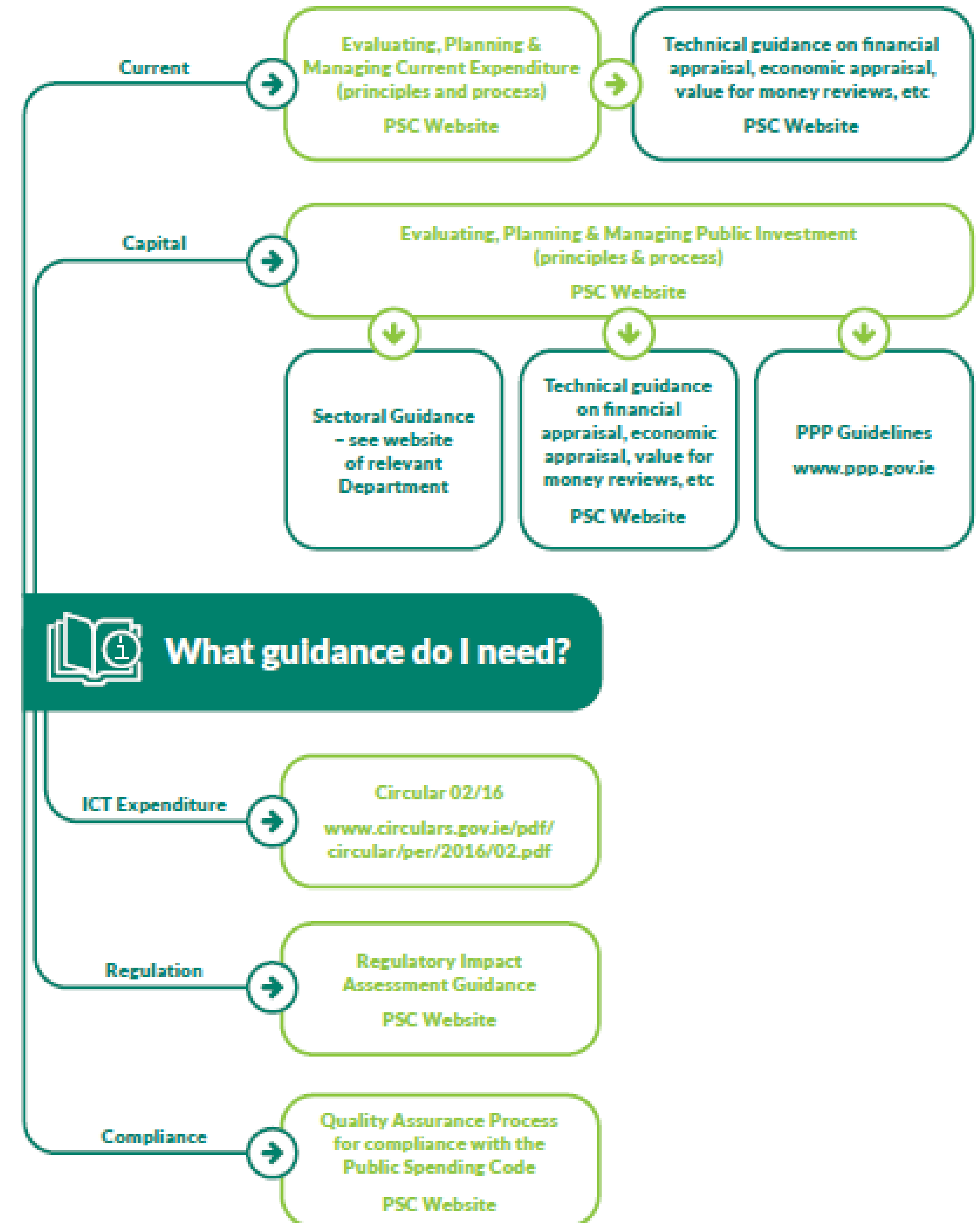
# Overview



- ❖ What is the Public Spending Code (PSC)? – Purpose, General Principles.
- ❖ Who the PSC is for and what are the requirements for different roles?
- ❖ Updating PSC guidance. Latest PSC Update and Next Steps.
- ❖ Expenditure Lifecycle and project lifecycles for current and capital expenditure.
- ❖ Different Appraisal and Evaluation Requirements.
- ❖ Hone in on evaluation - Why evaluate? Who evaluates? What are the different types and recommended formats?
- ❖ Obstacles to evaluation.
- ❖ How do we embed and support evaluation?

# What is the Public Spending Code?

The Public Spending Code brings together in one place details of the **obligations** that those responsible for spending public money are obliged to adhere to as well as **guidance material** on how to comply with the obligations outlined.



# Purpose of the Public Spending Code



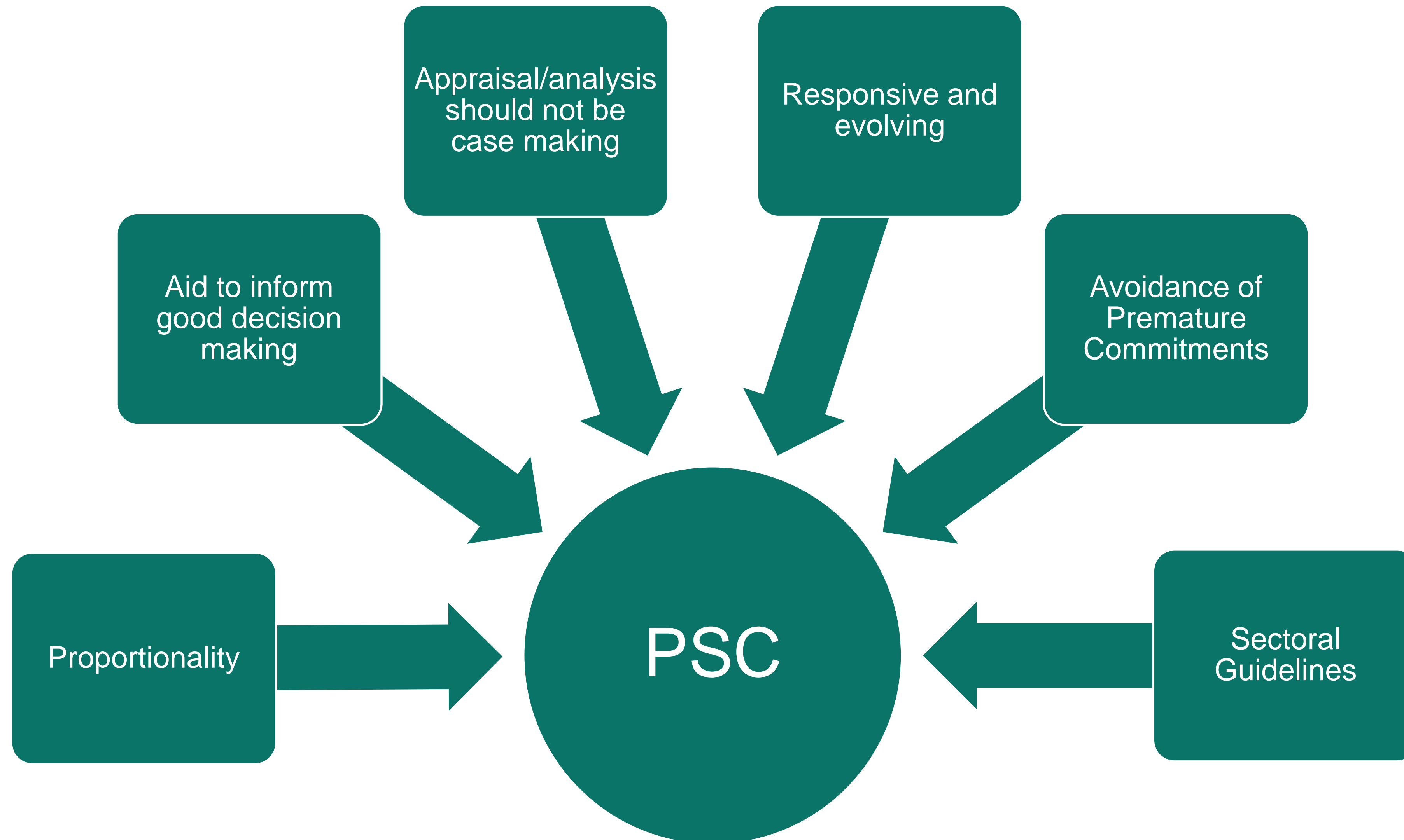
- Ensure best value for money for the State for the resources at its disposal.
- It does this by setting value for money requirements for all stages of the expenditure lifecycle.
- These requirements support evidence informed decision making and cultivate an evaluation culture or mindset.
- In an evaluation culture:
  - Expenditure will be properly appraised;
  - Preparation made for managing the expenditure;
  - Expenditure will be actively and critically managed;
  - Reviewed during and/or post implementation
  - Post Implementation review for capital projects.

Ex Ante – Appraisal  
Ex Post - Evaluation

	6	Promote a culture of innovation in the public service
	7	Optimise the use of data
	8	Build strategic planning capability
	9	Strengthen whole-of-government collaboration
	10	Embed programme and project management
	11	Embed a culture of evidence and evaluation

*Our Public Service 2020*

# General Principles of the Code





# Who is the Code for and who does what?



Are you ...

- Proposing and implementing a project, policy or programme?

AND/OR

- Granting approval for a project, policy or programme to proceed under the management and oversight of another body?

# Sponsoring Agency



Responsible for proposing and implementing a project, policy or programme. This requires the carrying out of:

- appraisal
- planning and management
- post project review and evaluation of projects/schemes

This might be a Government Department, local authority, health agency, University or other State body .e.g. TII.

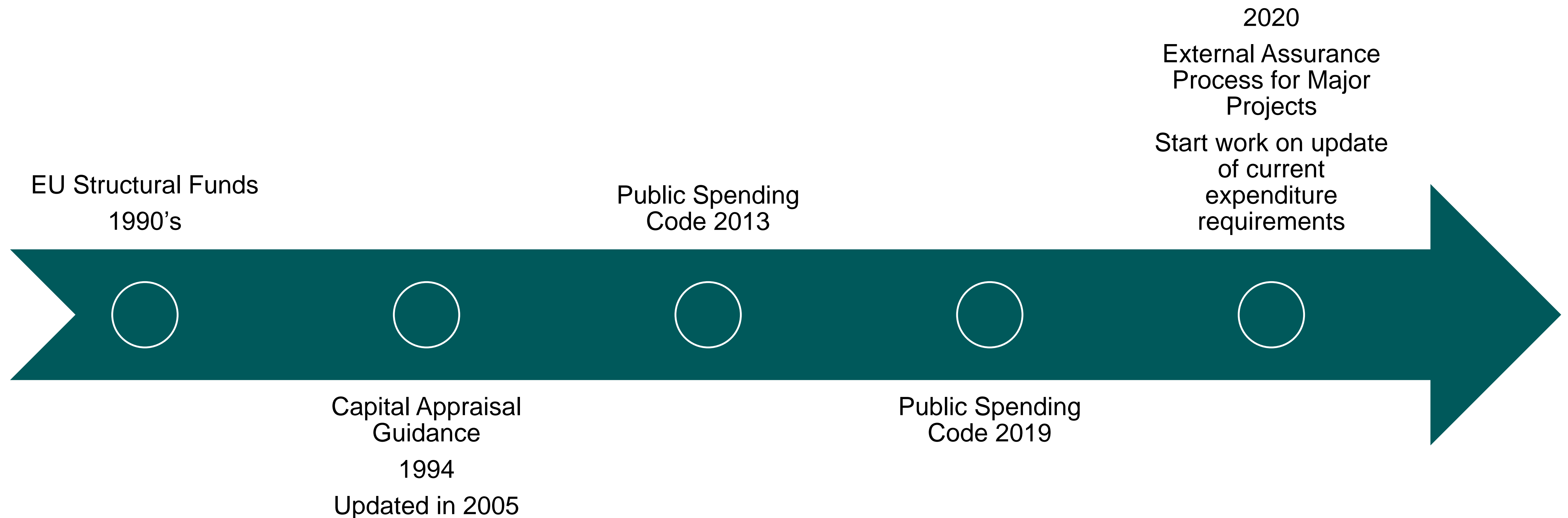
# Approving Authority



- Responsible for granting approval for a project, policy or programme to proceed under the management and oversight of another body.
- The Approving Authority is normally the Government Minister or Department or public body with sectoral responsibility for implementing Government policy.
- Responsible for funding & ensuring project is delivered as approved.



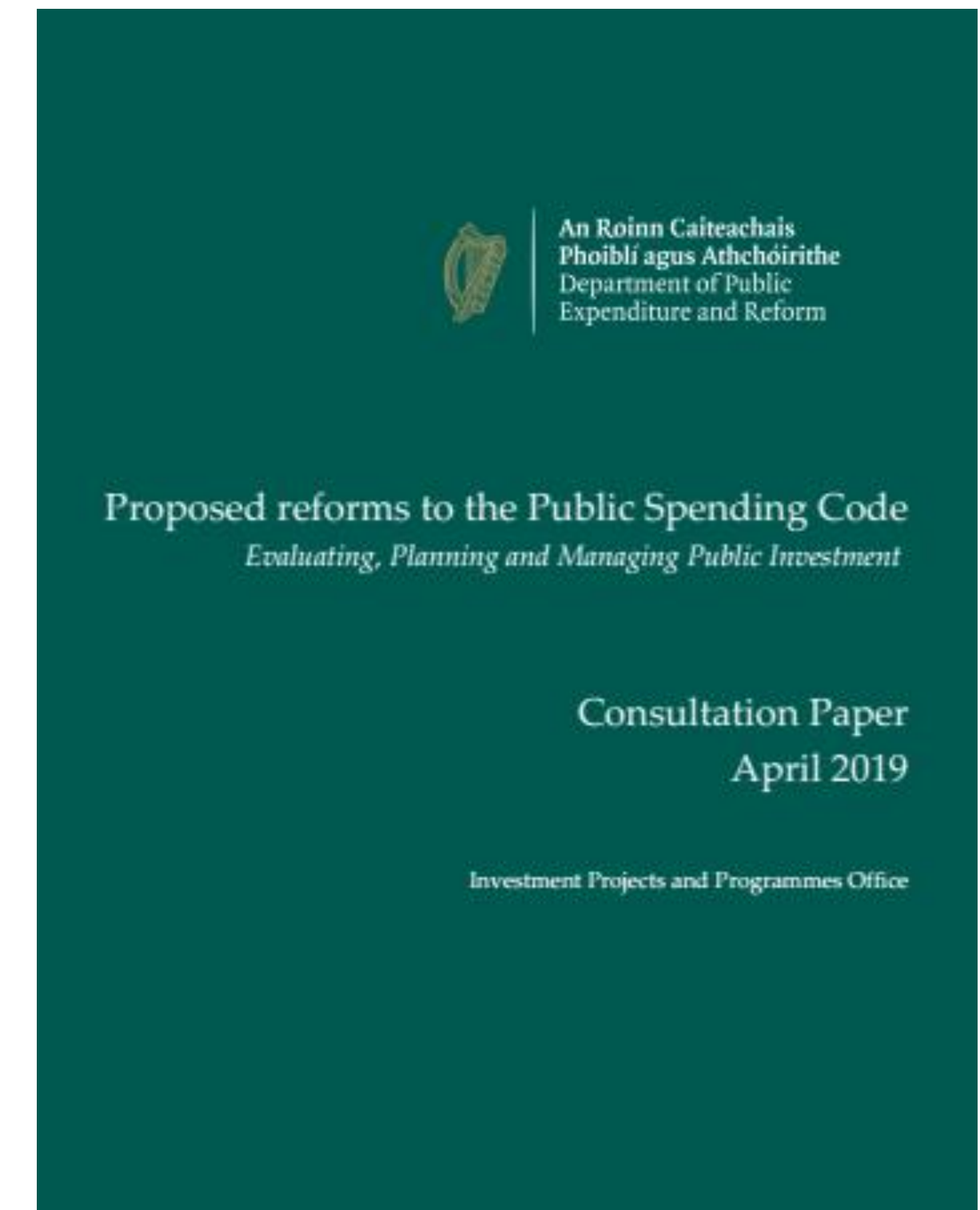
# Updating Value for Money Guidance – Part of Expenditure Reform



# Latest Update on the Public Spending Code – Capital Expenditure



- ❑ Consultation paper issued to Departments and Agencies on 10th April.
  - 26 submissions received.
  
- ❑ Three workshops with Departments and Agencies.
  - **Engagement** with over 150 public service stakeholders.
  - Supported by bilateral engagement with Departments as required and agencies
  
- ❑ Working draft circulated in July for final round of consultation which closed on Friday 6<sup>th</sup> September
  - 12 submissions received.

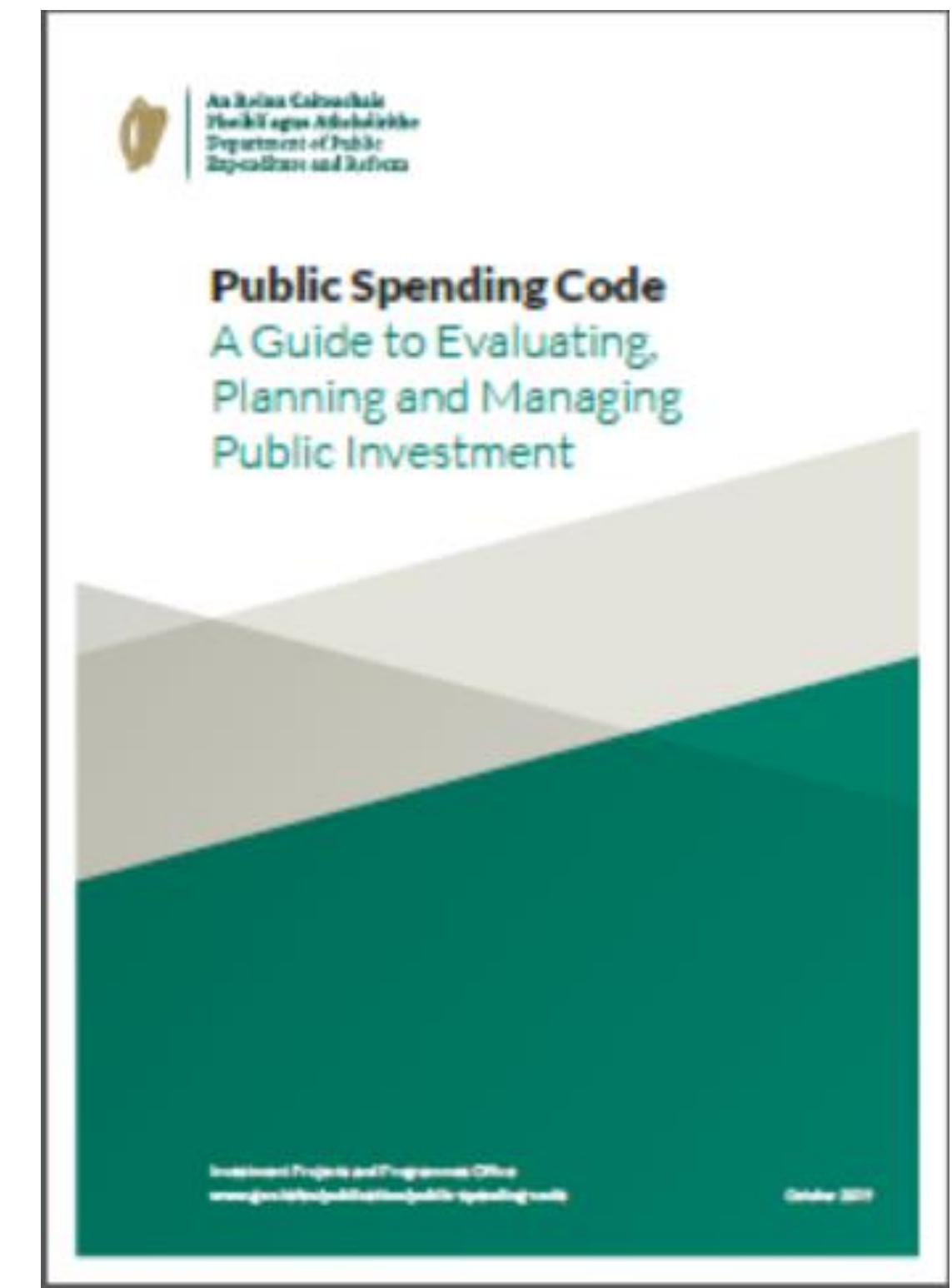


Consultation paper

# Key Changes to the Public Spending Code



- ❑ More accessible guidance with greater clarity on governance, roles, and responsibilities.
- ❑ Greater alignment with realities of project delivery (New Project Lifecycle for Capital)
- ❑ Earlier engagement and scrutiny of projects through the new Strategic Assessment Stage.
- ❑ More focus on financial analysis and affordability.
- ❑ Expanding the focus for a wider consideration of the business case for projects, i.e.
  - ❑ appraisal AND
  - ❑ design,
  - ❑ procurement strategy,
  - ❑ deliverability,
  - ❑ Risk.
- ❑ No decision until the final business case which includes analysis updated with the results of the tender process.



# Update - Next Steps

- ❑ Independent external review of capital projects over €100m at key stages in 2020.
- ❑ Update of current expenditure guidance.
- ❑ Evolving programme of further reform including:
  - ❑ *Economic Appraisal guidance*
  - ❑ *Financial Appraisal guidance*
  - ❑ *Programme Appraisal Guidance*
  - ❑ *Development of Templates*

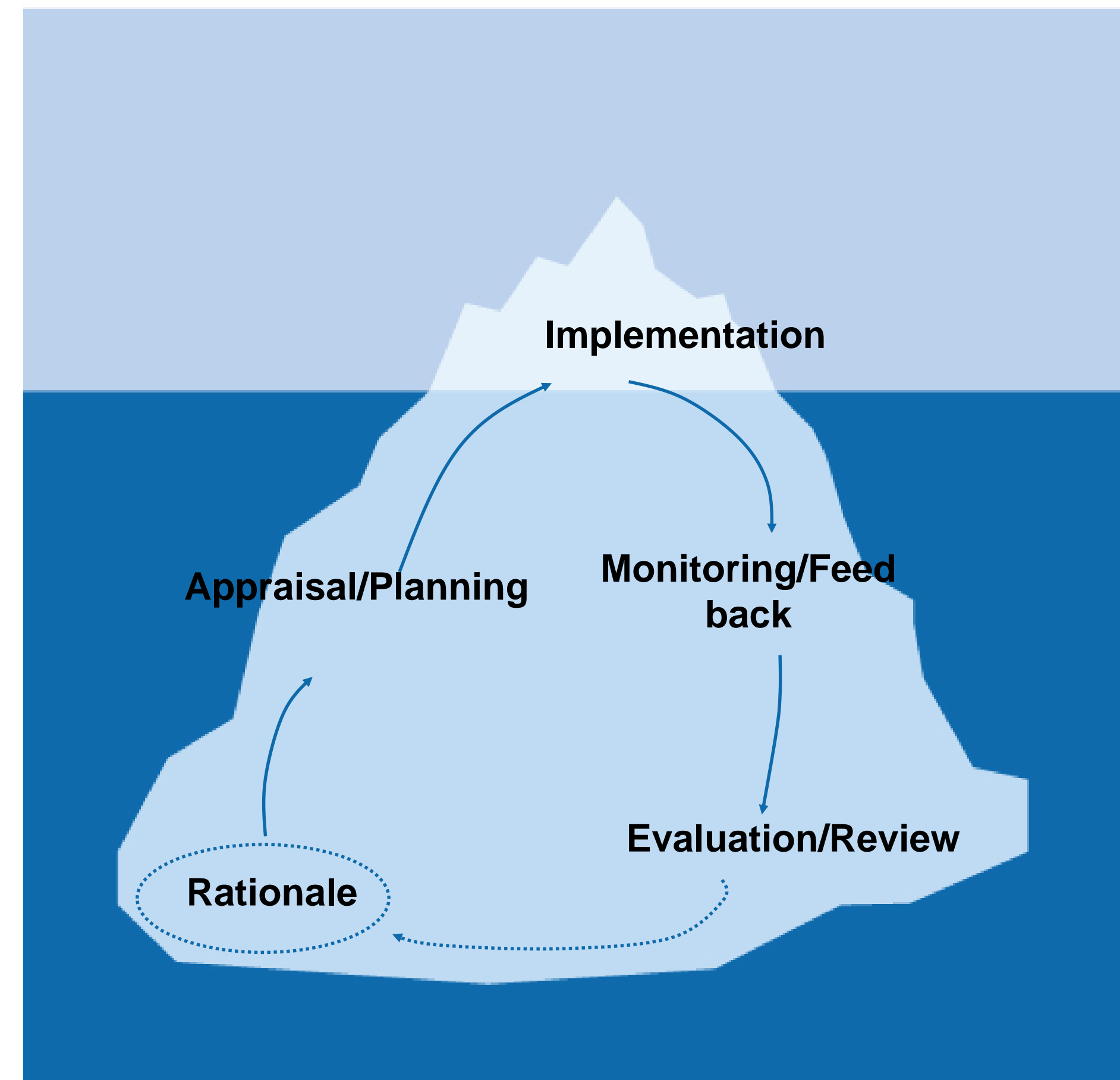




# Expenditure Lifecycle

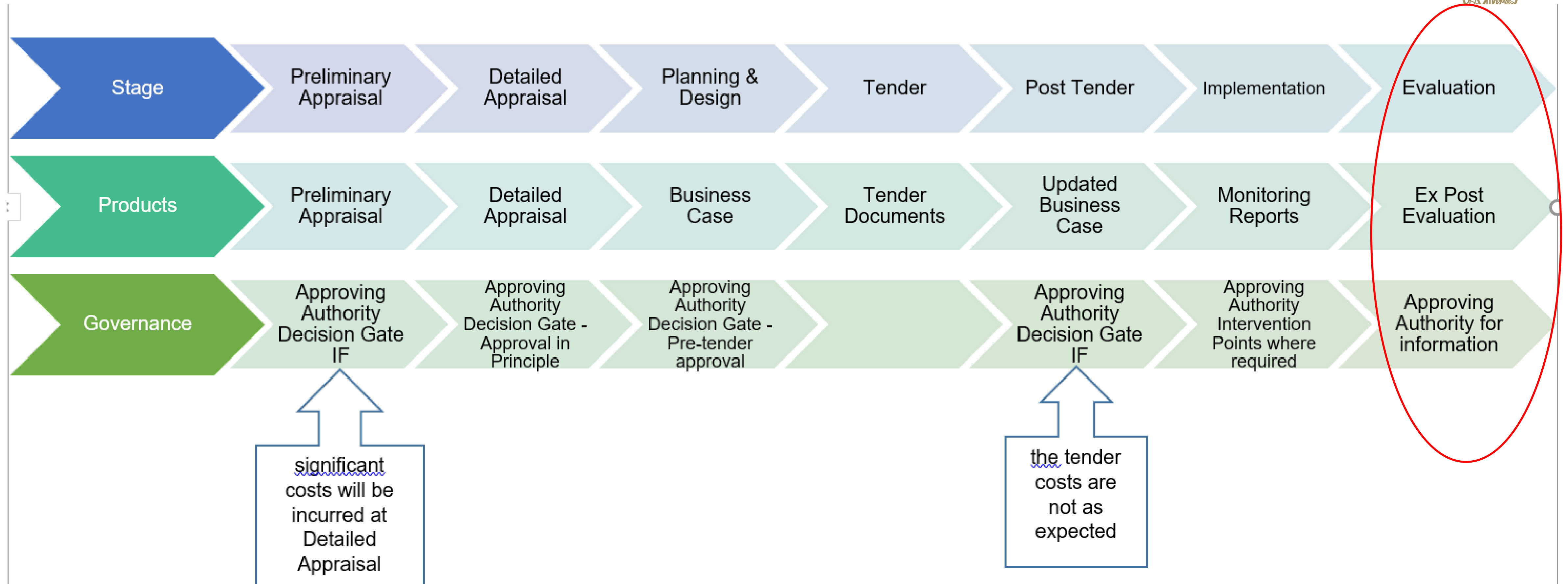


- Well planned Government interventions entail (or should entail) **significant amounts of planning, monitoring and** evaluation proportional to the overall expenditure.
- While implementation is the most visible aspect of a project, **its success will be determined by the quality of the investment rationale and appraisal**, as well as the lessons learned from the monitoring and evaluations of previous projects
- This process is also known as the **Expenditure Lifecycle...**

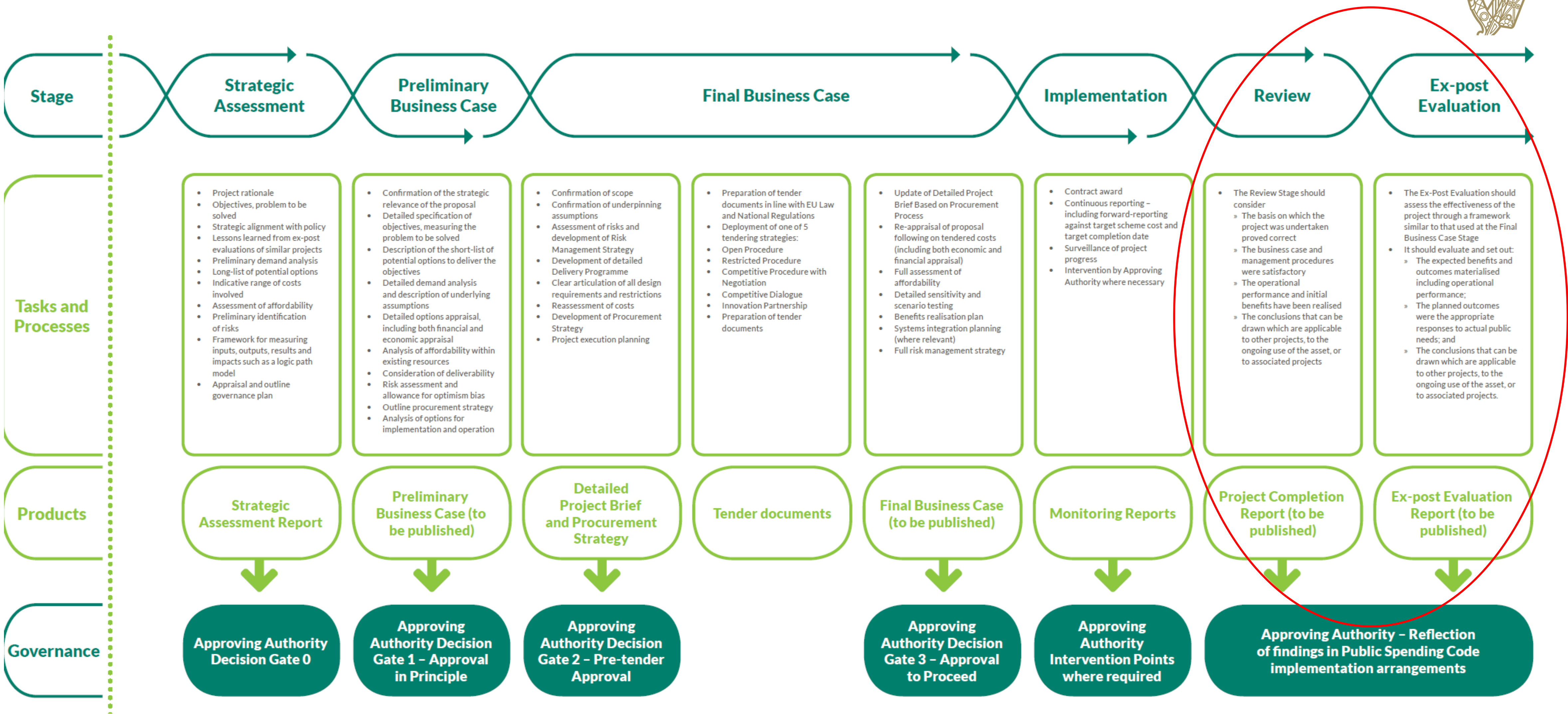




# Project Lifecycle - Current



# Project Lifecycle - Capital



# Appraisal Requirements –Current & Capital



Scale of appraisal should be commensurate with size of project (Proportionality):

Level of spend	Current	Type of appraisal	Preliminary Appraisal required?*	Send to DPER for technical review
Less than €0.5 million		Simple Assessment	No	No
€0.5m - €5 million		Single Appraisal	No	No
€5m - €20 million		Multi Criteria Analysis (MCA)	Yes	No
Over €20 million		Cost-Benefit Analysis (CBA)/Cost-Effectiveness Analysis (CEA)	Yes	Yes

Table 3.1 Economic appraisal methodologies and investment sectors	
Sectors for which CBA <u>may</u> be more suitable:	Sectors for which CEA and/or MCA <u>may</u> be more suitable
<ul style="list-style-type: none"><li>▪ Energy</li><li>▪ Transport</li><li>▪ Enterprise &amp; Innovation</li><li>▪ Health (new capacity)</li><li>▪ Environmental infrastructure (including flood defence)</li><li>▪ Agri-food</li><li>▪ Communications</li><li>▪ Tourism</li><li>▪ Higher Education</li></ul>	<ul style="list-style-type: none"><li>▪ Housing</li><li>▪ Health (replacement and refurbishment)</li><li>▪ Urban and regional development</li><li>▪ Public Buildings</li><li>▪ Culture</li><li>▪ Schools</li></ul>

Thresholds	
<€10 million	No need to conduct Strategic Assessment Report  Consideration if need for economic appraisal  Ex Post Evaluation on sample of projects
<€100 million	Technical review of Strategic Assessment Reports and Business Cases by Approving Authority
>€100 million	Technical review of Strategic Assessment Reports and Business Cases by DPER  Government as the Approving Authority  New External Review Process at Key Decision Gates

Capital



# Evaluation Requirements –Current & Capital



Scale of evaluation should be commensurate with size of project (Proportionality):



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**Expenditure Reviews and Evaluation**

[VFMR Initiative – VFMs](#)

Expenditure programmes are subject to review under the established system of Value for Money and Policy Reviews (VFMs). Departments subject major blocks of expenditure to rigorous evaluation over a 3-year cycle. By systematically analysing the performance of programmes, these reviews provide evidence to support more informed decisions about priorities between and within expenditure programmes. These evaluations are intended to be important sources of evidence for the Comprehensive Reviews of Expenditure. Each Department prepares a multi-annual VFM schedule, agreed with the Department of Public Expenditure & Reform, providing for review of strategic programmes over a three-year period. These programmes are agreed by Government.

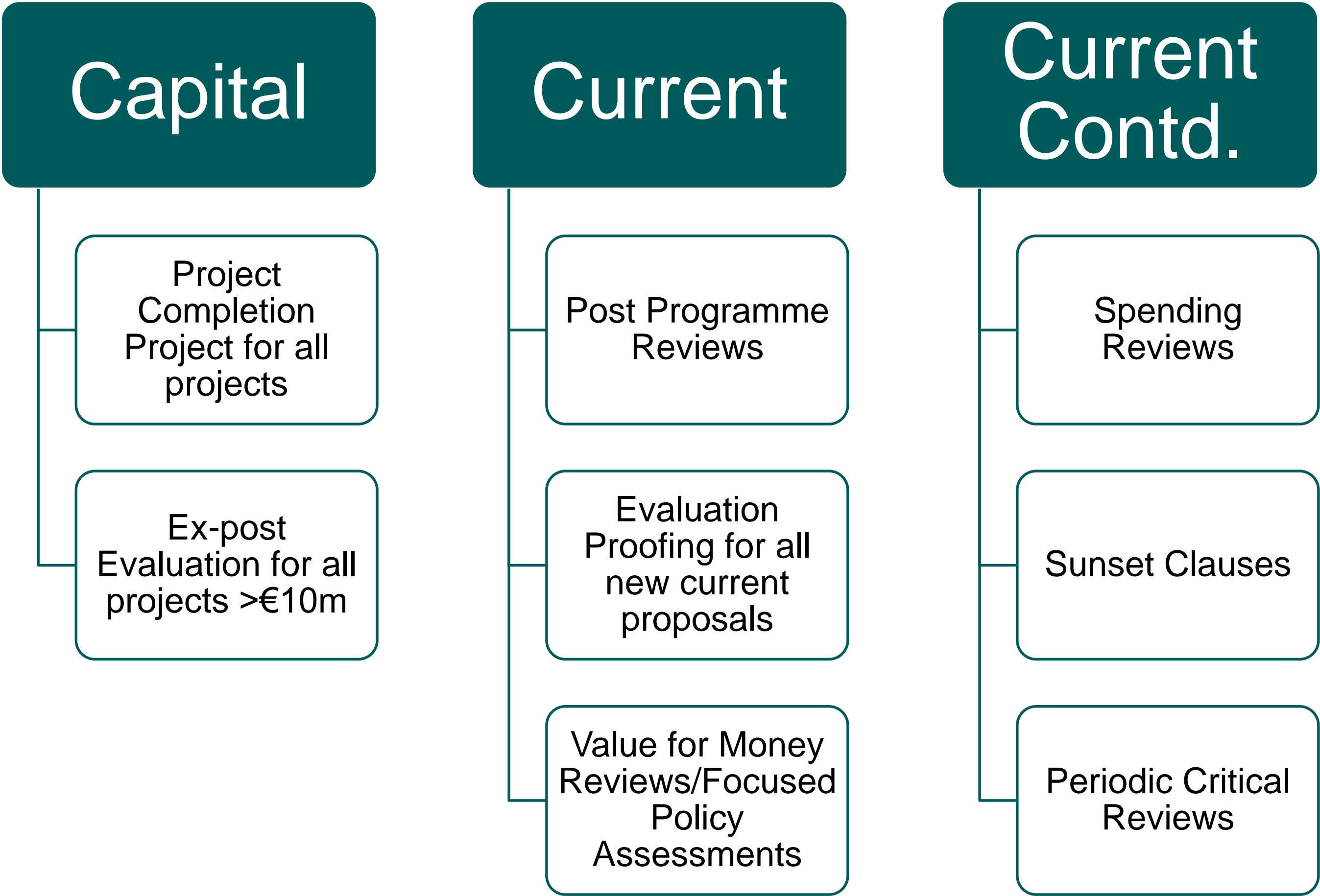
[VFMR Initiative – FPAs](#)

Focused Policy Assessments (FPAs) are designed to answer specific issues of policy configuration and delivery. These can address cross cutting issues and evaluations of a discrete expenditure programme by reference to one or more evaluation criteria. FPAs provide an evaluation tool for Government Departments.

[Evaluations – Other](#)

In addition to evaluations carried out under the VFMR Initiative, Government Departments conduct a range of other evaluations including ex-ante and ex-post evaluation of programmes which can be found in this section.

[Expenditure Reviews](#)



# Hone in on Evaluation – Why Evaluate?



- Administrative reasons:
  - *Funding requirement / Value For Money Initiative – DPER/EU/other - appraise and evaluate to ‘tick the box’*
- Best practice:
  - *Money is always limited & there will always be competing demands – evidence-based policy*
  - *Accountability*
  - *Reprioritise*
  - *Constantly improving, learning from mistakes, #Failbetter*
- Original objectives of a programme may change over time – good interventions may become ineffective

Doing the right things;  
Doing them right



# Who defines policies to evaluate and when to evaluate?



- **When are policies evaluated?**
  - Planned programmes of evaluation.
  - Requirement – Funding, PSC (sunset clause, mid term evaluation, etc), condition applied by Approving Authority and/or Government.
  - Change in policy or policy environment – developments at EU level, new Programme for Government, response to a crisis.
  - Triggered by monitoring – concern over efficiency/effectiveness/continued relevance.
- **Reporting to decision makers**
  - Report to decision makers (Ministers and Government) to inform policy
  - Publication and feeding into policy debate.
  - Certain types are required to be laid before the Houses of the Oireachtas.

# How we Evaluate?

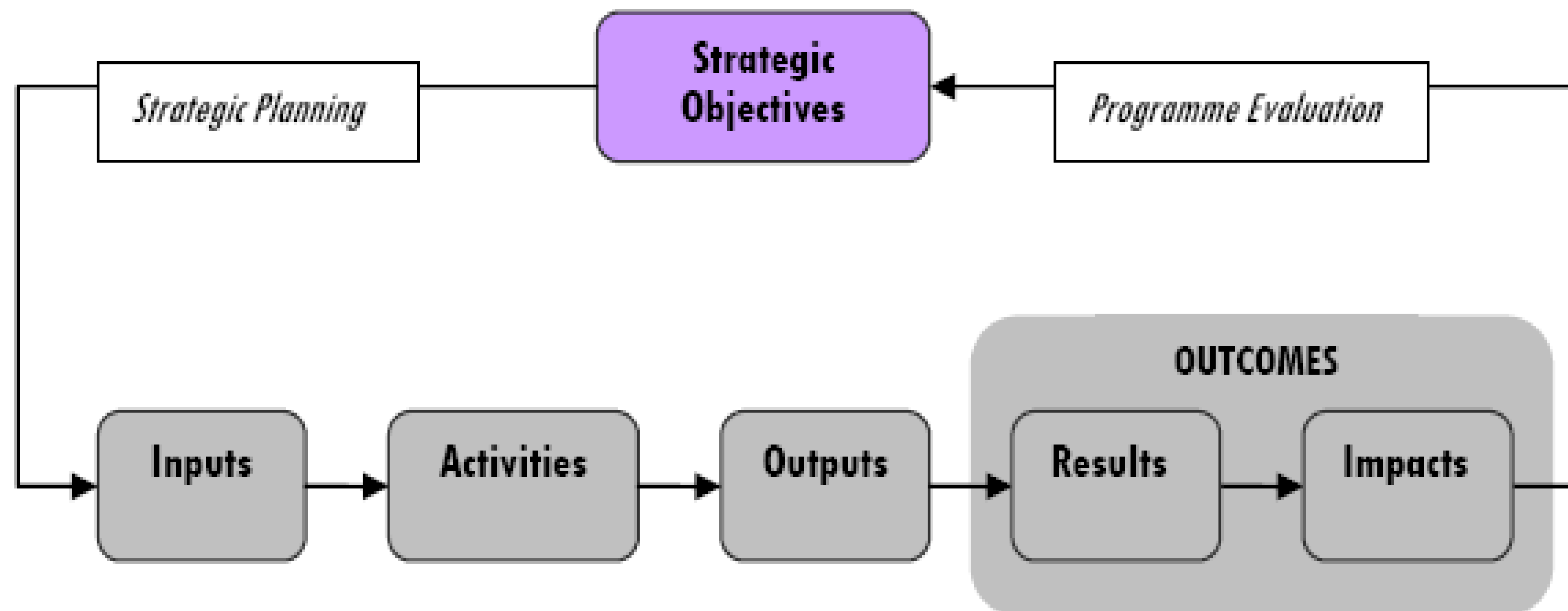


- Focus here on 'ex-post'; but important that it is part of continuous cycle
- Broad Types of Evaluation
  - **Process** - *how something was delivered*
  - **Impact** – *did it make a difference?*
  - **Economic** – *were benefits greater than costs?*
- Key Evaluation Questions
  - **Rationale** - *justification for intervention*
  - **Relevance** – *how do wider developments affect the policy?*
  - **Effectiveness** – *is it meeting its objectives?*
  - **Efficiency** – *is it doing it in the best way possible?*
  - **Impact** – *what socio-economic changes can be attributed to it?*

# How we Evaluate? – Programme Logic Model



Programme logic model – useful template  
- objectives/rationale are vital





# PSC Recommended Evaluation Formats



2016

Focused Policy Assessment  
of Data on Special Needs  
Assistants



Irish Government Economic & Evaluation Service

This Focused Policy Assessment has been undertaken by the Department of Education and Skills, Central Policy Unit. It does not constitute an evaluation for the purposes of the Public Spending Code. It does not constitute an evaluation for the purposes of the Public Spending Code. It does not constitute an evaluation for the purposes of the Public Spending Code.

## The Driver Testing Service

Value for Money and Policy Review

Strategic Research and Analysis division



An Roinn Ionpair  
Turasóireachta agus Spóirt  
Department of Transport,  
Tourism and Sport



An Roinn Ealaíon, Oidhreachta,  
Gnóthaí Réigiúnacha, Tuaithe agus Gaeltachta  
Department of Arts, Heritage,  
Regional, Rural and Gaeltacht Affairs



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An Roinn Gnóthaí Fostaíochta  
agus Coimirce Sóisialaí  
Department of Employment Affairs  
and Social Protection

## Working paper: Evaluation of JobPath outcomes for Q1 2016 participants

March 2019



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## Social Impact Assessment Series

### Acute Mental Health Services

SEÁN PRIOR  
HEALTH VOTE, DPER  
AUGUST 2019

An Roinn Ealaíon, Oidhreachta, Gnóthaí Réigiúnacha, Tuaithe agus  
Gaeltachta

Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs

Limerick City of Culture – 2014

Ex Post Evaluation

*Undertaken by the Evaluation Unit*



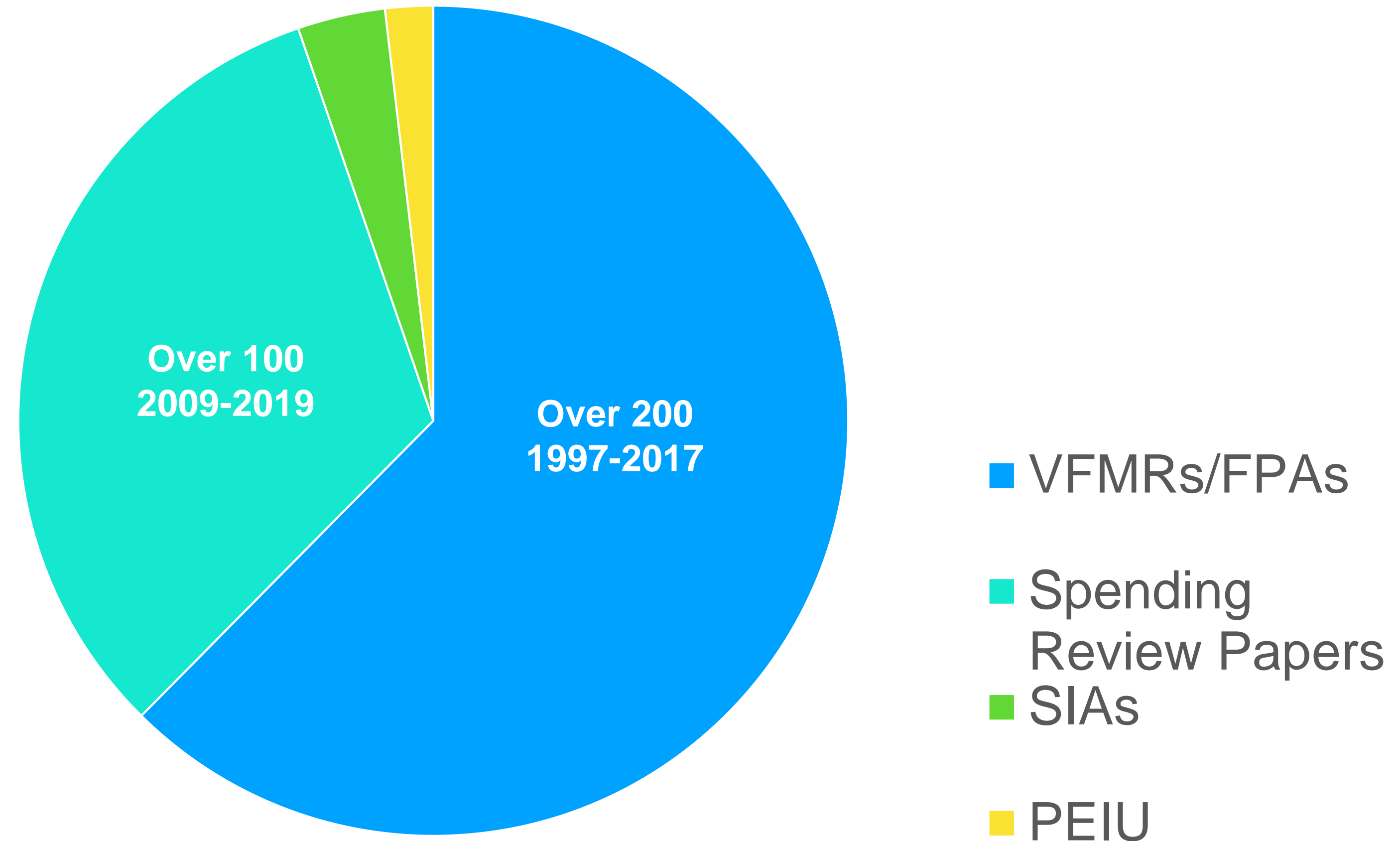
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## Spending Review 2019

### Animal Health: TB Eradication

ANTHONY CAWLEY AND AISHLING CRONIN  
ECONOMICS AND PLANNING DIVISION, DEPARTMENT OF  
AGRICULTURE, FOOD AND THE MARINE  
OCTOBER 2019

# Scale of Evaluation





# Who Evaluates in Ireland?



## Central Government

Individual Departments: Value for Money initiative

DPER: Cross-cutting papers and mini evaluations, IGEES

D/Finance: Tax

## Other agencies

ESRI, NESC, IPA

Housing Agency, 3<sup>rd</sup> Sector

Office of the  
Comptroller &  
Audit General

Academics

Consultants

Parliamentary  
Budget Office

Local  
Government  
Audit Service

# Obstacles to and Challenges for Evaluation



- Appetite for evidence.
- Awareness of requirements and benefits.
- Capacity to conduct evaluations.
- Prioritisation of evaluation. Need for evaluation champions.
- Timeliness of evaluations – having evidence ready when needed. Accessibility of evaluations – communicated well to inform policy debate.
- Availability of Data.
- Independence of evaluation.

# How do we embed and support evaluation within the public service?



- Link to expenditure management, i.e. requirement of expenditure sanction.
- PSC Quality Assurance Process.
- Different and evolving types of evaluation to meet policy needs – VFMR to FPAs to Spending Review papers.
- Publication and library of evaluations – evidence base and support for those conducting evaluations.
- Trialing different structures to support evaluation.
- Training, guidance, templates, etc.
- Links to data initiatives – OPS Action 7 Optimise the use of data



# How do we embed and support evaluation generally?



- Supporting evidence informed agenda and building of evaluation culture.
- Building and maintaining links to wider evaluation community including academics, research institutes, etc.
- Open data initiative.
- Participation in conferences, seminars, webinars, etc.
- Demand for evidence from decision makers – a big part of expenditure reform in 2013/14 was engagement with our national parliament and the expenditure committees on the importance of performance measurement, outcomes, and judging effectiveness aswell as efficiency.

# Useful Links



- Public Spending Code - <https://www.gov.ie/en/publication/public-spending-code/>
- IGEES - <https://igees.gov.ie/>
- Our Public Service 2020 - <https://www.ops2020.gov.ie/>
- Open Data - <https://data.gov.ie/>
- Performance Reports - <https://www.gov.ie/en/collection/68680c-public-service-performance-reports/>
- Optimise the use of data - <https://www.ops2020.gov.ie/actions/innovating-for-our-future/data/>
- Parliamentary Budget Office - <https://www.oireachtas.ie/en/how-parliament-is-run/houses-of-the-oireachtas-service/parliamentary-budget-office/>





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