

Performance Verification and Public
Service Pay

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Service Pay

Richard Boyle



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CONTENTS

Foreword	vii
Acknowledgements	ix
Executive Summary	x
Chapter 1: Introduction	1
1.1 Focus of the paper	1
1.2 Background and terms of reference for the study	1
1.3 Study approach and focus	2
1.4 Report Structure	3
Chapter 2: Brief description of the performance verification process	5
2.1 Introduction	5
2.2 The historical context	5
2.3 Key elements of and players in the performance verification process	7
Chapter 3: The impact of performance verification	10
3.1 Introduction	10
3.2 Performance verification and public service pay	10
3.3 Performance verification and industrial relations stability, co-operation with flexibility and change, and public service modernisation	13
3.4 Performance verification and the public demonstration of change	18
3.5 Conclusions	20
Chapter 4: Templates, action plans and progress reports	22
4.1 Introduction	22
4.2 Templates	22
4.3 Action plans	24
4.4 Progress reports	26
Chapter 5: Performance verification structures and processes	32
5.1 Introduction	32

5.2	Performance Verification Groups	32
5.3	The Performance Verification Group secretariat	38
5.4	The sectoral secretary general	40
5.5	Partnership committees	41
5.6	Variations across PVGs	42
Chapter 6: Performance verification for state bodies not covered by Performance Verification Groups		44
6.1	Introduction	44
6.2	The performance verification process	44
Chapter 7: Conclusions and recommendations		46
7.1	Introduction	46
7.2	Setting the context – performance verification in the national agreement	46
7.3	Performance verification structures and processes	47
7.4	Performance verification outputs	49
Notes		51
References		53
Annex 1	Sectoral Performance Verification Group membership and numbers interviewed	55
Annex 2	Organisations/sectors reporting to the Performance Verification Groups and numbers responding to questionnaire	56
Annex 3	Public service pay increases under <i>Sustaining Progress</i>	57
Annex 4	2004 work programme of the Local Government PVG	58

FOREWORD

This paper is the thirty-second in a series undertaken by the Committee for Public Management Research. The Committee is developing a comprehensive programme of research designed to serve the needs of the future developments of the Irish public service. Committee members come from the following eight departments: Finance; Environment, Heritage and Local Government; Health and Children; Taoiseach; Transport; Communications, Marine and Natural Resources; Social and Family Affairs; Office of the Revenue Commissioners and also from Trinity College Dublin, University College Dublin and the Institute of Public Administration.

This series aims to prompt discussion and debate on topical issues of particular interest or concern. The papers may outline experience, both national and international, in dealing with a particular issue. Or they may be more conceptual in nature, prompting the development of new ideas on public management issues. They are not intended to set out any official position on the topic under scrutiny. Rather, the intention is to identify current thinking and best practice.

We would very much welcome comments on this paper and on public management research more generally. To ensure that the discussion papers and wider research programme of the Committee for Public Management Research are relevant to managers and staff, we need to hear from you. What do you think of the issues being raised? Are there other topics you would like to see researched?

Research into the problems, solutions and successes of public management processes and the way organisations can best adapt in a changing environment has much to contribute to good management, and is a vital element in the public service renewal process. The Committee for Public Management Research intends to provide a service to

people working in public organisations by enhancing the knowledge base on public management issues.

Jim Duffy, Chair
Committee for Public Management Research
Department of Finance

For further information or to pass on any comments please contact:

Pat Hickson
Secretary
Committee for Public Management Research
Department of Finance
Lansdowne House
Lansdowne Road
Dublin 4

Phone: (+353) 1 676 7571; Fax: (+353) 1 668 2182
E-mail: hicksonp@cmof.finance.irlgov.ie

General information on the activities of the Committee for Public Management Research, including this paper and others in the series, can be found on its website: www.cpmr.gov.ie; information on Institute of Public Administration research in progress can be found at www.ipa.ie.

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Within the Institute, my colleagues Anne-Marie McGauran and Orla O'Donnell carried out the interviews within the Justice, Equality and Law Reform and Local Government sector PVGs respectively. Colm Dunne of Epsilon Consulting conducted interviews with members of the Education and Health sector PVGs. I am grateful to them for their assistance and general support during the study.

Responsibility for the content of the report rests with the author.

Richard Boyle
November 2005

EXECUTIVE SUMMARY

Background to the study

Sustaining Progress (2003), the sixth national agreement between the government and the social partners, states that public service pay increases are ‘...dependent, in the case of each sector, organisation and grade, on verification of satisfactory achievement of the provisions on cooperation with flexibility and ongoing change; satisfactory implementation of the agenda for modernisation...and the maintenance of stable industrial relations and the absence of industrial action...’ (para. 26.1).

To provide the verification required above, Performance Verification Groups (PVGs) were established for the main sectors of the public service, namely the civil service, local government, health, education, and justice and equality sectors. PVGs have independent chairs and equal numbers of management, union and independent members. PVGs make recommendations on whether or not pay increases are merited based primarily on an assessment of progress reports submitted by participating organisations.

This review of performance verification assesses the usefulness of the PVG mechanism as a means of achieving flexibility and change within individual organisations. The review also suggests improvements that can be made to the performance verification process.

In carrying out the study, interviews were held with the sectoral PVG chairs and most of the individual members of the PVGs. Interviews also took place with the sectoral PVG secretariats and the departmental secretaries general with responsibility for the sectoral PVG reports. A short questionnaire was sent to public service organisations and bodies involved in the performance verification process in each sector (approximately 120 organisations and bodies). A response rate of 64 per cent was achieved overall.

What impact has performance verification had?

A full assessment of the impact of performance verification is not possible within the scope of this study, as at the time

of writing, the final two pay increases under *Sustaining Progress* have not been verified. However, it is possible to give a broad picture of the effect to date of performance verification on pay determination and on industrial stability, flexibility, change, and public service modernisation.

Performance verification and public service pay

In the vast majority of cases, the judgement of the PVGs to date has been that progress has been satisfactory enough to merit payment of the increases. However, there have been a number of instances across all the sectors where the recommendation has been that payment should not be awarded at the time of the assessment or where the PVG has held off making a recommendation pending further industrial relations discussions. In several instances, the citing of an organisation or grade by the secretary general in his/her sectoral overview report has led to the issue being resolved before a recommendation of the PVG is made

Performance verification and industrial relations stability

According to PVG members and a significant majority of questionnaire responses, one of the most significant benefits of performance verification has been the contribution it has made to industrial peace. Linking payment of all of the *Sustaining Progress* agreed payments and 75 per cent of benchmarking payments to the absence of industrial action and the absence of a threat of industrial action is seen as instrumental in achieving a high level of industrial peace.

A particular industrial relations benefit of the performance verification process is that it is seen as acting as an incentive to sort out problems 'below the radar'. Where the potential for disputes arise, the strict timetable for payment in the agreement acts as an incentive for management and unions to get together, either informally or formally through the established industrial relations procedures underpinning *Sustaining Progress*, to sort out the situation before the sectoral PVG has to make a judgement on the issue.

Performance verification and public service modernisation

Clearly, it is not possible to directly attribute all change that has taken place in the public service in recent times to performance verification. The extent to which the changes and modernisation initiatives that have occurred would have happened anyway is open to question in the absence of evidence to the contrary. But the majority view of respondents is that performance verification has had an impact in terms of making things happen to a deadline, driven by the dates for the pay increases. If change would have happened anyway, the view is that it would have tended to be slower and less comprehensive. Also, the process is seen as keeping items on the agenda of organisations that might have slipped off in the face of new and emerging priorities.

While the vast majority of responses are positive with regard to the impact of performance verification, not all are. The limited ambition of the modernisation agenda was cited by a number of respondents, including many who are positively disposed towards performance verification. There is a view here that the overall agenda of change is not challenging or radical in nature, but rather represents incremental, small-scale change. The scope and range of the public service modernisation agenda is a wider issue than performance verification, as it is established in the context of the social partnership negotiations with verification following on. But it is an important issue for consideration in the context of future developments. Many respondents and interviewees are in favour of a modernisation agenda that allows priority to be given at organisational level to a few key issues being addressed.

Linked to the issue of the modernisation agenda, several respondents, particularly on the management side, note that the change agenda outlined in *Sustaining Progress* is fixed at a point in time and that significant change may subsequently arise that cannot be addressed in the verification process as it is not covered in *Sustaining Progress*. There is a view that the performance verification process should be flexible enough to respond to major change initiatives not envisaged at the time of the agreement.

Performance verification and the public demonstration of change

There is some concern among public servants that critical media comments of the public service, and in particular of the pay increases awarded under the benchmarking process, are seen as receiving attention while positive developments are passed over. There are also issues around public accountability and transparency of the performance verification process. In this context, there are a number of aspects to the public demonstration of performance verification. Many of the respondents and interviewees comment positively on the opportunity performance verification gives to present information in a structured way to the political process. Similarly, members of the general public directly affected by service delivery changes such as extended opening hours or reduced time in processing claims can see a difference as a result of actions taken. But in terms of the media and general public forming a view on the impact of performance verification, this is where there is little engagement with the process.

A number of reasons are put forward for this limited public engagement with performance verification. One is that much of the public service modernisation agenda focuses on internal efficiency-oriented changes to public service organisations, and while these may ultimately impact on citizens, their direct impact is difficult to discern. Also, the sheer volume of paper produced is seen as daunting and off-putting to anyone from outside the system wanting to see what is happening. In this context, the main public source of information on performance verification is the websites of the sectoral PVGs. These websites can be difficult to find, and once there, making sense of the volume of material can be challenging.

Improving the performance verification process

The evidence from the interviews, questionnaires and documentation studied is that the performance verification process has had a positive impact on industrial relations stability, co-operation with flexibility and change, and implementation of the public service modernisation agenda. When compared with arrangements outlined in previous

national agreements, performance verification has led to more rigorous implementation and scrutiny of public service change programmes.

But the performance verification process is not without its limitations. Criticism has been made of the limited scope of the modernisation agenda. The actual performance verification process itself has generated a vast amount of paper work, the value of much of which has been questioned by many participants. Virtually all interviewees and questionnaire respondents highlight the large amount of paper that the process generates. The amount of information produced in action plans and progress reports is voluminous. Comments on these plans and reports see a need to reduce the paper burden as a key concern. While there is widespread support for the continuation of performance verification in any future national agreement covering pay increases in the public service, there is also a need to change and simplify the process.

A number of recommendations are made in the report aimed at improving the performance verification process in the future. Details about the reasoning behind the recommendations are contained in the main body of the report. The recommendations are grouped under three main headings: (a) contextual issues that need to be addressed within the framework of any future national agreements, (b) issues around the structures and processes of performance verification, and (c) issues concerning the outputs of performance verification.

Changing the context for performance verification in national agreements

A number of recommendations outlined in the various chapters of this report are aimed at changing the context for performance verification in that they concern the parameters for performance verification as set out in the national agreement. The main recommendations in this regard are:

- More focus on a limited number of priority modernisation agenda items is needed. The specification of these items in the modernisation agenda is important in that the degree to which expectations

are set out determines the extent to which they can subsequently be assessed.

- The extent to which the performance verification process can deal with significant change initiatives arising during the course of the agreement but not covered by the agreement needs to be determined.
- The backdating of pay awards in all cases of deferred pay increases has caused some discontent with the process in some cases. The extent to which backdating should apply automatically should be an issue for discussion.
- If possible in the context of the agreement on pay increases, the frequency of progress reporting should be restricted to every six months.
- The role of sectoral partnership committees should be clarified with regard to their part in signing off on action plans and assessing organisational progress reports.
- The additional burden imposed on reporting by the parallel benchmarking process should be addressed.

Performance verification structures and processes

There is wide support for the broad structures and processes that have been put in place to manage performance verification. Recommendations outlined in this report are aimed at enhancing the efficiency and effectiveness of these structures and processes. The main recommendations in this regard are:

Performance verification groups

- The current structure and composition of the PVGs be broadly maintained, with an independent chair and a small number of management, union and independent representatives.
- With regard to independent members, to the extent possible there should be some continuity of membership between one agreement and the next, and some turnover to ensure 'new blood' is brought to the process.
- Independent members should be selected on the basis

that they can take a broad perspective on the sector and the process, rather than chosen for a detailed knowledge of any particular issue.

- Existing decision-making procedures and practices should be maintained.
- Site visits/presentations should continue to receive a high priority by the PVGs as an aid to informing the process beyond the formal exchange of reports. To get the most from site visits/presentations, clear agendas for the meetings are required, along with the opportunity for informal feedback from the PVGs.
- With regard to feedback from PVGs to organisations generally, to the extent possible feedback should combine sector-wide comments with individualised comments targeted at individual organisations.
- PVGs should consider the identification and highlighting of good practice exemplars in their decision letters, to promote the spread of good practice across the sector.
- The Health Service PVG approach of clearly specifying decisions available to them has merit and should be considered by all PVGs. The ‘payment warranted but with qualification’ option allows a further level of sanction to be applied in the process.

PVG secretariat

- The PVG secretariats should continue to develop their research and communications roles (acting as a conduit between the PVG and organisations), alongside their administrative role.
- Secretariats should ensure that websites containing information on the performance verification process are up-to-date and comprehensive in the scope of information contained on the site.

Sectoral secretary general

- The overview report of the secretary general to the PVG should continue to be developed to highlight key issues of industrial relations and modernisation changes.

Education PVG

- The operation of the performance verification process in the education sector should be assessed to determine if alternative procedures might lead to improvements in reporting procedures. Alternatives to consider may include the provision of separate PVGs for different education levels and/or sectors.

Performance verification outputs

There is general support for the principle of action plans and progress reports continuing to form the basis for decisions on performance verification and to be the main outputs of the process. The recommendations in this report are aimed at simplifying the planning and reporting process so as to meet the needs of a modernisation and change agenda without imposing undue burdens on all participants. The main recommendations in this regard are:

Templates

- A template should be retained as a means of ensuring consistency and encouraging comparison across action plans and progress reports. The recommendation that the modernisation agenda allow organisations to prioritise a limited number of key modernisation agenda items will facilitate less onerous reporting requirements.
- The template should place an emphasis on reporting progress since the last report was received rather than whether or not a commitment has been achieved.

Action plans

- Action plans should focus on a limited number of priority modernisation agenda items.
- The action plan should contain both a small number of sectoral modernisation initiatives and a small number of organisation specific initiatives.
- The PVG should devote particular attention to the scrutiny of action plans, as the basis for subsequent reporting. In particular, the specificity and clarity of

objectives and targets set out in the action plans should be assessed, as the clearer and more specific the objectives and targets, the easier progress in their achievement can be determined.

- The primary focus of action plans should remain on the outputs produced as a result of the modernisation agenda (though subsequent reporting should reflect progress on reporting on outcomes).
- Action plans should clearly reflect the relevant objectives of the organisation as set out in the business plan. The modernisation agenda should not be seen as a separate exercise from the day-to-day running of the organisation.

Progress reports

- Context statements should continue to be produced by all organisations, highlighting priority issues and enabling flexibility of response of organisations. Consideration should be given to the possibility of using context statements as the reporting mechanism in all phases, with annual reporting against the template.
- More focus should be given to reporting on a smaller number of well-specified modernisation items in any individual progress report.
- Progress reports should contain information on both outputs achieved against expectations, and progress in relation to reporting on outcomes. The main focus should be on progress made since the last period.

Introduction

1.1 Focus of the paper

Performance verification is a means of formally linking public service pay with industrial relations stability, co-operation with flexibility and ongoing change, and the implementation of an agenda of public service modernisation. This study provides an assessment of the performance verification process, and how the efficiency and effectiveness of the existing process can be improved.

1.2 Background and terms of reference for the study

Sustaining Progress (2003), the sixth national agreement between the government and the social partners, states that public service pay increases are ‘...dependent, in the case of each sector, organisation and grade, on verification of satisfactory achievement of the provisions on cooperation with flexibility and ongoing change; satisfactory implementation of the agenda for modernisation...and the maintenance of stable industrial relations and the absence of industrial action...’ (para. 26.1).

To provide the verification required above, Performance Verification Groups (PVGs) were established for the main sectors of the public service, namely the civil service, local government, health, education, and justice and equality sectors. PVGs have independent chairs and equal numbers of management, union and independent members. In the case of the civil service, heads of departments and offices report to the PVG on behalf of their organisations, and the Secretary General Public Service Management and Development, Department of Finance reports in relation to the civil service as a whole. In the case of the other sectors, heads of individual organisations report to the appropriate PVG, and the secretary general responsible for that sector verifies progress for that sector as a whole. More details of

the process are given in Chapter 2.

In carrying out the study, the Department of the Taoiseach and the Department of Finance requested that the following issues should receive particular attention and form the terms of reference for the project:

- The usefulness of the PVG mechanism as a means of achieving flexibility and change within individual organisations, including and beyond the specific modernisation commitments in the national agreements.
- The usefulness of the PVG mechanism as a means of demonstrating the modernisation of the public service.
- Whether the process needs to be more flexible at sectoral and organisational level in order to reflect different stages of progress achieved.
- Improvements to the existing reporting arrangements, taking into account in particular factors such as the timing and format of reporting.
- Appropriate performance indicators that would allow all organisations to report in a manner that would demonstrate clearly at all relevant stages of each commitment the specific progress achieved and, where relevant, any resulting improvements in efficiency and in the quality of services delivered.
- Opportunities to enhance feedback to individual organisations.

In addition, some indication of how departments fulfil their role of quality assuring outcomes for organisations under their aegis where a PVG does not exist was deemed an issue to be included in the study.

1.3 Study approach and focus

Interviews were held with the sectoral PVG chairs and most of the individual members of the PVGs (details are given in Annex 1). Interviews also took place with the sectoral PVG secretariats and the secretaries general with responsibility for the sectoral PVG reports: Education and Science; Environment, Heritage and Local Government; Health and

Children; Justice, Equality and Law Reform; and Public Service Management and Development, Department of Finance. The interviews focused on the issues raised in the terms of reference for the study and took place during July, August and September 2005.

A short covering letter and questionnaire (focused on the issues raised in the terms of reference) was sent to public service organisations and bodies involved in the performance verification process in each sector (approximately 120 organisations and bodies)¹. This letter was issued at the end of June, with a deadline for replies of end of July 2005. A response rate of 64 per cent was achieved overall. Details are given in Annex 2.

Interviews also took place with the secretaries general of three departments who have responsibility for quality assuring outcomes of agencies where there is no PVG: Communications, Marine and Natural Resources; Arts, Sport and Tourism; and Transport. These interviews took place in September 2005.

In line with the terms of reference, the focus of the study is on how the efficiency and effectiveness of the performance verification process can be improved. The study is not a fundamental review of the efficacy and justification of the performance verification process. Also, given the study focus and the tight timescale for completion of the study, it was only possible to interview those most directly involved in the process, such as the members of the PVGs, the PVG secretariat, and the secretaries general responsible for the sectors covered. Other staff within participating organisations, and independent commentators, who may have a different perspective on the process, have not been directly included in the study.

1.4 Report structure

Chapter 2 sets out a brief description of the performance verification process. In Chapter 3, the impact of performance on industrial stability, flexibility and ongoing change, and implementation of the public service modernisation agenda is assessed. Chapter 4 reviews key outputs of the performance verification process: templates,

action plans and progress reports. Chapter 5 examines the structures and processes that make up performance verification, namely, the PVGs, the PVG secretariats, the role of the secretaries general with sectoral responsibilities, and the role of partnership committees. In Chapter 6, the process of performance verification for state bodies not covered by PVGs is explored. Finally, Chapter 7 presents the conclusions and recommendations.

Brief description of the performance verification process

2.1 Introduction

In this chapter, a brief description is given of the main elements of the performance verification process. The historical development of performance verification is noted. The assessment procedures and mechanisms put in place to provide verification are described.

2.2 The historical context

Sustaining Progress (2003), under which the performance verification process was established, is the sixth national social partnership agreement, dating back to 1987. These are:

Programme for National Recovery, 1987 (PNR)

Programme for Economic and Social Progress, 1991 (PESP)

Programme for Competitiveness and Work, 1994 (PCW)

Partnership 2000, 1996 (P2000)

Programme for Prosperity and Fairness, 2000 (PPF)

Sustaining Progress, 2003 (SP)

Each of these agreements includes arrangements for managing public service pay and conditions during the course of the agreement. In the earlier agreements, particularly PESP, PCW and P2000, the emphasis in this context is on managing local bargaining beyond the nationally agreed norms, whereby improvements in pay and conditions are linked to changes in efficiency and effectiveness and industrial peace. P2000 linked local level pay and conditions negotiations to implementation of the public service modernisation programme.

These developments linking pay and conditions with modernisation and change were extended beyond local bargaining to encompass pay and conditions generally in the *Programme for Prosperity and Fairness* (2000). In the

PPF, certain pay increases under the programme were linked to the achievement of sectoral targets with regard to public service modernisation, with progress with regard to achievement of the targets being assessed at organisational level. A quality assurance group (QAG) was established for each sector (at this time four sectors: civil service, education, health and local government) to oversee and independently assess progress. Each organisation had to submit a report to the QAG outlining progress against the agreed targets. The QAG, if not satisfied with the progress reports, could refer them back to the partnership structures in the organisation to be reviewed. Each QAG included external business/customer representation as well as management and union representatives.

Under the terms of *Sustaining Progress*, the payment of the general pay increases, and the payment of the final two phases of the benchmarking increases² are dependent on verification of co-operation with flexibility and ongoing change, satisfactory implementation of the public service modernisation agenda, and the maintenance of stable industrial relations and absence of industrial action. Performance Verification Groups (PVGs) were established for each sector under the agreement. Each PVG must have an equal number of management, trade union and independent members. The independent members should have relevant experience, and include representatives of the customers of the sector. Each group must have an independent chair. Each sectoral PVG must make an assessment of progress in relation to performance at sectoral, organisational and grade level, at the latest one month in advance of each of the payment dates specified in the agreement. The assessment procedures agreed to verify that conditions for payment of the increases have been met are set out in Table 2.1.

Under the terms of the agreement, each sectoral PVG must maintain close contact with all of the organisations under its remit throughout the reporting period. For public service bodies operating in sectors where a PVG does not exist, government departments with responsibility for those bodies fulfil the role of quality assuring outcomes. The

Public Service Monitoring Group and the Public Service Sub-Committee of the National Implementation Body oversee implementation of the performance verification arrangements.³

2.3 Key elements of and players in the performance verification process

The main elements in the performance verification process are outlined in Figure 2.1. The PVG for each sector has initial responsibility for designing the template, procedures and criteria to be used by organisations reporting to the group. On the basis of this initial guidance, action plans for organisations/sectors are developed. These action plans, when approved by the PVG, are adopted by the head of the organisation, and form the basis for subsequent reporting on progress with regard to modernisation of services.

Figure 2.1 Outline of the performance verification process

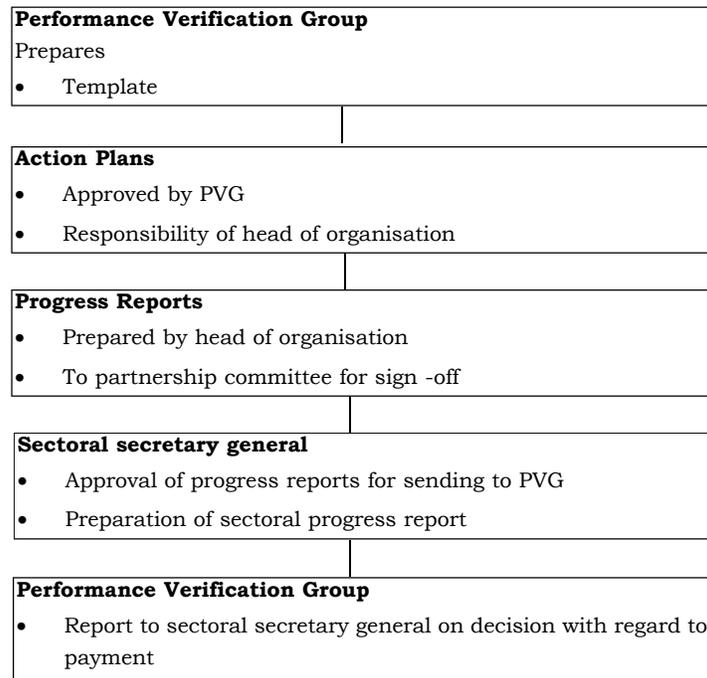


Table 2.1: Assessment procedures followed by Performance Verification Groups

<p>Action plans</p> <ul style="list-style-type: none"> i. Each PVG will inform the secretary general responsible for the relevant sector and the appropriate sectoral partnership committee of the reporting format to be used for action plans. ii. The appropriate partnership committee will agree the action plan for the relevant area and submit it to the PVG for approval. iii. The PVG will assess the action plans to confirm whether they meet the requirements of the Agreement, and conform with the reporting format, timetable and procedures. iv. If the PVG considers that an action plan is unsatisfactory it will be referred back for review through the partnership process. v. When approved by the PVG, an action plan will, where appropriate, be communicated by the partnership committee to each head of organisation within the relevant sector for implementation. <p>Progress reports</p> <ul style="list-style-type: none"> vi. Heads of organisations will prepare progress reports and submit them to the appropriate partnership committee. vii. The partnership committee, having considered the reports from heads of organisations, submits them together with a report on the sector to the secretary general responsible for the sector.* <p>Assessment of verified progress</p> <ul style="list-style-type: none"> viii. The secretary general responsible for the sector submits the reports to the PVG together with his/her assessment of progress achieved. ix. Before reporting to the PVG the secretary general informs the appropriate National Council of the assessment of progress which he or she intends to convey to the PVG. Where the secretary general considers it likely that his or her report on the assessment of verified progress achieved would not warrant implementation of a pay increase, the matter is discussed by the relevant National Council before the report is finalised and if he or she still intends so to report will convey any union side comment to the PVG. x. The PVG decides on the basis of the reports submitted to it if the level of progress achieved during the period warrants the payment of the relevant pay increase(s). It is open to the PVG, if it considers it desirable, to request the secretary general to reconsider the report, or aspects of it before a final decision is taken by the PVG. In this event, the secretary general will inform the relevant National Council of the response he or she intends to make and will include any union side comments in the response to the PVG. xi. If the PVG decides in any case that the making of a payment is
--

not warranted, the relevant secretary general refers the matter to the National Council for discussion before he or she takes a final decision.

- xii. In the event that a trade union considers that the decision made by a secretary general is not in conformity with the terms of the Agreement, it may have recourse to the provisions of paragraph 19.9 of the Public Service Pay Agreement which deals with breaches of the Agreement.

*In the civil service the existing partnership structures are at departmental rather than at sectoral level. Accordingly, in the case of the civil service, the verification process operates at departmental level. Sectoral reports required in accordance with the above procedure are made by the Secretary General, Public Service Management and Development, Department of Finance and the references to National Councils mean the General Council in the case of the civil service.

Source: *Sustaining Progress* (2003), pp. 120-121

The head of each organisation prepares a progress report concerning the implementation of action plan targets. These progress reports are produced to an agreed timetable scheduled to fit in with the approved dates for payment of the pay increases outlined in *Sustaining Progress* (see Annex 3). The relevant sectoral partnership committee approves the progress reports before the reports are sent to the secretary general with responsibility for the sector. The secretary general, in turn, assesses each progress report and prepares a sector-wide progress report, which he or she sends off with the individual progress reports to the PVG. The arrangements are somewhat different for the civil service, where partnership structures are at departmental rather than at sectoral level. The departmental secretary general submits the progress report to the Secretary General, Public Service Management and Development, Department of Finance, who in turn prepares the sector-wide progress report for the PVG.

Finally, the PVG assesses each individual progress report and the sectoral progress report, and reaches a decision on whether or not to recommend payment of the pay award. The PVG prepares a report with its decision and other comments for the secretary general with responsibility for the sector. The secretary general has final responsibility with regard to approving payment.

The role of these key elements of the performance verification process and key players are examined in more detail in subsequent chapters of this report.

The impact of performance verification

3.1 Introduction

Before getting into an assessment of the workings of performance verification, which is the main focus of this study, it is important to set the context by examining the broad impacts of performance verification to date. A full assessment is not possible, as at the time of writing the final two pay increases under *Sustaining Progress* have not been verified. However, it is possible to give a broad picture of the effect to date of performance verification on pay determination and on industrial stability, flexibility and change, and public service modernisation.

3.2 Performance verification and public service pay

As noted in Chapter 2, the secretary general with responsibility for the sector prepares a sector-wide overview report for the PVG providing an assessment of the main issues emerging from the progress reports. As part of this overview report, the secretary general may identify specific grades and/or organisations where payment is not deemed warranted because of an infringement of the terms of *Sustaining Progress*. Each PVG then makes a recommendation to the appropriate secretary general as to whether or not the pay increases agreed under *Sustaining Progress* are merited for each sector, organisation and grade level.

To date, in the vast majority of cases, the judgement of the PVGs is that progress has been satisfactory enough to merit payment of the increases. However, there are a number of instances across all the sectors where the recommendation has been that payment should not be awarded at the time of the assessment, usually pending further industrial relations discussions (see Table 3.1). In the case of grades represented by the Prison Officers'

Association, payment of both the January and July 2004 pay increases was withheld. The dispute was resolved at the Labour Relations Commission and on the basis of this resolution, the Justice and Equality Sector PVG recommended backdated payment of the relevant awards on 20 July 2004. In all cases where withheld awards have subsequently been granted, they have been backdated to the time of the original award. Some respondents to the questionnaire and interviewees question this practice of automatic backdating of awards. It is seen as acting as a disincentive for those organisations and grades who co-operate without delay when they see others receiving the same rewards later on in the process.

Table 3.1: Examples of recommendations by PVGs to withhold the payment of pay increases

- Decision to withhold a recommendation for payment of increases due on 1 July 2004 to staff in the health sector involved in industrial relations disputes, namely: refusal of nursing staff to transfer to a new development in St Davnet's Hospital, Monaghan; refusal of nursing staff to relocate from St. Mary's Hospital Castlebar; unofficial work stoppages by support staff at four hospitals.
- Decision to withhold a recommendation for payment of increases due from 1 January 2004 to grades represented by the Prison Officers' Association due to unresolved difficulties regarding the introduction of an annualised hours system and elimination of overtime working.
- Decision to withhold a recommendation for payment of increases due on 1 July 2005 in respect of the Finglas Child and Adolescent Centre and the General Operative grade in Limerick Institute of Technology.
- Decision to withhold a recommendation for payment of increases due from 1 January 2003 to General Operatives in the Waste Management section of Dublin City Council due to a work stoppage and pending a decision of the Labour Court.

In several instances, the citing of an organisation or grade by the secretary general in his/her sectoral overview report has led to the issue being resolved before a recommendation of the PVG is made. For example, in the sectoral report of the Secretary General of the Department of Health and Children in the course of progressing decisions for the 1 July 2005 pay increase, the secretary general notes that he was not yet in a position to decide if payment was warranted with regard to staff represented by the Irish Nurses Organisation as a result of non co-operation by the Irish Nurses Organisation with the development and implementation of a Health Care Assistants programme. This issue was resolved following the intervention of the National Implementation Body prior to a recommendation being made by the Health Service PVG.

The decision open to PVGs is to recommend or not recommend pay increases. The Health Service PVG has evolved its approach to decision making in this regard as evidenced in its decision letters to the secretary general (see, for example, Health Service PVG, 2003). They identify four options available to them:

- a) payment warranted
- b) payment not warranted
- c) payment deferred
- d) payment warranted but qualified.

The first option – payment warranted – the Health Service PVG has sub-divided to create a category entitled ‘payment warranted with comments’. Here comments are made on an organisation’s progress report that the PVG would expect to see addressed subsequently. For example St. John’s Hospital in the context of the 1 July 2005 pay increase received a comment concerning the need for future reports to have more detail and to conform more closely to the reporting template. The fourth option – payment

warranted but qualified – is intended to act as something of a ‘yellow card’ to organisations, where the aspect cited as a qualification will have to be satisfactorily addressed and reported on for future payment to be recommended. For example, in relation to the 1 December 2004 pay round, a recommendation was made of payment warranted but with qualification with regard to St. Vincent’s Hospital. This decision related to the apparent significant distraction from the modernisation programme due to the ongoing capital programme at the hospital. The PVG made it clear that they felt that more focus could be brought to bear on the modernisation programme in the next phase of the process (Health Service PVG, 2004).

3.3 Performance verification and industrial relations stability, co-operation with flexibility and change, and public service modernisation

Under the terms of *Sustaining Progress* (2003), three main performance criteria must be met if payment of public service pay increases is to be recommended by the PVGs:

- a) The maintenance of stable industrial relations and absence of industrial action in respect of any matters covered by the agreement.
- b) Co-operation with flexibility and ongoing change.
- c) Satisfactory implementation of the agenda for public service modernisation set out in sections 20-26 of *Sustaining Progress*.

The extent to which performance verification has contributed to the achievement of these criteria, from the perspective of interviewees and questionnaire respondents, is examined below.

3.3.1 Performance verification and industrial relations stability

According to PVG members and a significant majority of questionnaire responses, one of the most significant benefits of performance verification has been the

contribution it has made to industrial peace. Linking payment of all of the *Sustaining Progress* (2003) agreed payments and 75 per cent of benchmarking payments to the absence of industrial action and the absence of a threat of industrial action is seen as instrumental in achieving a high level of industrial peace. This is evidenced by comparing the level of industrial disputes in 2002, prior to the agreement, with the level of industrial disputes in 2004. In 2002, in the public administration and defence, education, and health and social work industrial groupings, there were eleven disputes affecting twenty-six organisations, with a total of 6,786 days lost due to industrial disputes. In 2004, the equivalent figures were one dispute affecting one organisation, resulting in 1,030 days lost (Labour Relations Commission, 2002 and 2004).⁴

A particular industrial relations benefit of the performance verification process is that it is seen as acting as an incentive to sort out problems 'below the radar'. The strict timetable for payment in the agreement acts as an incentive, where the potential for disputes arise, for management and unions to get together, either informally or formally through the established industrial relations procedures underpinning *Sustaining Progress*, to sort out the situation before the sectoral PVG has to make a judgement on the issue.

3.3.2 Performance verification and flexibility, change and public service modernisation

The reaction of the vast majority of interviewees and questionnaire respondents is that performance verification is making a useful contribution to flexibility, change and modernisation in the public service. Table 3.2 gives some selected quotes from the questionnaire returns that give a flavour of the responses received. It can be seen that the positive responses indicate that having targets and specific deadlines, tying in with the pay increases, provides momentum for flexibility, change and modernisation. The process is seen as one of the few real potential levers for change in the public service. The interviews and scrutiny of the progress reports indicate that customer service

initiatives, in particular, are being progressed. Initiatives such as the online payment of motor taxation, and reductions in processing times in areas such as asylum applications and disability benefit, are among many examples highlighted in progress reports.

As an illustrative example of positive achievements, the Local Government Sector PVG in its first report to the Secretary General of the Department of the Environment, Heritage and Local Government identified developments such as:

- The adaptation of new technology to achieve enhanced client/customer relationships and the facilitation of the operation of local democracy.
- The satisfactory operation of the new management structures involving the elimination of the traditional dual structure.
- The appointment of customer service and/or customer care managers in many authorities in tandem with the introduction of straightforward complaint procedures.
- The establishment of the customer service group at national level.
- The strong commitment to the implementation of equality and diversity policies.
- The introduction of new financial management systems moving from traditional cash-based accounting systems to accrual-based.
- The operation of Intranet systems in all authorities.
- The gradual introduction of flexible atypical working patterns which are enhancing support in areas such as general information and library services (Local Government Sector PVG, 2003).

Table 3.2: The contribution of performance verification to flexibility, change and modernisation

Positive comments

'The PVG mechanism, by linking pay increases to progress on modernisation, has been a useful tool in progressing flexibility and change within the organisation. It has proved particularly useful in ensuring that the local priorities are embraced by staff at all levels.'

'The PVG has been useful in setting specific targets and parameters for change and in providing a backdrop for discussion in the forum of departmental partnership.'

'(The process) helps to prevent potential slippage as a result of other business priorities.'

'The PVG mechanism positively contributed to the achievement of specific actions that might not otherwise have been achieved or that might have been achieved but over a longer timescale. The PVG mechanism has a positive leverage value in relation to progressing change.'

'It has been an excellent change management driver in the context of developing the partnership model. Issues which might have been progressed via the traditional industrial relations arena have been very successfully completed via the "partnership arena".'

'The process has established with employees a clear understanding that pay awards are dependent on verifiable change programmes, based on local flexibility and change.'

'In particular, the system of regular reporting has provided deadlines that have tended to focus minds of both management and union sides and has lessened the tendency for matters to drift unresolved for long periods.'

'The necessity to prepare and agree, at partnership committee, plans which subsequently have to be independently accepted by the PVG, creates a dynamic that supports the ultimate achievement of the agreed action items.'

Negative comments

'It has not been very helpful ... strong trade unions and occupational interest groups hold the balance of power and have limited the advancement of the modernisation agenda.'

'While the PVG process helped us to formalise or record some of this flexibility and some of these changes, it is difficult to identify any specific thing which would not have happened but for the PVG process.'

Clearly, it is not possible to directly attribute all the changes that have taken place to performance verification. The extent to which the changes and modernisation initiatives that have occurred would have happened anyway is open to question in the absence of evidence to the contrary. But the majority view of respondents is that performance verification has had an impact in terms of making things happen to a deadline, driven by the dates for the pay increases. If change would have happened anyway, the view is that it would have tended to be slower and less comprehensive. Also, the process is seen as keeping items on the agenda of organisations that might have slipped off in the face of new and emerging priorities.

Another benefit of performance verification mentioned by several respondents in the context of flexibility and change is that it has helped give meaning to partnership at the local level. The involvement of partnership committees in the process of preparing action plans and progress reports is seen as engaging partnership in a meaningful exercise. This has helped create a more positive context for partnership in these situations.

While the vast majority of responses are positive with regard to the impact of performance verification, not all are, as the negative comments in Table 3.2 illustrate. The limited ambition of the modernisation agenda was cited by a number of respondents, including many who are positively disposed towards performance verification. There is a view here that the overall agenda of change is not challenging or radical in nature, but rather represents incremental, small-scale change. The scope and range of the public service modernisation agenda is a wider issue than performance verification, as it is established in the context of the social partnership negotiations with verification following on. But it is an important issue for consideration in the context of future developments. Many respondents and interviewees are in favour of a modernisation agenda that allows priority to be given at organisational level to a few key issues being addressed.

Linked to the issue of the modernisation agenda, several respondents, particularly on the management side, note that the change agenda outlined in *Sustaining Progress* is fixed at a point in time and that significant change may subsequently arise that cannot be addressed in the verification process as it is not covered in *Sustaining Progress*. The most frequently cited example here is the creation of the Health Service Executive and consequent restructuring in the health sector, which is outside the scope of the Health Service PVG. There is a view that the performance verification process should be flexible enough to respond to major change initiatives not envisaged at the time of the agreement.

3.4 Performance verification and the public demonstration of change

There is some concern among public servants that critical media comments of the public service, and in particular of the pay increases awarded under the Benchmarking process, are seen as receiving attention while positive developments are passed over. There are also issues around public accountability and transparency of the performance verification process. In this context, there are

a number of aspects to the public demonstration of performance verification. Many of the respondents and interviewees comment positively on the opportunity performance verification gives to present information in a structured way to the political process. Similarly, members of the general public directly affected by service delivery changes such as extended opening hours or reduced time in processing claims can see a difference as a result of actions taken. But in terms of the media and the general public forming a view on the impact of performance verification, this is where there is little engagement with the process.

A number of reasons are put forward for this limited public engagement with performance verification. One is that much of the public service modernisation agenda focuses on internal efficiency-oriented changes to public service organisations, and while these may ultimately impact on citizens, their direct impact is difficult to discern. Also, the sheer volume of paper produced is seen as daunting and off putting to anyone from outside the system wanting to see what is happening. In this context, the main public source of information on performance verification is the websites of the sectoral PVGs. These websites can be difficult to find, and once there, making sense of the volume of material can be challenging (for further discussion on the websites, see section 5.3).

In terms of the volume, specificity and accessibility of the information produced by the performance verification process, the recommendations outlined elsewhere in this report would lead to a focus on a smaller number of more tightly specified actions. These in turn may impact positively on the public demonstration of change arising from performance verification. Some interviewees and questionnaire respondents also suggest that initiatives such as periodic summary reports on key developments for each PVG sector might facilitate public demonstration of change. Such developments would require the development of media and communications strategies. Such strategies would need to be resourced, both at departmental and PVG secretariat level, if they were to be pursued.

3.5 Conclusions

Overall, the view emerging is that the performance verification process has had a positive impact on industrial relations stability, co-operation with flexibility and change, and implementation of the public service modernisation agenda. When compared with arrangements outlined in previous national agreements, performance verification has led to more rigorous implementation and scrutiny of the relevant elements of *Sustaining Progress*.

Pay awards have been deemed warranted by PVGs in the vast majority of cases. In a small number of cases pay awards have been deferred pending the resolution of the industrial relations issues concerned in the fora established under *Sustaining Progress*. In other instances, organisation or grade awards have been deemed warranted but with qualification and an expectation that improvements will be made in the next phase of the agreement.

Regarding issues to be considered in the context of the future development of performance verification, a number of points emerge from this analysis:

- The Health Service PVG approach of clearly specifying the four decisions available to them has merit and should be considered by all PVGs. The ‘payment warranted but with qualification’ option allows a further level of sanction to be applied in the process.
- The backdating of pay awards in all cases of deferred pay increases has caused some discontent with the process in some cases. The extent to which backdating should apply automatically should be an issue for discussion in the context of the next national agreement.
- A further issue for discussion in the context of the next national agreement is the extent of ‘challenge’ of the change modernisation agenda. More focus on the prioritisation of key modernisation agenda items is needed. This issue is discussed further in Chapter 4.
- The ability of the performance verification process to deal with significant change initiatives arising during

the course of the agreement but not covered by the agreement has been questioned by some respondents. The extent to which such changes can be addressed by performance verification needs to be decided, again in the context of the determination of the next national agreement.

- The public demonstration of change arising from performance verification is important for public accountability and transparency. Consideration should be given to the development of media and communications strategies.

Templates, action plans and progress reports

4.1 Introduction

Action plans and progress reports on the implementation of action plans are the main outputs of the performance verification process and the basis on which organisational progress in implementing the public service modernisation agenda is judged by the PVGs. Action plans and progress reports are produced in accordance with a template for reporting designed by each PVG.

Before examining these outputs, it should be noted that virtually all interviewees and questionnaire respondents highlight the large amount of paper that the process generates. The amount of information produced in action plans and progress reports is voluminous. It is noteworthy that both PVG members and participating organisations feel that too much paper is being produced. No one wants to produce so much, yet it is being produced, as if the 'system' demands it, despite the views of those participating in the process. In commenting on these plans and reports, a need to reduce the paper burden is a key concern.

4.2 Templates

The reporting template produced by each PVG (with the assistance of the PVG secretariat) is designed to encourage a common reporting framework for each sector, based on the modernisation agenda for the sector as outlined in *Sustaining Progress*. The main aim of the template is to ensure some consistency of style and content of reporting, so that the PVG can make comparative judgements across organisations and grades.

In terms of ensuring some consistency and a common approach to the production of action plans and progress reports, the template has worked well. However, as the process has evolved, a number of criticisms have been

made about the template, reflected in comments received from interviewees and questionnaire respondents across the different sectors. Common criticisms are that the template is too rigid, encourages a tick box mentality, is in some cases repetitive in the issues raised, and does not allow priority issues to be highlighted as all issues are given the same weight. The template is seen as encouraging the paper burden referred to in the introduction to this chapter and as too constraining in nature.

In response to these criticisms of the template, the PVGs have adapted their practices over time. In particular, to encourage and enable organisations to report on priority issues and to bring more flexibility to the process, PVGs have asked organisations to produce context statements that allow organisations to identify and highlight priority issues being addressed during a particular reporting period. As noted by the Civil Service PVG (2005):

The Group is aware of the limitations of the template progress reports as a means of expressing the full extent of progress achieved by Departments and Offices in relation to their Action Plans. The Group found that context statements were very helpful and informative and that they greatly facilitated it in assessing the progress which had been made. The Group also noted that such statements gave Departments and Offices a further opportunity to highlight progress which had not been covered adequately in the template report.

According to interviews with PVG members, these context statements are viewed as valuable and informative, and an important addition to the verification process. Increasingly, the context statements are being given more weight when reaching judgements about recommendations regarding pay increases. The context statements also allow more flexibility to be brought to the process, as several of the questionnaire respondents recognise. The complaints about the rigidity of the process at sectoral and organisational level largely relate to the strict application of

the template. But the context statement allows new priorities to be highlighted and particular issues to be brought to the attention of the PVG. Similarly, the PVGs can ask that particular attention be given to issues in the context statements.

With regard to the future development of performance verification, it is recommended that:

- The template is retained as a means of ensuring consistency and encouraging comparison across action plans and progress reports. But, if the suggestion in Chapter 3 is taken up that the agreed modernisation agenda allow organisations to prioritise a limited number of key modernisation agenda items, this will facilitate less onerous reporting requirements.
- The template should place an emphasis on reporting progress since the last report was received rather than whether or not a commitment has been achieved.
- A context statement should continue to be produced by all organisations, highlighting priority issues and enabling flexibility of response by organisations. This item is discussed further in section 4.4.

4.3 Action plans

The partnership committee for each sector agrees the action plan (departmental partnership committees in the case of the civil service). After it is approved by the PVG, the action plan is communicated by the partnership committee to each head of organisation within the relevant sector for implementation.

PVG members interviewed expressed the view that action plans vary considerably in quality across organisations. Several plans were returned to partnership committees and organisations for revision. However, some PVG members also feel that the action plans did not receive the detailed scrutiny by them that subsequent progress reports had. In part this is because of the tight timescale between the template being drawn up and the deadline for both the production and scrutiny of action plans. In part

this is also due to PVGs finding their feet shortly after they were established.

A tension surfaced in some of the interviews and questionnaire responses over the extent to which action plans (and subsequent progress reports) should focus on outputs or outcomes. Some of the independent members of PVGs, in particular, are keen for organisations to be setting targets in action plans and reporting more on the outcomes achieved by modernisation, particularly in terms of improvements for citizens. However, the view of the majority of interviewees questioned about this is that while outcomes are clearly crucial, in the context of performance verification for pay increases, the primary focus should remain on outputs. So for example, with regard to customer service, one of the requirements of the modernisation agenda is the introduction of customer charters by organisations. Payment of increases is in part contingent on whether or not charters are introduced (an output). But some ask the question whether service has changed as a result of the charter being introduced (what is the outcome?). But to link recommendations on payment to such outcomes would be both technically difficult and stretching the process beyond its purpose.⁵ This issue is discussed further in the context of progress reporting in section 4.4.

A further issue raised by some respondents and interviewees is the balance between service-wide modernisation items and individual organisation priorities. The action plans should be able to reflect both elements, with the action plan being clearly linked in with organisational objectives as outlined in the business plan for the organisation.

The role of the partnership committee in the production of action plans was also raised by a small number of interviewees and questionnaire respondents. No one felt that partnership committees should be excluded from the production of action plans, but when during the process they should be involved is the issue for some, particularly management.⁶ The view expressed here is that action plans should be prepared in the first instance by management of

each organisation, as it has primary responsibility for change, with this plan being submitted to the partnership committee for consideration. The role of partnership committees more generally is considered in section 5.5.

With regard to the future development of performance verification, it is recommended that:

- Action plans should give priority to a limited number of key modernisation agenda items (as outlined in Chapter 3).
- The PVG should devote particular attention to the scrutiny of action plans, as the basis for subsequent reporting. In particular, the specificity and clarity of objectives and targets set out in the action plans should be assessed, as the clearer and more specific the objectives and targets, the easier progress in their achievement can be determined.
- The primary focus of action plans should remain on the outputs produced as a result of the modernisation agenda (though subsequent reporting may reflect progress on reporting on outcomes, as outlined in section 4.4)
- The action plan should contain both a small number of sectoral modernisation initiatives and a small number of organisation specific initiatives.
- Action plans should clearly reflect the relevant objectives of the organisation as set out in the business plan. The modernisation agenda should not be seen as a separate exercise from the day-to-day running of the organisation.

4.4 Progress reports

Progress reports are the main documents used by PVGs to assess progress in relation to the implementation of action plans. Progress reports must be submitted for each phase of the pay increases agreed under *Sustaining Progress*. There is a strong view from PVG members that, overall, there has been a significant improvement in the quality of

progress reports provided by organisations with each phase of reporting. The first progress reports tended to be somewhat variable in character and quality. The Health Service PVG (2003) note, in relation to the first set of progress reports:

...there was a significant disparity in the quality of the documentation we received. Some of the documents were excellent, but only one required no follow-up clarification. Some of the documents were quite poor, with little specificity, and required substantial clarification...These are significant areas of concern; however it was the strong view of the group that it is difficult to assess and more difficult to penalise staff, when the problem appears to rest at senior management level with regard to submission of reports...Within some agencies there is a lack of ownership of this process, at corporate level, and this is reflected in the absence of a corporate overview in their final report.

These sorts of issues have been significantly overcome as progress reports have developed over the course of *Sustaining Progress*⁷. The consistency of quality of progress reports from organisations is now by and large of a reasonable standard. Issues that arise in relation to progress reporting are more frequently now ones around the frequency and type of reporting, and the information contained in reports. Table 4.1 gives illustrative examples of questionnaire respondents' views on progress reporting.

The issue of the high frequency of reporting, and the view that progress reports have to be produced covering short time periods, is probably the single most cited issue evoking a negative response from questionnaire respondents and interviewees. While it is recognised that the frequency of reporting is tied in with the phasing of the pay increases, which is beyond the scope of PVGs and acts as a 'given' in the process, the frequency has caused difficulties at times for most people involved in the process.

Table 4.1: Comments on progress reporting

'The frequency of reporting presently required and the number of meetings related to each reporting date adds considerably to the administrative burden associated with the PVG mechanism.'

'The format should allow for reporting of change that may not be comprehended by the Action Plans.'

'The requirement to report on a regular basis, whilst rigid, has provided the University with clear deadlines and milestones for achieving the *Sustaining Progress* action plan.'

'There is not sufficient time in the interim period between reports to enable each organisation to ascertain a realistic idea of the level of change actually being achieved...The format of the report is quite cumbersome, there is a lot of repetition in respect of questions.'

'The template for reporting is to some extent a bit of a straitjacket in that it looks for "Yes" or "No" answers which in certain projects which are ongoing can be difficult to explain.'

'A simplification of the reporting arrangements would be very welcome...The task of completing the long template at regular intervals is time consuming, and one would question the value of submitting all of this information so frequently.'

'Reports relating to the various rounds of payment under any future agreement might take the format of the overview rather than a detailed update of the template each time. This could be done at longer intervals.'

'The matrix type format and general language used on the Action Plan/Progress Report is not user friendly...the document is very hard to read.'

These difficulties are well illustrated by one of the questionnaire responses received:

For example the template for the next pay increase due from 1st December 2005 has arrived today 22nd July 2005. (We are) asked to report on the six-month period 1st June 2005 to 30th November 2005, the deadline for the return of the completed report has been set for the 30th of September 2005. This deadline means that only four of the six months will have elapsed on completion of the report. However, it is recognised that the relationship between the pay increase and performance is the key driver of the PVG process.

Accepting that the frequency of reporting is tied to the phasing of pay increases, and that this is a function of the national agreement, many interviewees and questionnaire respondents nevertheless put forward suggestions for what might be an ideal reporting frequency. Six-monthly reporting is the frequency most often proposed. Six-monthly reporting is viewed as providing a balance between more frequent reports where little progress can be reported and less frequent reports where momentum would be lost. A small number propose a move to annual reporting, but this is strongly opposed by many interviewees, in particular those who see annual reporting as failing to impose sufficient discipline on the process. A few questionnaire respondents suggest that the context statement should be used for all reporting phases, with the full template being used less frequently, perhaps annually, as a means of maintaining a strong focus on tying reporting to the pay increases but at the same time reducing the reporting burden.

The parallel benchmarking exercise has compounded problems associated with the high frequency of reporting. Under the benchmarking exercise, a parallel benchmarking process sets the rates of pay for the craft grades and the related non-nursing and general operative grades outside of Dublin. Action plans and progress reports must be prepared and verified for these grades. This has notably increased the workload for organisations and for the PVGs.

With regard to the type and nature of reporting

contained in progress reports, this issue is linked with the templates as discussed in section 4.2. The large number of items to be reported on and the current nature of the template itself lend themselves to producing reports that can be voluminous and repetitive, and where it can be hard to determine progress made between one period and another. Focusing each progress report on a limited number of priority, more precisely specified modernisation items and a greater use of context statements to complement the template reports, as outlined in section 4.2, would address these issues.

One questionnaire return refers to the danger as they see it of progress reports becoming yet another forum for reporting on macro-level policy developments. This issue is related to the discussion on the degree of focus on outcomes in action plans in section 4.3. In the context of public service modernisation, the main focus from a verification perspective should be on the extent to which organisations are achieving their outputs and *reporting on* progress on achieving outcomes. To stay with the example of customer charters used earlier, performance verification has a valid role to play in assessing if charters are introduced, and subsequently in assessing if organisations are taking steps to assess their progress in relation to the targets set out in the customer charters. But performance verification as currently constituted should not base decisions on pay increases on the final outcomes with regard to changes in customer service levels, not least because of the technical and interpretive difficulties involved.

A particular issue raised by many of the PVG members in the interviews with regard to progress reports is the relative absence of 'hard' information contained in the reports. Comments in reports that progress in an area is 'ongoing' are seen as unhelpful. This concern is frequently expressed as a desire to see more use of performance indicators by organisations in the reporting process. In general more evidence, both quantitative and qualitative, and specificity with regard to progress that is being made is demanded. In part, clearer more specific objectives in the action plans would help address this concern. Setting out

clear and concrete expectations is needed to demonstrate when expectations have been accomplished, or to what extent expectations have been accomplished. As practice evolves, much can also be made of good practice with regard to the use of performance information in progress reports and the dissemination of that good practice across organisations (this issue of the identification and dissemination of good practice is discussed further in section 5.2).

Finally with regard to progress reports, it is important to note the role of the sectoral reports produced by the sectoral partnership committees and the overview report provided by the secretary general with responsibility for the sector to the PVG. The sectoral reports produced by the partnership committees highlight and summarise the main developments within the sector. The sectoral overview report of the secretary general highlights particular issues or concerns to be brought to the attention of the PVG. The evidence from the PVG interviews is that these sectoral overview reports play a very important role in the verification process. Many PVG members note that it would be unusual for them to disagree with the comments of the secretary general.

With regard to the future development of performance verification, it is recommended that:

- If possible in the context of the agreement on pay increases, the frequency of progress reporting be restricted to every six months.
- Consideration be given to the possibility of using context statements as the reporting mechanism in all phases, with annual reporting against the template.
- More focus be given to reporting on a limited number of well-specified modernisation items in any individual progress report.
- Progress reports should contain information on both outputs achieved against expectations, and progress in relation to reporting on outcomes. The main focus should be on progress made since the last period.
- The additional burden imposed on reporting by the parallel benchmarking process should be addressed.

Performance verification structures and processes

5.1 Introduction

A number of key structures and processes govern the operation of the performance verification process. Discussed here are: the Performance Verification Groups (PVGs) themselves; the PVG secretariat; the role of the secretaries general with responsibility for the sectors covered by performance verification; partnership committees; and some sectoral variations in operating performance verification.

5.2 Performance Verification Groups

The PVGs themselves are at the centre of the performance verification process. They are not permanent bodies, but operate on a part-time basis, with peaks of activity as deadlines for pay increases approach. On the part of the independent representatives involved, the time input is largely voluntary in nature.⁸ The time commitment required of PVG members is substantial (Annex 4 sets out the 2004 work schedule for the Local Government PVG as an illustrative example).

5.2.1 PVG composition

As stated in the introduction, PVGs have independent chairs and equal numbers of management, union and independent members. The Civil Service, Education and Health PVGs all have three management, union and independent representatives. The Justice and Equality and Local Government PVGs each have two representatives from each grouping.

The strong view emerging from the interviews is that the size and composition of the PVGs is about right. The size is small enough that each group can function as a working group, encouraging a good dynamic in the process. The mix

of management, union and independents, with an independent chair, is seen as working well. As one interviewee put it, the structure provides enough inside knowledge, but no one gets a free ride. The management and union representatives bring their detailed knowledge of the sector and their ability to represent the views and liaise with their constituencies to the table. Most independent members of the PVGs interviewed are impressed with the degree of real dialogue that goes on in the group, with little evidence of management or union representatives taking entrenched or pre-determined positions on issues.

The independent members of the PVGs are seen as bringing significant added value to the process overall. Having an independent chair of each PVG is seen as crucial for the credibility of the process. The quality and high degree of competence of each of the sectoral chairs was widely commented on by other PVG members. The other independent members of the groups are seen as bringing an important 'outside' perspective to bear on the process. They stop the performance verification process from being too 'in-house' in nature, and by asking critical questions ensure that the process is subject to an external voice. Also, from an accountability and public credibility perspective, it is important to have some external, independent view brought to bear. Several interviewees stress the need for independent members of the PVGs to be people who can take a broad sectoral perspective on issues, and not necessarily focus too much on a single agenda item of particular concern to them.

Several issues were raised in the course of discussions about the composition of PVGs. One issue is the degree of continuity or change of membership (and in particular the independent members) over the course of a national agreement and across agreements. On the one hand, several participants see the need for continuity, so that the experience built up by members is not lost. On the other hand, an argument is made for changing the independent members after each agreement, so as to avoid 'capture' by the system and ensure fresh thinking is brought to bear on the process. A mix of some degree of continuity, with some

members staying on, combined with some turnover to provide 'new blood' may be the best way forward in such circumstances. A further issue concerns the balance between independent members and management and union members. Some interviewees feel that it could be useful to increase the proportion of independents (say to 50 per cent) to strengthen the external perspective. But by and large participants are happy with the structure.

With regard to the future development of performance verification, it is recommended that:

- The current structure and composition of the PVGs be broadly maintained, with an independent chair and a small number of management, union and independent representatives.
- With regard to independent members, to the extent possible there should be some continuity of membership between one agreement and the next, and some turnover to ensure 'new blood' is brought to the process.
- Independent members should be selected on the basis that they can take a broad perspective on the sector and the process, rather than chosen for a detailed knowledge of any particular issue.

5.2.2 PVG operation and decision making

To date, all PVGs operate on the basis of consensus decision making, following debate, and there has not been a need for a vote. In general terms, when assessing reports, the PVGs have priority issues in mind (which have been flagged to the organisations previously) that they use to inform their judgement. For example, the Health Service PVG identified six priority areas when judging the progress reports for the fourth phase of the process: customer service; industrial relations; performance management; modernisation/equality; value for money; and staff training and development. The Justice and Equality Sector PVG has put a particular emphasis on customer service, training

and development, and the employment quota for people with disabilities.

Operating style

The operating style of the PVGs varies, with some getting all members to examine all reports, and others dividing reports between sub-groups who give the primary scrutiny to these reports and a more general assessment of the other reports. The operating style of the Health Service PVG is described in their decision letter to the secretary general (Health Service PVG, 2003):

We received copies of the reports from the fourteen agencies, plus the sectoral report from the HSNPF, on the 4th of November. Some of the reports were quite voluminous and it was agreed that the HSPVG would split into three, with each group having an independent, management and trade union representative. Each subgroup was tasked with studying in detail the agency reports assigned to their subgroup, plus the sectoral report, while also being asked to read all the remaining reports.

At our next meeting, we broke into our subgroups and commenced an initial evaluation of the information. This was a provisional assessment...

At our final meeting on the 24th November, the HSPVG concluded our business. Each of the subgroups reported back in plenary session their assessment under the evaluation criteria. The other group members were then afforded an opportunity to discuss, question and comment on each progress report and assessment, following which a recommendation for each agency was made by the subgroup and endorsed or otherwise by the HSPVG.

Site visits/presentations

In informing their final decisions, as well as reviewing the documentation, all PVGs during the course of the agreement engage in site visits or receive presentations from individual organisations on their progress reports. These site visits/presentations received universal praise from interviewees and questionnaire respondents. PVG members welcome the opportunity to get behind the information given in reports and get more of a feel for how things are operating on the ground. Several PVG members interviewed note that in some cases the meetings show that more progress is being achieved than comes across in the written report. Alternatively, they may show limited real commitment to change. From the point of view of individual organisations, it is an opportunity to profile the work they are doing, and most engaged whole-heartedly. Many presentations to the PVGs are done on a partnership basis – both senior management and selected staff are involved in the presentation. This trend is encouraged by the PVGs.

Feedback from PVGs to organisations

PVG feedback on their decisions to organisations is both formal and informal. Formally, decision letters are issued to the secretary general for the sector as a whole, and in most cases to individual organisations via an individualised letter or a letter covering a group of organisations⁹. Informally, the site visits/presentations offer an opportunity to give feedback, and the secretariat is sometimes used to feed back comments and views (see section 5.3)

As expressed in questionnaire returns, the degree of satisfaction of individual organisations with feedback from the PVG varies within and between sectors. In general, the highest degree of satisfaction with feedback occurs in the civil service and justice and equality sectors. Here, the feedback is to individual organisations as well as an overall sectoral report, and most organisations find the feedback given satisfactory and useful. In the education, health and local government sectors the views on feedback vary substantially. In the local government sector, most

authorities welcome the sector-wide feedback, but wish to see feedback to individual authorities dealing with specific authority progress in the context of sectoral progress. In the education and health sectors, roughly half the questionnaire respondents are satisfied with feedback at present, but the other half feel it is limited and over general. Particularly where the feedback is to sub-sectors, the demand from individual organisations is for specific information to them on progress. Across the sectors, there is a widespread demand from organisations for understanding how they are doing in a comparative context, and also what they can learn from good practice elsewhere.

Several suggestions were made by questionnaire respondents to enhance feedback. This was generally done while recognising that additional feedback imposes additional time burdens on the PVGs. One suggestion is for the PVG to meet annually with organisations in the context of a seminar/conference that would allow both formal presentations and exchanges and informal networking. Another suggestion is for meetings/conversations between organisations and the secretariat after each round, where the secretariat could pass on the views of the PVG. More generally, organisations would welcome more from the PVGs in terms of highlighting good practice. On this latter point, the Health Service PVG in its letter to the secretary general in June 2005 (Health Service PVG, 2005) commended the presentation of activity statistics in the Tallaght Hospital report and recommended the format to all reporting agencies.

Meetings of chairs of PVGs

In the interviews, the chairs of the PVGs expressed strong support for the practice that has built up of occasional informal meetings of the group of chairs of PVGs. These meetings allow an exchange of experience and cross learning across sectors to take place. The meetings are seen as a valuable part of the process. In this context, some PVG members feel that periodic (perhaps annual) meetings of all PVG members might serve a similar purpose.

In all, with regard to the future development of PVG operation and decision making, it is recommended that:

- Existing decision-making procedures and practices be maintained.
- Site visits/presentations continue to receive a high priority by the PVGs as an aid to informing the process beyond the formal exchange of reports. To get the most from site visits/presentations, clear agendas for the meetings are required, along with the opportunity for informal feedback from the PVG.
- With regard to feedback from PVGs to organisations generally, to the extent possible feedback should combine sector-wide comments with individualised comments targeted at individual organisations.
- PVGs should consider the identification and highlighting of good practice exemplars in their decision letters, to promote the spread of good practice across the sector.

5.3 The Performance Verification Group secretariat

The PVG secretariats are provided by staff from government departments in all cases except the Local Government PVG, where personnel from the Local Government Management Services Board staff the secretariat. The secretariats work part-time as a secretariat, and combine the task with other duties. There are peaks and troughs with the work and, around the time when reports are being compiled and considered by the PVG, the role is a full-time one. The process places significant time demands on the staff participating, particularly given their other duties.

The PVG secretariats play an important role in the process. Their main task is to keep things running smoothly administratively, such as getting information together in time, organising meetings and site visits/presentations, and record and minute keeping. But as mentioned in section 5.2, they are also an important conduit for the exchange of information between the PVG and participating organisations. To varying degrees, the secretariats are also involved in highlighting particular

information from action plans and progress reports, and bringing these items to the attention of PVG members, particularly in noting progress from one phase of the process to another.

Another key task of the secretariats is ensuring public reporting of the PVG process, for transparency and accountability purposes. The need to consider the development of media and communications strategies has been raised in section 3.4. At present, the main means by which public reporting is done is through web sites.¹⁰ The amount of information and timeliness of updating of information on the websites varies considerably between the PVG sectors. As illustrated in Table 5.1, the most comprehensive range of information is found on the civil service and local government performance verification sites. All sites contain the PVG decision letter to the secretary general for the sector as a whole¹¹, but after that, the amount of information varies significantly. The updating of information can also be variable. As at October 2005, the local government site only had information up to the second phase pay increases, whereas the other sites had information relating to the fourth phase. The health and local government sites helpfully also include supplementary correspondence, such as correspondence between the secretary general and the Health Service Joint National Council on industrial relations issues around the performance verification process. Such information enables tracking of the role of performance verification in an industrial relations context.

With regard to the future development of performance verification, it is recommended that:

- The PVG secretariats continue to develop their research and communications roles (acting as a conduit between the PVG and organisations), alongside their administrative role.
- Secretariats should ensure that websites containing information on the performance verification process are up-to-date and comprehensive in the scope of information contained on the site.

Table 5.1: Information available on performance verification on performance verification websites

	Civil Service	Education	Health Service	Local Government	Justice and Equality
Organisation action plans	Ö			Ö	Ö
Sectoral progress reports	Ö			Ö	
Organisation progress reports	Ö			Ö	Ö
Secretary general's overview report	Ö		Ö	Ö	
PVG decision letter to the secretary general	Ö	Ö	Ö	Ö	Ö
PVG report to organisations	Ö				Ö
Supplementary correspondence			Ö	Ö	

5.4 The sectoral secretary general

The secretary general with responsibility for the sector, as noted in section 4.4, has responsibility for receiving the progress reports from organisations together with the sector report from the partnership committee. When the progress reports come in to the department, relevant sections within the department who advise the secretary general on issues that may need to be highlighted or addressed assess them. The secretary general then prepares an overview report for the PVG containing an assessment of progress achieved. Ultimately, the secretary general has responsibility, on foot of the recommendations of the PVG, for authorising the pay

increases for the sector, with the sanction of the Department of Finance.

The overview report of the secretary general is an important document in the performance verification process. It is an opportunity to draw the attention of the PVGs to particular issues, both of a positive and/or negative nature. The PVGs themselves, as mentioned in the interviews, give particular attention to the views of the secretary general.

With regard to the future development of performance verification, it is recommended that:

- The overview report of the secretary general to the PVG continue to be developed to highlight key issues of industrial relations and modernisation changes.

5.5 Partnership committees

Partnership committees are involved in performance verification at both organisational and sectoral levels. At the level of the organisation, as noted in section 3.3.2, the performance verification process is reported to have helped develop partnership and given more meaning to the partnership process in many organisations. Dealing with the preparation of action plans and progress reports has engaged partnership committees in meaningful dialogue on substantive issues.

At the sectoral level, partnership committees are meant to agree the action plan, consider progress reports from individual organisations and prepare a sectoral progress report. The extent to which the sectoral progress report is meant to provide an analytical overview as opposed to simply highlighting interesting points from individual reports is unclear. As one national partnership forum in the education sector put it ‘there is a lack of clarity on the exact role of “the partnership committee” in relation to what they are supposed to do with the reports – simply pass them on? Or pass comment on them? Or agree/disagree with them? Or challenge aspects of them?’ There is a need for the expectations of the role of sectoral partnership committees to be more clearly specified in future

agreements. In developing the role of sectoral partnership committees, it should be remembered that such committees do not exist for the civil service and justice and equality sectors.

With regard to the future development of performance verification, it is recommended that:

- The role of sectoral partnership committees be clarified with regard to their part in signing off on action plans and assessing organisational progress reports.

5.6 Variations across PVGs

As the main focus of this study is on the performance verification process as a whole, there has been little opportunity to reflect on differences across sectors in how the performance verification process operates. While all follow a basic process that is the same in all cases, there are variations in practice, as have been noted from time to time. This is not necessarily a bad thing, as differences between the sectors mean that a 'one size fits all' approach is undesirable. But it may raise issues about variability in the level and depth of scrutiny each sector is subject to. This is why mechanisms such as the informal meetings of chairs of PVGs are important in encouraging a common understanding of the approach to issues.

While the operation of performance verification in individual sectors is not, as mentioned, the focus of this study, it is important to note the particularities of the education sector. The operational context of the Education Sector PVG is significantly different to the other sectors. The first main difference is in the volume of material to be processed. As an illustrative example, the chair of the Education Sector PVG in the decision letter to the secretary general on the fourth phase of pay increases notes (Education Sector PVG, 2005):

In the period December 2004 to June 2005 inclusive the ESPVG processed a total of twenty-five Action Plans and one hundred and fifty eight Progress reports in respect of Craft Parallel Benchmarking grades, twenty-five

Action Plans revised by institutions in accordance with the requirements of the Mid-Term Review of Part Two of Sustaining Progress and seventy Progress reports submitted by institutions on the fourth stage of the implementation of their agreed revised Action Plans. This was an exceptionally heavy workload to which all members of the Group gave generously of their time and services in a very professional manner in order to complete the assessments on time.

The number of organisations falling under the Education Sector PVG, and hence the number of plans and reports to be processed, is significantly more than any other PVG. This must impact on the relative degree of scrutiny individual organisations receive. In addition, the education sector treats all teachers at first and second level as one unit of analysis, given the sheer number of schools involved. Also, for the purposes of the performance verification process, teachers are treated separately from their institutions, a process that was commented on adversely by a number of questionnaire respondents. And finally, the academic school year raises particular issues for many education institutions in terms of planning and reporting cycles.

With regard to the future development of performance verification, it is recommended that:

- The operation of the performance verification process in the education sector be assessed to determine if alternative procedures may lead to improvements in reporting procedures. Alternatives to consider may include the provision of separate PVGs for different education levels and/or sectors.

Performance verification for state bodies not covered by Performance Verification Groups

6.1 Introduction

A large number of non-commercial state-sponsored bodies (NCSSBs) covered by the terms of *Sustaining Progress* do not report to PVGs. In these cases, the secretary general of the 'parent' department of the body acts as the decision maker with regard to whether or not pay increases are merited. This chapter draws on the views of secretaries general from three government departments – Arts, Sport and Tourism, Communications, Marine and Natural Resources, and Transport – that each has a number of NCSSBs reporting to it.

6.2 The performance verification process

In essence, the process used for performance verification of NCSSBs is the same as that used where there are PVGs. The template designed for the civil service is used as the template for the design of action plans and progress reports. NCSSBs are required to draw up action plans and progress reports, and send these in to the secretary general of their parent departments. The plans and reports are assessed within the relevant divisions of the department, and comments compiled for the secretary general. The secretary general then makes a determination of whether or not the pay award is merited, using the same performance criteria as outlined at the beginning of section 3.3: industrial stability, co-operation with flexibility and ongoing change, and implementation of the modernisation agenda.

Given that the same process is used, much the same limitations as identified elsewhere with the performance verification process apply in the case of NCSSBs. The template in particular poses particular challenges, being designed for government departments and offices more than for state bodies, particularly the smaller NCSSBs that

may only have small staff complements. In these cases, the context report provided by the head of the organisation highlighting the main changes and priorities becomes even more important in the process, and could be given more weight in the future. Similarly the pressures of a large modernisation agenda with tight reporting deadlines are similar with respect to NCSSBs as they are to other organisations. The main difference is that there is no PVG, and hence no separate independent scrutiny of the process. But to create PVGs to cover the range of NCSSBs would require a large number of PVGs and the consequent danger of over-bureaucracy, to say nothing of the challenge of finding people to sit on the PVGs.¹²

In broad terms the secretaries general feel that the principle of performance verification as applied is a useful discipline for the NCSSBs. Having to sign off on a decision is seen as a positive, as it ensures that there is scrutiny of the items under consideration, and it provides a context for constructive dialogue on performance issues between the department and the NCSSB. The process could be improved by adopting the relevant recommendations for templates, action plans and progress reports as outlined in Chapter 4. Such changes would allow the process to be flexible enough to embrace the change needed at NCSSB level, with less emphasis on the template as it currently exists and more emphasis on key priorities, both national and organisational.

Conclusions and recommendations

7.1 Introduction

The evidence from the interviews, questionnaires and documentation studied is that the performance verification process has had a positive impact on industrial relations stability, co-operation with flexibility and change, and implementation of the public service modernisation agenda. When compared with arrangements outlined in previous national agreements, performance verification has led to more rigorous implementation and scrutiny of public service change programmes.

Pay awards have been deemed warranted by PVGs in the vast majority of cases. In a small number of cases pay awards have been withheld pending the resolution of the industrial relations issues concerned. In other instances, organisation or grade awards have been deemed warranted but with qualification and an expectation that improvements will be made before the next pay increase is due.

But the performance verification process is not without its limitations. Criticism has been made of the limited scope of the modernisation agenda. The actual performance verification process itself has generated a vast amount of paper work, the value of much of which has been questioned by many participants. While there is widespread support for the continuation of performance verification in any future national agreement covering pay increases in the public service, there is also a need to change and simplify the process.

7.2 Setting the context - performance verification in the national agreement

A number of recommendations outlined in the various chapters of this report are aimed at changing the context for

performance verification in that they concern the parameters for performance verification as set out in the national agreement. The main recommendations in this regard are:

- More focus on a limited number of priority modernisation agenda items is needed. The specification of these items in the modernisation agenda is important in that the degree to which expectations are set out determines the extent to which they can subsequently be assessed.
- The extent to which the performance verification process can deal with significant change initiatives arising during the course of the agreement but not covered by the agreement needs to be determined.
- The backdating of pay awards in all cases of deferred pay increases has caused some discontent with the process in some cases. The extent to which backdating should apply automatically should be an issue for discussion.
- If possible in the context of the agreement on pay increases, the frequency of progress reporting should be restricted to every six months.
- The role of sectoral partnership committees should be clarified with regard to their part in signing off on action plans and assessing organisational progress reports.
- The additional burden imposed on reporting by the parallel benchmarking process should be addressed.

7.3 Performance verification structures and processes

There is wide support for the broad structures and processes that have been put in place to manage performance verification. Recommendations outlined in this report are aimed at enhancing the efficiency and effectiveness of these structures and processes. The main recommendations in this regard are:

Performance verification groups

- The current structure and composition of the PVGs be

broadly maintained, with an independent chair and a small number of management, union and independent representatives.

- With regard to independent members, to the extent possible there should be some continuity of membership between one agreement and the next, and some turnover to ensure 'new blood' is brought to the process.
- Independent members should be selected on the basis that they can take a broad perspective on the sector and the process, rather than chosen for a detailed knowledge of any particular issue.
- Existing decision-making procedures and practices should be maintained.
- Site visits/presentations should continue to receive a high priority by the PVGs as an aid to informing the process beyond the formal exchange of reports. To get the most from site visits/presentations, a clear agenda for the meetings is required, along with the opportunity for informal feedback from the PVG.
- With regard to feedback from PVGs to organisations generally, to the extent possible feedback should combine sector-wide comments with individualised comments targeted at individual organisations.
- PVGs should consider the identification and highlighting of good practice exemplars in their decision letters, to promote the spread of good practice across the sector.
- The Health Service PVG approach of clearly specifying the four decisions available to them has merit and should be considered by all PVGs. The 'payment warranted but with qualification' option allows a further level of sanction to be applied in the process.

PVG secretariat

- The PVG secretariats should continue to develop their research and communications roles (acting as a conduit between the PVG and organisations), alongside their administrative role.

- Secretariats should ensure that websites containing information on the performance verification process are up-to-date and comprehensive in the scope of information contained on the site.

Sectoral secretary general

- The overview report of the secretary general to the PVG should continue to be developed to highlight key issues of industrial relations and modernisation changes.

Education PVG

- The operation of the performance verification process in the education sector should be assessed to determine if alternative procedures might lead to improvements in reporting procedures. Alternatives to consider may include the provision of separate PVGs for different education levels and/or sectors.

7.4 Performance verification outputs

There is general support for the principle of action plans and progress reports continuing to form the basis for decisions on performance verification and to be the main outputs of the process. The recommendations in this report are aimed at simplifying the planning and reporting process so as to meet the needs of a modernisation and change agenda without imposing undue burden on all participants. The main recommendations in this regard are:

Templates

- A template should be retained as a means of ensuring consistency and encouraging comparison across action plans and progress reports. The recommendation that the modernisation agenda allow organisations to prioritise a limited number of key modernisation agenda items will facilitate less onerous reporting requirements.
- The template should place an emphasis on reporting progress since the last report was received rather than whether or not a commitment has been achieved.

Action plans

- Action plans should focus on a limited number of priority modernisation agenda items.
- The action plan should contain both a small number of sectoral modernisation initiatives and a small number of organisation specific initiatives.
- The PVG should devote particular attention to the scrutiny of action plans, as the basis for subsequent reporting. In particular, the specificity and clarity of objectives and targets set out in the action plans should be assessed, as the clearer and more specific the objectives and targets, the easier progress in their achievement can be determined.
- The primary focus of action plans should remain on the outputs produced as a result of the modernisation agenda (though subsequent reporting should reflect progress on reporting on outcomes).
- Action plans should clearly reflect the relevant objectives of the organisation as set out in the business plan. The modernisation agenda should not be seen as a separate exercise from the day-to-day running of the organisation.

Progress reports

- Context statements should continue to be produced by all organisations, highlighting priority issues and enabling flexibility of response of organisations. Consideration should be given to the possibility of using context statements as the reporting mechanism in all phases, with annual reporting against the template.
- More focus should be given to reporting on a smaller number of well-specified modernisation items in any individual progress report.
- Progress reports should contain information on both outputs achieved against expectations, and progress in relation to reporting on outcomes. The main focus should be on progress made since the last period.

NOTES

- ¹ The figure of 120 organisations and bodies is smaller than the number of individual organisations that are engaged in the PVG process. The reason for this is that in some cases an umbrella organisation is the initial contact point. For example, in the education sector, the Vocational Education Committee National Partnership Forum acts as the initial contact point for the thirty-three VECs.
- ² A Public Service Benchmarking Body was established under the Programme for *Prosperity and Fairness* (2000), covering both pay and jobs, including an examination of public service and private sector pay levels. The Public Service Benchmarking Body's report recommended various increases in public service pay and that the payment of a portion of the awards should be dependent on real and verifiable outputs from modernisation and flexibility changes.
- ³ The Public Service Monitoring Group (PSMG) and the National Implementation Body (NIB) were set up under the *Programme for Prosperity and Fairness* (2000). The PSMG oversees implementation of the public service pay agreement. The NIB was established to ensure delivery of industrial relations stability and peace.
- ⁴ Comparison of one particular year with another can be misleading as particular circumstances can affect changes. But differences in the recording and availability of data make full time series comparison difficult, and the figures used here are widely regarded as expressing a reality of significantly greater industrial peace during *Sustaining Progress* than occurred during previous social partnership agreements.
- ⁵ Staying with the customer charter example, it is possible that an organisation may receive more complaints after introducing the charter, as it is now actively seeking customer feedback that was previously ignored. Here the outcome in terms of level of complaints received may disimprove, but as a result of an improvement in customer care. However, there can be some cases where outcomes can and should be assessed. For example with regard to gender equality, progress with regard to the number and percentage of females in management positions is part of the modernisation agenda. The achievement of this outcome in this case is clearly within the control of the organisations involved. It is outcomes focused on citizen needs and broad policy outcomes that are problematic with regard to performance verification for pay increases.

- ⁶ The situation differs here somewhat between the civil service and justice and equality sectors, where departmental partnership committees are involved, and the other sectors where sector-wide partnership committees are involved. The sector-wide partnership committees add a further layer to the process.
- ⁷ PVGs still have difficulties with some reports, but they are less frequent in nature. The Health Service PVG in its letter to the secretary general of 11 November 2004 cites one agency for its consistently relatively poor progress reports. In this case, the agency provided a significantly improved report for the next phase of the process.
- ⁸ A small payment is given to independent members of PVGs, but this does not cover the significant time input required of members, and acts more as a token of recognition for the work done.
- ⁹ In the health and education sectors, given that the reporting format covers groups of organisations in several instances (such as health agencies in the HSE Eastern Region and the Institutes of Technology), the feedback covers the group rather than individual organisations in most cases. In the local government sector, the formal feedback letter is for the sector as a whole rather than to individual authorities.
- ¹⁰ The addresses of the performance verification websites (as at October 2005) are:
- a) <http://www.finance.gov.ie/viewdoc.asp?DocID=3400&CatID=31&StartDate=1+January+2005&m=>
 - b) <http://www.education.ie/robots/view.jsp?pcategory=10815&language=EN&category=21603>
 - c) http://www.dohc.ie/issues/sustaining_progress/
 - d) <http://sustainingprogress.lgmsb.ie/>
 - e) <http://www.justice.ie/80256E010039C5AF/vWeb/pcJUSQ5YVERX-en>
- ¹¹ In the case of the justice and equality sector website, the PVG decision letter to the secretary general is only available for the first phase pay increase, and not for subsequent phases.
- ¹² A review undertaken by McGauran, Verhoest and Humphreys (2005), identifies 211 non-commercial state agencies operating at national level as at Autumn 2003.

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- Sustaining Progress* (2003), Social Partnership Agreement 2003-2005, Dublin: Stationery Office

ANNEX 1

Sectoral Performance Verification Group membership and numbers interviewed

Civil Service PVG

Independent chair (interviewed)
Three independent members (all interviewed)
Three management representatives (all interviewed)
Three trade union representatives (all interviewed)

Education PVG

Independent chair (interviewed)
Three independent members (two interviewed)
Three management representatives (two interviewed)
Three trade union representatives (two interviewed)

Health PVG

Independent chair (interviewed)
Three independent members (all interviewed)
Three management representatives (two interviewed)
Three trade union representatives (all interviewed)

Justice PVG

Independent chair (interviewed)
Two independent members (both interviewed)
Two management representatives (both interviewed)
Two trade union representatives (one interviewed)

Local Government PVG

Independent chair (interviewed)
Two independent members (both interviewed)
Two management representatives (both interviewed)
Two trade union representatives (one interviewed)

ANNEX 2

Organisations/sectors reporting to the Performance Verification Groups and numbers responding to questionnaire

Civil Service

27 government departments and offices (19 replied to questionnaire – 70 per cent response rate).

Education

26 sectors/institutions. Includes first and second level schools; Vocational Education Committees (counts as one sector, with 33 VECs); Institutes of Technology (counts as one sector, with 14 IOTs); Higher Education Authority third level institutions (12 institutions, all reporting separately); third-level non-Higher Education Authority (6 institutions, all reporting separately); and child detention centres (5 institutions, all reporting separately). (12 replied to the questionnaire – 46 per cent response rate).

Health

20 agencies. Includes 11 regions of the Health Service Executive (corresponding to the old health boards and area health boards); 8 hospitals; and the National Federation of Voluntary Bodies. (13 replied to the questionnaire – a 65 per cent response rate).

Justice

14 agencies (11 replied to the questionnaire – a 79 per cent response rate).

Local Government

34 county and city authorities (22 replied to the questionnaire – a 65 per cent response rate).

ANNEX 3

Public service pay increases under *Sustaining Progress*

- Pay pause of six months from July 2003 to December 2003
- Three per cent from 1 January 2004, plus 50 per cent of the increases recommended by the Public Service Benchmarking Body *
- 2 per cent from 1 July 2004
- 2 per cent from 1 December 2004
- 1.5 per cent from 1 June 2005 (except those earning up to and including €351 per week where a 2 per cent increase applies). Plus 25 per cent of the increases recommended by the Public Service Benchmarking Body
- 1.5 per cent from 1 December 2005
- 2.5 per cent from 1 June 2006

Source: *Sustaining Progress* (2003) and Department of the Taoiseach (2004)

* 25 per cent of the increases recommended by the Public Service Benchmarking Body were paid on ratification of *Sustaining Progress*.

ANNEX 4

2004 work programme of the Local Government PVG

- An examination of returns during the period in agreed templates from all thirty-four local authorities in respect of progress on performance relating to awards due within the sector under the national *Sustaining Progress* agreement and the related benchmarking and parallel benchmarking processes; in many cases the 'returns' were expanded on request to include additional commentaries and observations.
- A consideration of a range of reports and observations submitted to the PVG from the Department of the Environment, Heritage and Local Government; reports from the Local Authority National Partnership Advisory Group (LANPAG) and information from parallel PVG processes covering other sectors; these latter developments were further explored in the context of meetings held between the chairs of the various PVGs.
- Visits were undertaken to local authorities by two separate teams set up by the PVG; the two teams comprised either three or four members of the PVG, each team constituted so as to represent the management, trade union and independent character of the PVG itself. By the end of 2004 all thirty-four local authorities had been visited and an intensive exchange of views held with each, which process complemented the range of returns and related documentation submitted by each authority.
- A number of presentations were made to the PVG which included a summary of developments under the proposed 'Performance Management' system piloted in the sector and a progress report on the '*Delivering Value for People*' document covering proposals relating to the development of service indicators in the sector.
- The PVG, usually through its chair, accepted a selected number of invitations to address groups on the nature of the PVG process. Such groups included the City and County Managers Association (CCMA), personnel managers/trainers within the sector, partnership facilitators and trade union activists.

All of the above activities were in turn reflected upon and the outcomes progressed in a series of formal meetings held by the PVG itself; five such formal meetings took place in 2004.

Source: Local Government Sector PVG, 2005

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