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State agencies and enterprises, 2016

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Overview

With the majority of agency rationalisations scheduled in the Department of Public Expenditure and Reform's *Public Service Reform Plan 2014–2016* implemented (with the exception of the measures involving Táilte Éireann, the Pensions Ombudsman, the Office of the Refugee Applications Commissioner and the Digital Hub Development Authority), it was a relatively quiet year in terms of the agency rationalisations. The major development was the publication in August of a new *Code of Practice for the Governance of State Bodies*.

Code of Practice for the Governance of State Bodies

The key provisions of the revised *Code of Practice for the Governance of State Bodies* are detailed below.

Strengthening board leadership and strategic aims

The board should formulate and agree the body's strategic aims with the body's parent minister and department, to the extent relevant, and ensure optimal use of resources to meet its objectives.

Ethical standards

The board should lead by example and ensure that good standards of governance and ethical behaviours permeate all levels of the organisation.

Board oversight role

The management of the state body has a duty to provide the board with all necessary information to enable the board to perform its duties to a high standard. The board of the state body should take all necessary steps to make members aware of any relevant information and to access all information as necessary.

Secretary to the board

The code includes a focus on the secretary to the board, an important role in the effective functioning and operations of the board. The code states that the board should ensure the person appointed as secretary has the skills necessary to discharge the duties of the role, and that the appointment and removal of the secretary should be a matter for the board. It also recognises the key relationship between the secretary and the chairperson.

Alignment of statement of strategy with parent department's statement of strategy

The state body's statement of strategy should be aligned to specific objectives in the parent department's statement of strategy, to the extent relevant, and should also be consistent with any government policies for the reform and modernisation of the public service, as well as with the statutory responsibilities of the body concerned.

Promoting a culture of openness and debate within the board

The chairperson should promote a culture of openness and debate by facilitating the effective contribution of key management and all board members.

Board appointments

Board appointments must be made in compliance with the Public Appointments Service process set down in the *Guidelines on Appointments to State Boards*, published by the Department of Public Expenditure and Reform, with some exceptions.

Performance delivery agreements

Each department is required to agree a performance delivery agreement (reviewed annually) with all non-commercial state bodies under its aegis.

Periodic critical reviews

The code provides for periodic critical reviews no later than every five years, with the review – chaired by the parent department and comprising officials from the parent department, the state body and the Department of Public Expenditure and Reform – to consider, inter alia, the ongoing business case for a state body.

Enhanced oversight arrangements between the relevant minister/parent department and bodies under their aegis

Government departments should ensure that they have written oversight agreements with state bodies under their aegis which clearly define the terms of the relevant minister's/parent department's relationship with the state body.

Recommendations of the Comptroller and Auditor General in his Special Report on the Effectiveness of Audit Committees in State Bodies

The updated code takes account of the Comptroller and Auditor General's recommendations on embedding requirements concerning the selection of audit committee members, identification of conflicts of interest, performance assessment and measuring audit committee effectiveness (Department of Public Expenditure and Reform, 2016).

State enterprises

There was little change in the state-owned enterprise sector. However, industrial relations issues loomed large in several of the transport companies, with Dublin Bus workers agreeing a new pay deal in September following a series of strikes earlier that month. It followed strikes by staff operating in the (privately owned) LUAS light rail company earlier in the year, which had resulted in pay increases after marathon negotiations. And at year end, Bus Éireann announced that it may have to close some of its loss-making services.

There was some controversy in Horse Racing Ireland (HRI) when it emerged that the incumbent CEO was appointed for a third successive term, despite the fact that the role had not been advertised and government guidelines restricted such appointments to a single seven-year term. The chairman of HRI apologised to an Oireachtas committee for the process through which this had happened.

Iarnród Éireann was criticised in respect of its approach to safety regulation by the Commission for Railway Regulation in its annual

report for 2015. The company responded that it was committed to continuous safety improvements.

Reference

Department of Public Expenditure and Reform. (2016). *Code of practice for the governance of state bodies*. Dublin: Department of Public Expenditure and Reform.