



Grant Thornton

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Department of Public Expenditure and Reform

Independent verification of savings of selected projects under the public
service agreement

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Executive summary

Background

The Public Service Agreement (“PSA”) 2010 - 2014 allows for the engagement of external financial advisors to undertake the independent verification of reported savings arising (or that will arise) from a selected number of projects. This involves a review of the methodology, quantification and estimation employed by Public Service Management (“PSM”) to identify savings that have been achieved and savings that will be achieved as a result of agreements reached. Three projects were selected by the Implementation Body for independent verification as part of this exercise. The Implementation Body engaged Grant Thornton, following a tendering process, to review the projects identified and report on them in line with the terms of reference for the review.

The terms of reference for the verification exercise require the consultants to:

- review the methodology, quantification and estimation employed by PSM in identifying the savings arising (or that will arise) from selected projects; and
- provide an independent verification function for these projects/initiatives to the Implementation Body.

Our approach

In order to capture the data required to complete the study we held individual meetings with key staff in the relevant bodies concerned, to gain a full understanding of each of the areas under consideration and gather any additional information required. Following the individual meetings we then requested and reviewed all relevant documentation required in relation to the projects including:

- the background and context for the individual projects;
- the role of the PSA in facilitating the savings;
- all documentation in relation to the projected savings for each project; and
- all documentation in relation to the methodology employed to achieve the savings for each project, including the timing of proposed savings, the quantification of savings and the estimates and underlying assumptions made.

We then proceeded to analyse and verify all of the data gathered in order to draw conclusions in relation to each project under review. The analysis phase was complemented by our experience of carrying out previous relevant assignments.

Key findings

Project 1: Closure of army barracks in the defence sector

Based on our analysis we have verified that the estimated savings declared by management, of €1.2m per annum from the closure of the army barracks, is a correct reflection of the savings achieved.

Our assessment of the methodology used by management is that the approach used is sound and we are satisfied that it was the most appropriate method of calculating the estimated savings concerned.

The savings as a result of the closures began to accrue in the review period (last nine months of 2012) as all four barracks were closed by the 1st April 2012. The first full year of annual savings of approximately €1.2m will be achieved in March 2013, one year after the closure of the four barracks.

The co-operation of the Defence staff representative associations, facilitated by the PSA, has been an important part of the overall approach and this co-operation has been seen a significant contributing factor to the successful closure of the barracks.

Project 2: changes in work practices for radiographers in the health sector

This initiative was implemented in a number of hospitals throughout the last nine months of 2012. Although changes have now been implemented in the majority of hospitals, full annual savings across all hospitals have yet to be quantified. Following an analysis of all the relevant documentation, we consider that the methodology used to estimate potential annual savings is acceptable. We believe that the figure declared by management is a reasonable indicator of the potential savings that can be realised.

The PSA was a key instrument in facilitating the radiography work practices changes. Issues between the parties were dealt with in accordance with the dispute resolution procedures set out in the PSA (Paragraph 1.24). This culminated in a Labour Court Recommendation on the work practice changes which was both accepted and binding on both parties.

Project 3: Joint task (efficiency) reviews of prisons

The PSA contributed significantly to the transformation programme initiative in the Irish Prison Service (“IPS”) and continues to be a major facilitator in this on-going process. The completion of these task reviews was facilitated by significant engagement and co-operation between all parties concerned. Without the PSA, the changes as a result of the task reviews in both existing and new facilities would have been difficult to implement. It is worth noting that as a result of this co-operation, and through a clear focus on communication, facilitated through bilateral engagement, industrial peace was maintained.

Our analysis of all the relevant documentation shows that the methodology used to estimate potential annual savings is sound, and the estimated savings declared by IPS management are reasonable.

Overall conclusion

Our overall conclusions in relation to each of the projects reviewed are as follows:

- all of the three projects evaluated either have already facilitated or demonstrate a capability to facilitate verifiable savings in the future;
- the PSA is playing a significant role in facilitating the implementation of the savings initiatives in each case; and

- the declared savings reported by management in each of the three projects were found to be reasonable estimates of savings that have arisen or will arise due to the successful implementation of the projects and we are satisfied that the methodology used for each project is acceptable.

Introduction

The Public Service or "Croke Park" Agreement

The PSA 2010 – 2014, or “Croke Park” Agreement, between public service employers and the Public Services Committee of the Irish Congress of Trade Unions (“Parties”) was ratified in June 2010 and was agreed following negotiations in March 2010.

The PSA provides for a collaborative approach to the reorganisation of the public service to deliver a Public Service which is leaner, more effective and focused more on the needs of the citizen.

The parties to the PSA accept that in order to sustain the delivery of public services, in a period when both employee numbers and financial resources are being reduced, efficiencies will need to be maximised and productivity in the use of resources greatly increased through revised work practices and other initiatives.

The PSA was formulated against a backdrop of the worst financial crisis in the history of the state. The PSA is aimed at improving efficiency and quality so that public services can continue to be delivered with the reduced resources available to the Exchequer.

The Implementation body

The Implementation Body, which was established in July 2010, comprises an independent chair and nominees from PSM and the Public Services Committee of the Irish Congress of Trade Unions. The Implementation Body is responsible for overseeing, driving and verifying progress on the implementation of the PSA across the Public Service and to ensure the speedy resolution of issues as they arise.

Background to the reviews

Background

The following report gives an independent verification of savings under the PSA in respect of three sample projects. The PSA refers to independent verification in Section 1.19 of the Agreement which, inter alia, provides that the Implementation Body will have independent support to cost and verify savings derived from the implementation of this Agreement and of the sectoral agreements.

The projects selected for this review relate to the Defence, Health and the Justice sectors. Grant Thornton has been appointed as independent consultants to verify the savings that arose (or that will arise) from the following:

- Project 1: Verification of the savings arising from the closure of army barracks in the defence sector;
- Project 2: Verification of the savings arising from changes in work practices for radiographers in the health sector; and
- Project 3: Verification of the savings arising from the Joint Task (Efficiency) reviews of prisons.

Terms of reference

The terms of reference for the verification exercise require the consultants to:

- review the methodology, quantification and estimation employed by PSM in identifying the savings arising (or that will arise) from selected projects; and
- provide an independent verification function for these projects/initiatives to the Implementation Body.

The key deliverable from the evaluation is a single composite report outlining the methodology employed, verification methods utilised and advising of the detailed outcome and conclusions reached in the verification exercise.

Our approach and methodology

We adopted a four staged approach, as an efficient and practical way to carry out this evaluation exercise, including as set out below:



As a first step in the process we conducted a meeting with the Secretariat to the Implementation Body for the purposes of reaffirming scope and boundaries of the exercise; ensuring full agreement and comprehension by all parties of the outputs of the exercise; and confirming the timeline and liaison arrangements.

In order to capture the data required to complete the study we held individual meetings with key staff in the relevant bodies concerned, to gain a full understanding of each of the areas under consideration and gather any additional information required. Following the individual meetings we then requested and reviewed all relevant documentation required in relation to the projects including:

- the background and context for the individual projects;
- the role of the PSA in facilitating the savings;
- all documentation in relation to the projected savings for each project; and
- all documentation in relation to the methodology employed to achieve the savings for each project, including the timing of proposed savings, the quantification of savings and the estimates and underlying assumptions made.

We then proceeded to analyse and verify all of the data gathered in order to draw conclusions in relation to each project under review. The analysis phase was complemented by our experience of carrying out previous relevant assignments.

Finally, we drafted as the key deliverable from this project this composite report outlining the methodology employed, verification methods utilised and advising on the detailed outcome and conclusions reached in the verification exercise.

Project 1: Closure of army barracks in the defence sector

Overview

On Tuesday 15 November 2011, the Government decided to further rationalise the number of Military Barracks following a proposal from the Minister for Defence. This resulted in the closure of a further four barracks and significant redeployment of military personnel. This further phase of consolidation is part of the on-going modernisation programme in order to maximise the effectiveness of the Defence Forces. The closures had a number of objectives:

1. to achieve cost savings on maintenance, utilities and Security Duty Allowance (“SDA”);
2. the movement of individuals from administrative tasks to front line; and
3. to consolidate the Defence Force formations.

A key part of the process involved in the closure of the barracks was engagement between the Department of Defence and the representative staff associations in the Defence Forces, RACO (Representative Association of Commissioned Officers) and PDFORRA (Permanent Defence Force Other Ranks Representative Association).

This engagement took the form of individual consultations and group meetings to ensure that the views and opinions of all the associations’ members were taken account of. The co-operation of the associations has been an important part of the overall approach and this co-operation has been a significant contributing factor to the successful closure of the barracks. As a result of these closures a total of 515 defence forces staff were redeployed. The number of staff per barracks is broken down in the following table:

Table 1: Defence forces staff redeployed

	Mullingar	Cavan	Clonmel	Castlebar	Total
Defence forces redeployed	130	170	200	15	515

Declared savings

The following are the declared savings that were received for verification from the Department of Defence.

Table 2: Declared savings, per annum

	Mullingar €000’s	Cavan €000’s	Clonmel €000’s	Castlebar €000’s	Total €000’s
Total savings	489	244	408	36	1,177

Methodology

Declared savings for barracks closures are based on actual savings made since the closure of the barracks. Actual savings were calculated based on 2010 historic costs when the barracks were open and in use. These declared savings are broken into the three elements:

- **Security Duty Allowance:** this relates to the allowance associated with having military personnel on security duty. Security on the barracks requires 24 hour monitoring by Defence Forces staff. SDA's are paid following a claim by the military guard on duty.
- **Utilities:** Utilities are recurring costs associated with the normal operations of a building. In the case of a barracks these utilities refer to electricity, gas, water, heating oil and waste services.
- **Maintenance:** Maintenance works are non-capital in nature and are solely to ensure that the buildings remain fit for purpose. A maintenance contract was in place with an external provider that had been approved by the Department of the Defence. The figure for maintenance included in the declared savings is based on building works carried out in 2010.

One exception to the methodology of using actual costs was in relation to Castlebar Barracks utility costs; these were apportioned based on staff numbers. The rationale for this different approach is that given the relatively small size of the Castlebar Barracks, it was not sufficient to be a standalone cost centre and expenses form a subset of a larger cost centre that includes Westport and Ballina.

Grant Thornton is satisfied that the methodology used for estimating and achieving cost savings is sound and is the most appropriate method of calculating such savings.

Underlying assumptions

Using the 2010 costs as a basis for calculation of estimated savings, some assumptions were used to calculate declared savings. These assumptions are as follows:

- 2010 costs are reflective of other years costs;
- there would be no future maintenance costs after the barracks had closed; and
- potential future sale of capital assets is excluded.

The Department of Defence provided detailed background information on the above underlying assumptions used in calculating the declared savings. This information enabled us to perform an appropriate level of interrogation of these assumptions. Based on our interviews with the Department of Defence and our review of the data we are confident that these assumptions are appropriate.

Independent verification of savings

PSA's role in facilitating the delivery of savings

In parallel to the PSA, the Defence Sector Agreement ("DSA") was prepared using the same guiding principles, objectives and obligations. The Agreement was drawn up to 'ensure that the Defence Forces continue their contribution to the return of economic growth and economic prosperity to Ireland while delivering excellence in service to the Irish people'¹. In order to achieve this objective the Defence Forces agreed to re-organise and deploy its resources under the framework of the DSA. As part of this Agreement, barracks closures were identified and agreed as one of the key elements.

¹ Defence Sector Agreement (2010-2014).

Declared savings

Overall declared savings from the closure of the four barracks is approximately €1.2m, which can be split by barracks and by cost types as follows:

Table 3: Declared savings by barracks and by cost type

	Mullingar €000's	Cavan €000's	Clonmel €000's	Castlebar €000's	Total €000's
SDA	174	-	207	-	381
Utilities	200	174	167	20	561
Maintenance	115	70	34	16	235
Total declared savings	489	244	408	36	1,177

Verified savings

The above declared savings have all been verified by reviewing the figures which were used as a basis for the calculations, and a review of the underlying assumptions in the methodology used. The approach used to verify these savings was to cross check the savings against detailed backup data and verify a selection of the expenditure to the original invoices.

Security Duty Allowance

Due to the sensitive nature of the information on SDA costs, it was necessary to complete an onsite visit to the central records office, located in Renmore in Galway. As part of our verification, we received a detailed hardcopy breakdown of all the security claims. As part of the process a selection of these claims were chosen at random by Grant Thornton and cross checked to documentation and no issues were noted. Based on our review of the methodology, the declared savings of SDA expenditure are reasonable.

Utilities

All utilities were cross checked against detailed backup listings provided by the Department of Defence. A sample of invoices for each category of costs from each barracks was selected at random. Each invoice selected was confirmed against the information provided. No issues were noted and we are confident that the utilities savings of €561k are reasonable.

Maintenance

Similar to utilities all maintenance costs were agreed against backup listings and a sample of selected invoices. No issues were noted and we are confident that the maintenance savings of €235k are reasonable.

The assessment of the methodology used to estimate annual savings is robust. Grant Thornton is satisfied that declared savings from the barracks closures of €1.2m are reasonable.

The savings as a result of the closures began to accrue in the review period (last nine months of 2012) as all four barracks were closed by the 1st April 2012. The first full year of annual savings of approximately €1.2m will be achieved in March 2013, one year after the closure of the four barracks.

Conclusion

The PSA played a significant role in facilitating the implementation of the savings initiatives achieved through the consolidation of the barracks. Our analysis of all the relevant documentation shows that the methodology used to estimate annual savings from the barracks closures of €1.2m is robust; and estimated savings declared by management was reasonable. We are satisfied that the declared savings are correct.

Project 2: Changes in work practices for radiographers in the health sector

Overview

This project looks at the changes in work practices for radiographers in the public health service which had a target implementation date of 1 February 2012. At present, there are approximately 1,000 radiographers employed in the public health service. The typical working week for the majority of radiographers before the changes were introduced consisted of a 35 hour working week, on a Monday to Friday basis between the hours of 9am to 5pm or 8pm to 6pm depending on location.

The changes in work practices for radiographers were introduced to reduce the cost of these services and to improve the way in which these services are delivered to enhance efficiency and meet service demands. The changes that took place include new attendance and remuneration arrangements for radiographers, with regard to the provisions of services outside of their core hours of 9am to 5pm, Monday to Friday. This resulted in an extended core day of 8am to 8pm, Monday to Friday. Additionally, the system of fee per case for out of hours work was replaced by a payment per hour and a rationalisation of time back arrangements introduced.

The introduction of new arrangements to support the delivery of services over an extended working day, where there is an identified service need, is one of the key measures within the Health Sectoral Agreement of the PSA (Paragraph 2.9.12).

Following significant engagement between the HSE and SIPTU, the proposed change was dealt with in accordance with the dispute resolution procedures set out in the PSA (Paragraph 1.24). This culminated in a binding Labour Court Recommendation on the work practice changes, which was accepted by both parties.

Declared savings

This initiative was implemented in a number of hospitals throughout the last nine months of 2012. Although changes have now been implemented in the majority of hospitals, full annual savings across all hospitals have yet to be quantified. However, an Implementation Group Committee has been established by the HSE to examine the impact of the PSA and LCR 20230 on the working arrangements of radiography grades and to verify associated savings. This information gathering exercise is currently underway. The HSE has estimated that potential savings of approximately €1.5m per annum are achievable from the implementation of these work practice changes. The methodology and underlying assumptions outlined on the following page explain the rationale behind the potential estimated savings that the HSE have declared.

The HSE believes that the extension of the working day, coupled with the introduction of a more sustainable remuneration structure for activity outside of these new core working hours, will impact positively on current spend in this area across a number of hospitals. In addition, this will also facilitate the provision of radiography services that are ‘fit for purpose’ and that meet service demands. It also believes that, in effecting these changes, it is ensuring the continued delivery of safe, high quality services.

Table 4: Declared potential annual pay savings

	Total €000's
Total declared potential annual savings	1,500

Methodology

In 2011, a survey was issued by the Radiography Management Group, the purpose of which was to obtain information on radiographer activity levels. The survey asked respondents to provide information in relation radiography activity levels which occurred out of the normal working hours of 9am to 5pm (on-call) in March 2011.

Forty hospitals were targeted for data collection. Thirty five responses were received in total which represented 95% coverage of the total on-call bill.

Hospitals were requested in the survey to provide information in respect of the number of patients in receipt of diagnostic interventions provided by radiographers across the following areas:

- Computed Topography (CT);
- General House;
- Accident and Emergency; and
- Theatre / Interventional.

The survey also asked respondents to indicate the average number of patients seen per night for the month of March 2011 across the following time bands:

- Monday to Friday (5pm – 8pm)
- Monday to Friday (8pm – 12am)
- Monday to Friday (12am – 9am)
- Saturday (9am – 8pm)
- Saturday (8pm – 12am)
- Saturday (12am – 9am)
- Sunday (9am – 8pm)
- Sunday (8pm – 12am)
- Sunday (12am – 8am)

The survey data was annualised on the basis of the data supplied for the month of March 2011. Costs attributable to annualised activity levels within each time band was then approximated by applying the fee-per-item. This formed the basis of the calculation for the existing out of hours remuneration. Proposed implementation rates (hourly rates) were also applied to these activity levels. Remuneration for out of hours time derived from these two calculations, when compared, gave a figure for estimated savings.

Key underlying assumptions

Key underlying assumptions for the calculations are as follows:

- approximately 75% of radiographer activity provided in the period 5pm to 8pm Monday to Friday would now be 'absorbed' by the extended core day. The remaining 25% of radiographer activity in this period would carry over until 8pm and an hourly rate applied;
- for costing purposes, activity during the remaining day/rate bands, was converted to equivalent value in hours and multiplied by the applicable hourly rate;
- adjustment was made to calculations to compensate for the introduction of the 1 hour minimum call out charge; and
- payment under the new regime is pro-rata for hours worked.

Independent verification of proposed savings

PSA's role in facilitating changes in work practices

The PSA was a key instrument in allowing the change in the radiography work practices initiative to be implemented. This involved direct negotiations between the parties and subsequent referral to the Labour Relations Commission ("LRC") and ultimately the Labour Court for binding adjudication (as provided for by the provisions of the Agreement). A key feature of the PSA process is that long standing arrangements are not cast in stone and can be changed by using the provisions of the Agreement. Without the PSA, the changes in the work practices of radiographers would have been extremely difficult to implement.

Potential savings

Based on our review of the methodology employed by the HSE, we deem it reasonable that the potential estimated annual savings of €1.5m per annum can be achieved under the revised work practice arrangements for radiographers.

Conclusion

The PSA contributed significantly to the initiative in facilitating the change in the work practices of radiographers to be implemented. Following on from our analysis of all the relevant documentation in relation to the impact of these changes, we consider that the methodology and underlying assumptions used by the HSE to estimate the potential savings of €1.5m per annum is appropriate. The figure declared by management is a reasonable reflection of the potential savings that can be achieved.

Project 3: Joint task (efficiency) reviews of prisons

Overview

Under the PSA the IPS will deliver savings of €21m in payroll costs. The provisions of the Agreement seek to achieve greater efficiency in the operation of the prisons. This will be achieved through a reduction in staffing levels while maintaining, where feasible, improved regimes and services. The Agreement in relation to the IPS provided for:

- a joint staff / management in-depth review of all tasks in the prison service that will examine all aspects of prisons work, including posts, tasks, processes, infrastructure;
- the introduction of new work processes, new business processes and new policies;
- a review of all allowances in the IPS on a cost-neutral basis;
- the introduction of Open Recruitment at certain grades;
- the introduction of a Scheme of Accelerated Promotion; and
- the establishment of new prison administration grades.

The Prison Service, as part of its commitment to the PSA, agreed to carry out a Joint Task Efficiency Review (“task review”) of all prisons supported by the development and roll-out of new work practices and policies. The objective of this project was to identify a reduced staffing model consistent with maintaining and increasing the services delivered in prisons and to the community.

In 2005, IPS and the staff association accepted the “Proposal for Organisational Change” which set agreed staffing levels and work practices for each prison. The task reviews, facilitated by the PSA, are a follow on from this process and seek to further rationalise work practices and reduce these staffing levels further. Declared savings as outlined in the following section are in relation to these reductions in staffing levels.

The task reviews identify appropriate staffing levels for each grade within the prison and focuses on the following:

- seeking to actively implement standards of international best practice in relation to conditions of detention;
- the development and implementation of new work practices and business processes;
- a review of all tasks, posts, staffing levels and processes in the prisons;
- measuring inputs against outputs/outcomes through managing the work activities of staff at the work process/business level (task reviews);
- greater use of technology;

- development of prison infrastructure to support efficiency;
- greater interagency co-operation within the Justice Sector (for example, with the Courts Service and An Garda Síochána) to deliver cross agency efficiencies; and
- the examination of outsourcing options.

The PSA is facilitating the delivery of the objectives under the transformation programme. The most important element of the transformation programme in achieving the objectives of the PSA are these task reviews.

Declared savings

The targeted pay savings under the PSA are reflected in the fact that the IPS have been operating with staffing levels which are, on average, 300 staff below pre PSA agreed levels. Over the course of the last 30 months, savings have already been generated across the IPS operating at these reduced levels. This has delivered significant reforms of the prison system, all the while dealing with increases in prisoner numbers and prisoner committals. In addition, the IPS has opened significant new prisoner accommodation within its reduced staffing numbers. These developments were made possible as a result of the PSA.

Although pay savings have arisen since 2010, pay savings resulting from reductions in the pre PSA agreed staffing levels are only formally declared by the IPS, after the joint review reports have been finalised and recommended changes implemented.

Joint review reports finalised during the verification period from April to December 2012, with savings formally recognised, are in relation to seven out of the twenty one institutions. The IPS has declared annual savings of approximately €6.3m, resulting from the task reviews finalised and implemented during this review period (April to December 2012).

Table 5: Declared annual pay savings

	Total €000's
Total declared annual pay savings	6,327

Details of the institutions for which task reviews were finalised during the period, final report dates and dates when the changes for each grade² came into effect are in the following table:

Table 6: Joint Task Reviews completed during the period April to December 2012, relevant dates

Institution	Joint Task Review Final Report Date	Date the change for each institution came into effect
Arbour Hill	September 2012	3 November 2012
Castlerea	May 2012	24 November 2012
West Dublin Campus (2 institutions: 1. Cloverhill and 2. Wheatfield)	May 2012	1 December 2012
Loughlan Campus	March 2012	4 August 2012
Shelton Abbey	August 2012	3 November 2012
Training Centre (Beladd)	July 2012	3 November 2012

² Changes in relation to new daily task list and rosters “going live”.

Methodology

The task reviews finalised for the institutions during the review period identified staff savings through the improvement of processes and introduction of new working arrangements. Appropriate staffing levels for each task were identified and revised staffing levels for each post agreed. The pre PSA staffing levels (2005 levels) were then compared to the task review staffing levels. Differences were then multiplied by an estimated average pay cost. Reductions or increases in staff levels resulted in savings or costs for each post. These savings/costs were then totalled, to arrive at a figure per prison. Details of these agreed staffing levels, differences and annual payroll changes are listed in table 7 below.

Table 7: Declared potential pay savings per prison

Institution	Pre PSA agreed staffing levels	Joint Task Review agreed staffing levels	Difference in agreed staffing levels	Annual payroll change (+)/ (-) €000's
Arbour Hill	114	104	-10	-€776
Castlerea	210	211	1	-€155
West Dublin Campus (2 institutions: 1. Cloverhill and 2. Wheatfield)	750	688	-62	-€4,950
Loughlan Campus	53	48	-5	-€443
Shelton Abbey	53	48	-5	-€472
Training Centre (Beladd)	17	25	8	+€469
Total annual payroll change (+)/(-)	1,197	1,124	-73	-€6,327

Underlying assumptions

General assumptions

The IPS provided detailed background information in relation to the underlying assumptions utilised when calculating the declared savings. General assumptions are as follows:

- current staffing levels in each prison are assumed to be filled at pre PSA agreed levels;
- there are no costs involved with the redeployment of staff to other facilities; and
- expenditure on capital works or recurring maintenance contracts, for example, CCTV contracts and automation of gates, facilitating reductions in staffing levels are excluded from the calculations.

IPS estimated average pay cost calculations assumptions

In arriving at estimated average pay costs for the purposes of calculating the savings calculations, the following was included in relation to each staff post:

- relevant pay scale
- allowances:
 - Saturday and Sunday allowance
 - bank holiday allowance
 - night 8pm to 8am allowance
 - twilight 6pm to 8pm allowance
 - rent allowance
 - operational allowance
- 360 additional hours band

The assumptions above were used to calculate each point of the pay scale for each staff post. This was then averaged for the number of points on the scale. This average cost was used in the savings calculations.

Independent verification of savings

PSA's role in facilitating the delivery of savings

Under the PSA, both management and staff representatives agreed to undertake a Joint Task Review of all prisons in the IPS. These reviews were carried out by management and staff representatives of each prison and the IPS HQ Transformation Team and the national officers of the Prison Officers Association. The implementation of the findings of this joint process facilitated the delivery of improved service levels with new and reduced staffing allocations.

In addition to the net staffing reduction and restructuring, new prisoner accommodation at Wheatfield, Midlands and Dochas Prisons was opened with reduced staffing requirements, which is as a result of the new work practices which have come about as a direct result of the PSA.

Verification of potential savings

In verifying the potential savings from the revision of agreed prison staffing levels we compared the pre PSA levels (2005 agreed staffing levels) to the Joint Task Review levels (revised staffing levels). Differences arising at each staffing level were then multiplied by an estimated average pay cost. Reductions or increases in staff levels resulted in savings or costs at each post.

As part of the exercise we reviewed, in detail, the average pay costs used in the calculations for reasonableness. In our opinion, the assumptions used for the purposes of the calculations were both appropriate and practical.

Table 8: Verified potential savings per prison, per annum

Institution	Pre PSA agreed staffing levels	Post Task Review agreed staffing levels	Difference	Annual Payroll Change (+)/ (-) (revised) €000's
Arbour Hill	114	104	-10	-€776
Castlereagh	210	211	1	-€155
West Dublin Campus (Cloverhill and Wheatfield)	750	688	-62	-€4,950
Loughlan Campus	53	48	-5	-€443
Shelton Abbey	53	48	-5	-€472
Training Centre (Beladd)	17	25	8	+€469
Total verified annual potential savings	1,197	1,124	-73	-€6,327

The methodology used to estimate the potential savings from the reductions in staffing levels from pre PSA agreed levels to post task review levels in 2012 is, in our view reasonable and robust. Grant Thornton is satisfied that IPS management's application of appropriate average salaries to the staffing level reductions reflect the potential savings declared.

Conclusion

The PSA contributed significantly to the transformation programme initiative and continues to be a major facilitator in this on-going process. The completion of these task reviews was facilitated by significant engagement and co-operation between all parties concerned. Without the PSA, the changes as a result of the task reviews in both existing and new facilities would have been more

difficult to implement. It is worth noting that as a result of this co-operation, and through a clear focus on communication, facilitated through bilateral engagement, industrial peace was maintained.

Our analysis of all the relevant documentation shows that the methodology used to estimate potential annual savings is sound, and the estimated savings declared by IPS management are reasonable.

Overall conclusion

The PSA allows for the engagement of external financial advisors to undertake the independent verification of reported savings arising (or that will arise) from a selected number of projects. This involves a review of the methodology, quantification and estimation employed by PSM to identify savings that have been achieved and savings that will be achieved as a result of agreements reached. Three projects were selected by the Implementation Body for independent verification as part of this exercise. The Implementation Body engaged Grant Thornton, following a tendering process, to review the projects identified and report on them in line with the terms of reference for the review.

In conducting this evaluation we are satisfied that we have obtained full co-operation from the appropriate PSM personnel responsible for the oversight and quantification of the savings concerned. In addition, we are also satisfied that we were in a position to independently verify the declared savings based on our consultations and the documentation received.

Our overall conclusions in relation to each of the projects reviewed are as follows:

- all of the three projects evaluated either have already facilitated or demonstrate a capability to facilitate verifiable savings in the future;
- the PSA is playing a significant role in facilitating the implementation of the savings initiatives in each case; and
- the declared savings reported by management in each of the three projects were found to be reasonable estimates of savings that have arisen or will arise due to the successful implementation of the projects and we are satisfied that the methodology used for each project is acceptable.



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