Selecting Spending Review Topics

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Review topics must be selected carefully

- **Strategic focus ensures:**
  - High fiscal or policy impacts
    - Goals: find savings and/or improve efficiency/effectiveness
  - Feasibility of recommendations
    - No major pushback to review or implementation

- **Poor selection risks:**
  - Wasting resources on low-impact areas
  - Wasting time where sufficient data is not available
  - Areas with strong resistance to change -> recommendations will not be implemented.

Methods for identifying potential review topics

- **Top-down approach**
  - Focus on **high-expenditure areas or strategic priorities** for the government (e.g. healthcare, education, infrastructure…)
  - Review areas or programmes with **suspected inefficiencies** (e.g. subsidies, insurance, public procurement).
  - Maintain a list of potential topics to challenge line ministries (is there another programme they would rather review?)

- **Bottom-up approach (e.g. Norway, Denmark, Estonia)**
  - Seek proposals from line ministries or agencies in the context of budget preparations (informed budget cuts vs. across-the-board)
  - Promote spending reviews as a tool for ministries to stay within their expenditure ceilings.
  - Create incentives (they can use the savings for something else, to fund new initiatives)
  - Consult stakeholders: programme managers, NGOs, academia, evaluators, auditors…

Reviewing existing data to identify review topics

- **Using data to identify opportunities**
  - **National sources:** budget execution reports, performance audits, policy evaluations, benchmarking studies, citizen surveys…
  - **Key indicators:** cost-effectiveness, consistency of cost-per-unit (e.g. cost per occupant, energy costs per square meters, energy costs per square meters), comparative performance (inter or intra-national), intended beneficiaries vs. actual recipients

- **Data sources for international benchmarking**
  - OECD statistics: https://stats.oecd.org/
  - Eurostat: https://ec.europa.eu/eurostat/data/database
  - World Bank: https://databank.worldbank.org/
  - IMF: https://data.imf.org/
  - International Telecommunication Union: https://www.itu.int/
  - UNCTAD: https://unctadstat.unctad.org/datacentre/

Tools: identifying topics with line ministries

Date	
Last updated by	
Contact person in the Ministry of Finance	

				SELECTION CRITERIA								
#	Ministry	Topic	Main challenges within the field	Capacity of the relevant line ministry	Political sensitivity	Timeframe	The size of the topic	Access to relevant data or existing evaluations within the field under review	Analytical capability in the area within the MoF	Are potential savings measures realistic?		Contact person in responsible ministry
				Analytical and human resources	*Is there sufficient political willingness to analyse the field?*	*Does it fit within the budgetary timeframe?*	*Does the area cover sufficient share of the budget?*			*Can these measures be implemented in the medium-term?*		
1				Yes/No								
2												
3												

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Tools: selecting review topics from LM suggestions

Criteria (with Scoring Guidance)	Topic A	Topic B	Topic C
1. Budgetary Relevance 3 = High share of total expenditure or rapid/unsustainable expenditure growth 2 = Moderate share or growth 1 = Low share and stable/declining growth			
2. Strategic Relevance 3 = Weak or no alignment with the government's policy priorities 2 = Partial alignment with the government's policy priorities 1 = Strong alignment with the government's policy priorities			
3. Programme Performance (Effectiveness / Efficiency) 3 = Clearly underperforming or duplicative; strong signals from evaluations/performance data 2 = Some concerns raised by existing evidence 1 = No evidence of poor performance			

4. Feasibility – Data Availability 3 = High-quality data readily available 2 = Partial or inconsistent data 1 = Severe data limitations			
5. Feasibility – Analytical Capacity 3 = Adequate internal or external analytical support 2 = Limited availability of skilled staff/resources 1 = No clear access to required expertise			
6. Feasibility – Subject-Matter Expertise 3 = Sector expertise available and engaged 2 = Some expertise accessible 1 = Little or no sector expertise available			
7. Feasibility – Political Support 3 = Clear backing from key decision-makers 2 = Uncertain or mixed political will 1 = Known political resistance or high sensitivity			
Total Score (Max = 21, higher is better)			

Guiding principles for identifying review topics

- **Relevance:** alignment with government priorities and fiscal challenges
  - Does the need for which this activity was initially designed still exist?
  - Is there overlap or duplication with other programmes? Which programme is most cost-efficient?
  - Does it contribute to strategic policy goals (e.g. equity, sustainability, citizen satisfaction…)
- **Impact:** potential for significant savings or efficiency/effectiveness gains.
  - What areas absorb a large proportion of the budget?
  - Is spending in this area unsustainable/growing uncontrollably?
  - How does budget execution compare to the voted budget?
- **Feasibility:** availability of data, manageable scope given resources, enforceable recommendations.
  - Is data readily available? Is it of good quality?
  - Is there sufficient knowledge of the area under review (e.g. healthcare).
  - Are there existing performance audits or policy evaluations? What are their conclusions?
  - Can you maintain political support throughout the review?
  - Is there strong resistance to change in this area/programme? (e.g. will a member of the coalition agreement veto the findings?)

Example: applying the *relevance* criteria for a spending review on rents and leases

- **Relevance:** alignment with government priorities and fiscal challenges

  Fiscal objectives and costs

  - Are the properties being used for their intended purpose, or have needs evolved? (open space vs. traditional office space)
  - Does the need for government-owned or leased properties in specific areas still exist? (e.g. remote working for more analytical functions)
  - Could consolidating leases or centralising property management reduce costs? (e.g. for private-sector leases)
  - Which property arrangements (owned vs. leased, urban vs. rural) are most cost-efficient?
  - Are alternative arrangements more cost-effective (e.g., renting in the private sector vs. maintaining ownership)?

  Policy objectives

  - Does it support environmental sustainability (e.g., energy-efficient buildings)?
  - Does it enhance equity (e.g., accessible public services for marginalised communities)?
  - Does it improve citizen satisfaction? (e.g. government services are conveniently located)

Example: applying the *impact* criteria for a spending review on rents and leases

- **Impact:** potential for significant savings or efficiency/effectiveness gains
  - What types of properties or leases absorb a large proportion of the budget?
  - Are there high-cost areas (e.g., central business districts) where expenditures can be reduced?
  - Are there mechanisms to limit rent escalation clauses in agreements?
  - How does budget execution for rents and leases compare to the voted budget?
  - Are there consistent overruns due to unexpected costs (e.g., maintenance or unanticipated renewals)?
  - What opportunities exist for optimising space usage? (e.g. open space, remote working)
  - Are properties underutilised or vacant, and can they be repurposed or sublet?

Example: applying the ***feasibility*** criteria for a spending review on rents and leases

- **Feasibility:** availability of data, manageable scope, and enforceable recommendations
  - Is data on rents, leases, and property usage readily available, accurate, and granular?
  - Are there systematic records of rental costs, space usage, and maintenance expenses? (e.g. need to update registry to see the evolution of different costs)
  - Are there experts or existing reviews that provide insights into efficiency opportunities?
  - Are there existing performance audits or policy evaluations? (e.g. SAI)
  - What conclusions or recommendations have they made, and can they be built upon?
  - Is political support for changes in property management strong?
  - Can you secure buy-in from stakeholders for reforms, such as reducing office space or relocating services?
  - Are certain leases politically sensitive (e.g., tied to influential landlords or serving symbolic purposes)?
  - Could the review prioritise the most costly or inefficient leases for immediate action?