

RESEARCH PAPER

22

A CASE STUDY OF THE  
EPA-RPII MERGER



STATE OF THE PUBLIC SERVICE SERIES

**JOANNA O'RIORDAN**

APRIL 2018



# A CASE STUDY OF THE EPA-RPII MERGER

RESEARCH PAPER

22

STATE OF THE PUBLIC SERVICE SERIES

**JOANNA O'RIORDAN**

APRIL 2018

## CONTENTS

1. Introduction	4
2. Merger Background	5
3. Merger Implementation	7
4. Merger Consolidation	13
5. Lessons Learned	17
6. Conclusions	21
Appendixes	23

# 1. INTRODUCTION

This case study reviews the merger of the Environmental Protection Agency (EPA) with the former Radiological Protection Institute of Ireland (RPII), which took place in August 2014. The merger happened within the context of an extensive programme of public service cost reduction and agency rationalisation.

It is recognised that it is too early to reach definitive conclusions with regard to the longer-term outcome of the merger. However, three years after the event it was considered appropriate to review the merger with the objectives of:

1. documenting the merger process and, in particular, acknowledging the significant work involved;
2. discussing the merger with EPA staff and identifying areas where consolidation is still required; and
3. sharing with other public bodies the considerable learning achieved within the EPA as a result of the merger.

The EPA-RPII merger involved an extended and highly intensive work effort by all involved. Delivering the merger on time, on budget, and maintaining service delivery represented significant achievements. It is inevitable given the scale of the process that there were challenges and that there remain areas where further consolidation of work and cultures is required. Mergers happen over a long period of time. As the Cranfield School of Management (2002:57) comments:

There is 'no quick-fix'. In this context the tribulations and difficulties you encounter along the road may seem more tolerable... You start out with a merger and end, perhaps many years forward, with a new organisation and a new culture.

The research in relation to this case study was carried out in autumn 2017. The findings in this report come from an examination of documents associated with the merger including the terms of reference, action plan, and an internal review of the merger published in May 2015. The review was also informed by consultation with the merger implementation team, senior managers across the agency including retired senior managers, trade union officials and staff focus groups. Where relevant, evidence from published literature with regard to the experience of other organisations in the area of mergers is included, primarily as boxed text highlighting particular issues.

## 2. MERGER BACKGROUND

The 2011 Public Service Reform Plan (Department of Public Expenditure and Reform, 2011) came mid-way through the bailout programme of financial aid to the Irish Government from the European Commission, European Central Bank and International Monetary Fund. The context for the reform plan was the need to reduce public service numbers and expenditure. An expanded programme of state agency rationalisation was part of this agenda.

Appendix II of the Reform Plan gave details of 46 government agencies to be critically reviewed with a view to rationalisation. The Environmental Protection Agency (EPA) and the Radiological Protection Institute of Ireland (RPII), both agencies operating under the aegis of the then Department of the Environment, Community and Local Government (DECLG), were included on this list. Notwithstanding critical reviews and representations made by both agencies, supported by the Department, to the effect that potential business or financial benefits were limited and did not justify a merger, it was announced in November 2012 by the Minister for Public Expenditure and Reform that the EPA and RPII would be merged.

In January 2013, the Minister for Environment, Community and Local Government set up a Merger Working Group to manage the process of merging the two agencies. Together with an independent chair, this included the chief executives of both agencies and representatives of the DECLG. The working group was provided with terms of reference (Appendix 1). These required the working group to prepare a merger action plan by June 2013 and plan and manage to completion the merger by mid-2014.

The EPA and the RPII

The EPA is the statutory body responsible for protecting the environment in Ireland. It is an independent public body, established in 1993 under the Environmental Protection Agency Act 1992. The EPA has key roles in environmental regulation, provision of knowledge and advocacy for the environment. The mission of the EPA is to protect and improve the environment as a valuable asset for the people of Ireland. The EPA is financed by a combination of exchequer funding, environmental fund monies and income generated from its licensing and enforcement activities. At the time of the merger the EPA's primary responsibilities included:

- environmental licensing
- enforcement of environmental law
- environmental planning, education and guidance
- monitoring, analysing and reporting on the environment
- regulating Ireland's greenhouse gas emissions
- environmental research
- strategic environmental assessment
- waste management.

The RPII was also an independent regulatory authority, established in 1992 under the Radiological Protection Act 1991. The RPII's mission, which on merger was transferred to the Office of Radiological Protection within the EPA, was to ensure that people and the environment in Ireland are protected from the harmful effects of radiation. Its principle objectives were:

- radiation licensing
- radiation monitoring
- emergency planning
- international monitoring in respect of radiological safety
- advising government and providing information to the public on matters relating to radiological safety
- To be the competent authority under international conventions on nuclear matters.

The Radiological Protection (Miscellaneous Provisions) Act 2014 underpins the merger of the two organisations including the dissolution of the RPII and its non-executive board, and the transfer of its staff and functions to the EPA. A new fifth office in the EPA, the Office of Radiological Protection, was established and is headed by a director.

### 3. MERGER IMPLEMENTATION

There is evidence that a very significant body of work was involved in the EPA-RPII merger. This encompassed the merger planning period which began with the establishment of the Merger Working Group in 2013 and continued until the merger establishment day in August 2014. It is widely acknowledged that the merger process and structures put in place worked extremely well. This section discusses the work involved in implementing the merger, the outcomes and achievements, and also a number of areas of challenge.

#### 3.1 Outcomes and achievements

Preparatory work to give effect to the merger commenced in early 2013. A Merger Project Group was established, chaired by the Director of Corporate Services, EPA, with other representatives from both agencies and the Department. The purpose of the project group was to prepare detailed information and analysis for the Merger Working Group, including identifying interim and optimal arrangements for the merged organisation.

A member of the Merger Project Group was nominated to lead on each of the themes identified as key to the merger – governance, human resources, legislative matters, financial matters, accommodation, ICT and communications. Papers were prepared by sub-groups in respect of each of these areas, which were submitted to the Merger Working Group and ultimately formed the basis of a merger action plan. The final actions in the action plan were also informed by feedback from consultation with all staff.

Following ministerial approval the merger action plan was published in June 2013. This detailed 43 high-level actions across the seven themes. The structures that had been established to develop the action plan remained in place during the subsequent implementation phase as follows:

- The DECLG provided oversight and guidance and had responsibility for preparing the relevant legislation.
- The Director General of the EPA and the CEO of the RPII were on the Merger Working Group, which was chaired by the Assistant Secretary of the Environment Division of the DECLG.
- The EPA, RPII and DECLG were represented on the Merger Project Group which was chaired by the Director of Corporate Services from the EPA.
- The project secretariat was provided by the DECLG.

The high-level actions identified in the action plan formed the basis for the development of a detailed implementation plan, with specific timeframes, deliverables and task managers. The period from September 2013 to the merger date on 1 August 2014 involved considerable work to review and integrate all policies, procedures and systems of the two organisations.<sup>1</sup>

#### Project planning and governance

There was a rigorous approach to merger planning, governance and risk management. Within the thematic groups there was clarity of responsibility, with assigned ownership of tasks by identified staff. Any key decisions or challenges were escalated to the Merger Working Group for resolution. It was essential that merger planning was well resourced, both financially and from a staffing perspective, and this view was supported by the Department. In particular resources were required to support the merger of information and communication technology (ICT), finance, and human resource (HR) systems.

<sup>1</sup> Comprehensive details of all activities during the merger implementation phase can be found in a 'Review of the EPA-RPII Merger', prepared by the EPA's Integration Liaison Group in May 2015.

### **Communication and consultation**

Communication and consultation with staff were central to the merger process. A communications strategy was prepared early in the process and was discussed with staff in both organisations. The strategy outlined a vision for the merger, key communications objectives, appropriate channels, key stakeholders and actions to create awareness of the merger.

During the development of the merger action plan, staff were given the opportunity to provide feedback on the thematic papers that were the basis of the plan, and where appropriate this feedback was incorporated into the final plan. Awareness building in both organisations about the work of new colleagues was supported by a series of internal seminars and training sessions. This included presentations, with opportunities for discussion, by the Director General of the EPA to RPII staff and presentations by RPII senior managers to the EPA board.

Both organisations consulted with their respective trade unions. In addition, both organisations had active Partnership Committees. It was determined that the committees would be a useful forum for consulting with staff in respect of policies and procedures likely to change as a result of the merger. Where appropriate, feedback from the committees was incorporated into the final outcomes.

Consultation with stakeholders on customer services aspects of the merger was also given priority at this time and it is evidence of the effort put into engagement with them that no significant customer complaints were raised during the planning of the merger or subsequently.

Work towards the development of a unified website was also given attention with a dedicated project manager assigned to this task. It was considered essential to have a good website for merger day, and staff and customers of both organisations were consulted with in this regard.

### **A vision for the merger**

The EPA's Strategic Plan 2013-2015, published soon after the announcement of the merger, referred to the need to 'create a vision for the strengthened scientific organisation that will result from the merger of the RPII and the EPA' (EPA, 2013). Following discussions between the two agencies it was determined that the vision for the merger, incorporated into the merger action plan, would be:

To bring together the committed and dedicated staff of both organisations to create a strong scientific organisation that combines the expert resources and the excellent reputations of the EPA and the RPII and continues to place the same high value on environmental and radiological protection.

Following on from this initial engagement, a working group of four senior managers from the EPA and RPII were appointed to further explore the area of vision, mission and values. It was agreed that the widest possible consultation and engagement with staff would be important and that the Partnership Committees would be the focal point for this. The new statement of mission, vision and values was given a formal launch through a presentation at Agency Day in May 2014.

### Mission, Vision and Values of the EPA

The **mission** of the EPA is:

A clean, healthy and well protected environment supporting a sustainable society and economy.

The **vision** for the agency is:

- To protect and improve the environment as a valuable asset for the people of Ireland
- To protect our people and the environment from the harmful effects of radiation and pollution.

The values of the EPA are grouped under four headings:

#### Our Stewardship:

- We make objective decisions based on the best available scientific evidence and information
- We are a trusted, independent and authoritative advocate for the environment
- We manage our resources effectively and efficiently to deliver value to the public.

#### Our work:

- We regulate in a fair, proportionate and transparent manner
- We work in an open, collaborative way
- We make a difference by working with others to build trust, networks and partnerships to deliver effective outcomes
- We strive continuously for improvement and excellence through learning and development.

#### Our service:

- We strive to design and deliver our services from the customer's point of view
- We are innovative, adaptive and open to new and flexible ways of working
- We deliver our services in a manner that is competent, courteous and considerate.

#### Our colleagues:

- We work together to deliver effective outcomes
- We support and value our colleagues and empower them to make decisions
- We are open and fair with each other
- We constructively challenge each other to do better.

Source: EPA, 2016

### Human Resources

It was recognised at the outset that the area of HR would require considerable effort and consultation. Decisions in this area immediately and directly affect people. The grading systems of the two organisations were different and the RPII had a larger per capita number of managers. At the time of the merger the EPA had eight programme managers<sup>2</sup> for a staff complement of 350, while the RPII had four for a staff complement of 40.

<sup>2</sup> Equivalent in civil service terms to a Principal Officer.

Within the Merger Working Group there was a strong desire to achieve a single grading system in advance of the merger. The positive outcome in this regard represents a significant merger-related achievement. It facilitated other decisions with regard to the merger of the two organisations and supported the development of an integrated culture. The successful outcome was achieved as a result of extensive consultation and the goodwill of staff.

A HR consultant was appointed to carry out the task of reviewing the multiple HR policies and practices in both the EPA and RPII. It was believed that an external person, in addition to being helpful from a resourcing perspective, would also be independent and ensure that a commitment to adopting a 'best of both' approach would be honoured. The objective was to have a set of HR policies and practices that reflected what was best in both the EPA and RPII's existing HR practices.

### **Finance**

A further demanding area of the merger planning process was in the financial area. The finance thematic group identified 40 tasks required to be completed by establishment day in order to achieve the high-level actions set out in the merger action plan. These tasks covered financial systems and policies, reporting requirements, payroll, travel and subsistence, fixed assets, VAT, and coordination of budget submissions. Similar to the approach in HR in as far as was practicable, a 'best of both approach' applied. The considerable preparation resulted in a seamless transition for staff and customers. In addition, in a number of financial areas, the merger provided an opportunity to improve processes and systems. Investment in this regard was supported by EPA management immediately after the merger.

### **Information and Communication Technology**

Once detailed planning commenced in respect of ICT, it became apparent that additional resources would be needed to complete the huge range of merger-related actions and to continue to support the existing requirements of both organisations. The Merger Working Group responded with the allocation of the required resources to allow for the appointment of contract personnel. These additional, temporary personnel were mainly deployed to support existing ICT requirements, thereby freeing up EPA and RPII staff, who had the essential experience and knowledge of the organisations, to be assigned to merger activities.

It was agreed that the merged organisation would operate a single computer network post-merger. This required a changeover weekend, called 'The Big Switch', which was the culmination of six months of planning to ensure that all staff retained the functionality they needed to do their job within the new network. The successful delivery of 'The Big Switch' on time and within budget represented a significant achievement.

Inclusion of risk from other thematic areas was part of IT planning. One risk which did materialise was the slight delay in the legislation which resulted in the establishment day being postponed by a month. However, a decision was made to proceed with the ICT transition as scheduled. Having staff using the consolidated ICT service for a short period of time prior to the merger proved to be beneficial as it facilitated staff in getting used to the new system in advance of the actual merger.

### **Training**

For staff of both organisations, an important initiative was the internal seminars and presentations held to provide knowledge in respect of the work of new colleagues and also extensive IT and other training and familiarisation sessions. These were well received, with one focus group member noting that while at the time they seemed excessive, they ultimately were very beneficial. Social events were also held in advance of the merger to enable staff to get to know each other.

### Legislation

A legislative thematic group was established to ensure that the principles and policies required for the drafting of the primary legislation accurately reflected the changes required to give effect to the merger. There was a high level of consultation between the DECLG, the EPA, the RPII and other government bodies in respect of the legislation. Queries on the legislation by the EPA and the RPII were examined in detail and amendments were made as necessary. Overall, early engagement and a cooperative approach were critical to the implementation of the legislative changes required to enable the merger to go ahead in August 2014.

### Corporate Services

Time and attention were also given to discussing other corporate services areas including health and safety, records management and freedom of information. It was recognised that relatively small functions also needed to be managed and planned for, as collectively they can amount to a significant demand on resources.

## 3.2 Areas of challenge

From the outset of the project it was recognised by those involved that the merger of two government agencies presented significant challenges. In a large-scale change programme of this nature involving two separate organisations, it was inevitable that differences of opinion and challenges would surface.

### The decision to merge

Initially there was little appetite or enthusiasm for the merger in either the EPA or the RPII. Both organisations were operating efficiently and while they worked together in a number of areas and a memorandum of understanding was in place, neither management team nor the Department believed there was a strategic imperative for the merger.

The general view among staff of both organisations at the time was that given the need to reduce the cost of the public service, public service reform and the rationalisation of state bodies had become a political imperative. Notwithstanding initial opposition to the idea of the merger, staff of both organisations engaged in merger planning with a high level of goodwill. In addition, there was strong, positive leadership in both organisations that ensured progress was made and, in particular, a vision for the merger was developed.

### Corporate issues

During negotiations, perhaps the single biggest area of contention was the name of the merged organisation. In hindsight, it is regrettable that this important decision was not determined by government at the outset. The issue was important to RPII staff as they believed the name would reflect the status of radiological protection within the new organisation and it was important to EPA staff as they believed that the EPA brand was well established and respected.

When a decision could not be reached by the Merger Working Group, the issue went to the Minister for the Environment, Community and Local Government, who made the decision that the name of the Environmental Protection Agency would be retained. It was understood that this was because of the high level of public awareness of the EPA name. Many former RPII staff commented that they regarded the decision on the names as a seminal point in the merger negotiations. Subsequently some staff regarded the negotiations as taking place in the context of a larger organisation incorporating a smaller organisation rather than a merger of equals.

There were also challenges in respect of the legislation. The terms of reference for the merger had indicated that the RPII would be incorporated into the EPA as a fifth office, the Office of Radiological Protection. In terms of

negotiations this was helpful in that it provided clarity on this issue. There was a wish expressed within the RPII that this would be put on a statutory basis. However, this was not accepted by the Merger Working Group.

Prior to the merger, the EPA did not have a non-executive board. The governance arrangements of the EPA had been reviewed in 2011 and found to be appropriate for an independent regulatory body such as the EPA. It was therefore determined by government that the non-executive board of the RPII would be disbanded. The RPII board strongly opposed the merger and this resulted in a period of very challenging negotiations. In order to preserve ongoing collaboration across the radiation protection community, the terms of reference for the merger called for the establishment of a radiological advisory group to advise the agency in carrying out its functions on matters concerning ionising radiation, with particular emphasis on public health matters.

### **Organisation culture issues**

A successful merger combines not only the technical aspects of two organisations but also the different cultures. It was widely acknowledged in the course of the research for this study that the cultures of the EPA and RPII were very different. The different cultures were influenced by the nature of their work. While both scientific organisations, the RPII had a people focus with responsibilities in respect of public health and occupational safety. In contrast, the focus of the EPA is environmental protection which is primarily standards-driven.

The organisation culture of the RPII was also influenced by the relatively small number of employees and everyone located in one location. It was suggested that this resulted in a non-hierarchical and familial culture. Due to the nature of the work, most staff had a physics background. Where promotion opportunities did arise, they were filled through internal competition.

The EPA at the time of the merger employed approximately 350 staff. It was, and continues to be, an organisation which has considerable demands placed on it. It is regularly assigned new areas of responsibility, and must contend with a growing body of Irish and EU legislation and increasing public expectations. Its regional structure, with headquarters in Wexford and regional offices at seven other locations, also influences its organisation culture.<sup>3</sup> Directors serve five-year terms, with the possibility of renewal, and experience across the organisation is encouraged. Scientific staff at the EPA come from a wide range of backgrounds and open competition is standard.

At the time of the merger, the imbalance in the scale of relative change for the two organisations was a significant factor. All RPII staff were directly and immediately affected, while within the EPA corporate services staff were the main grouping affected. In January 2016, EPA air quality monitoring staff were incorporated into the Office of Radiological Protection, resulting in major change for them and, in January 2017, the staff in the EPA water laboratories were incorporated into a rebranded Office of Radiation Protection and Environmental Monitoring.

Furthermore, over time, with new approaches to work and an emerging, new organisation culture, it is evident that all staff have been impacted by the merger.

### **Human Resources issues**

Grading and other HR issues, because they affect people in a personal way, were understandably an area of challenge. While no one's terms and conditions were diminished by the merger, the integration of some former RPII staff into the unified grading system was challenging because there was no clear parallel for all existing posts in the new system. The level of work and degree of consultation involved resulted in decisions in respect of some posts being made very close to establishment day, which was a source of anxiety for those concerned.

<sup>3</sup> A map of the EPA's regional structure is included at Appendix 2.

## 4. MERGER CONSOLIDATION

Given the scale of the changes involved, the need to make adjustments over time is both to be expected and important. As noted in a report on public sector mergers by the IBM Centre for the Business of Government (2003:5):

Although the implementation stage of the merger should move quickly, the entire merger process requires considerable oversight over a long period of time. Adjustments and adaptations are almost always needed once the first wave of change has settled and it is possible to see the new organisation clearly.

It was agreed by the Merger Working Group and the Merger Project Group that a smaller group made up of the Merger Project Group chair, the merger project manager and the relevant thematic leads would continue to meet until the end of 2014 to progress any unresolved and post-merger actions. This was helpful as it provided a forum for resolving outstanding issues.

This section reviews the key issues to arise in the immediate aftermath of the merger and up to the present.

### Merger costs and savings

The cost of the merger was just under one million euro. Much of this expenditure related to improvements in IT infrastructure. Regardless of the merger, both organisations needed to up-date their IT infrastructure after many years of under-investment.

Considerable management time was expended on the merger over a two-year period and subsequently on post-merger consolidation. While some modest savings were made following the merger of both organisations' corporate services, it was recognised at the outset of the process by the DECLG that significant savings would not be realised.

Furthermore, while not insignificant, the cost of the merger should be viewed in the context of the EPA's annual budget of €64 million and also the benefits of the merger in terms of improved organisation productivity and customer service from achieving work synergies.

### Realising benefits

From the outset of merger negotiations it was recognised that it would be necessary to move beyond the integration of corporate services to wider business areas. In this context it was determined that a key step would be to 'explore the potential for synergies, cross office working and, where appropriate, integration of core scientific or technical functions in the new unified organisation' (EPA, 2015).

Subsequently a series of meetings were held among senior managers in areas including laboratory systems, enforcement and licensing processes, and emergency planning and response. This work continued after the merger and seven areas of technical cooperation were presented to the EPA management team in October 2014. This agenda has since been progressed.

By the end of 2017, many benefits have been realised – improvements in corporate service areas such as HR, IT and health and safety, and also in a number of work areas, for example, laboratory integration, emergency planning and air monitoring. It was also suggested that radiation protection has benefitted from the enhanced research budgets of the EPA, its national standing and public awareness of the brand. Conversely, the EPA has benefitted from the

public health focus brought by the RPII.

However, there are other areas where initiatives and work synergies are 'work in progress', including, for example, making better use of staff in the regional offices to carry out preliminary radiation monitoring work and implementing a single quality management system for all water, air and radiation laboratories. The challenge is to free up time from other ongoing day-to-day tasks and to prioritise the activities necessary to realise work synergies. However, given that considerable progress has been made to date, it is likely that further benefits of the merger will be achieved, enhancing productivity and the quality of public service delivered by the EPA.

### **A new approach to strategy development**

Preparation for the first post-merger EPA strategic plan to cover the period 2016-2020 began in early 2015. A team of senior managers was put in place to progress the initiative. Given the new post-merger context for the EPA, there was a desire to approach the new strategic plan in a different way to previous strategies. In particular, a more wide-ranging review of the organisation and a more consultative approach were considered appropriate.

An early task was to review the vision, mission and values identified prior to the merger. A testament to the extensive work originally put into determining these, it was decided in consultation with staff that these still accurately reflected the organisation. The next stage in the strategy development process was the preparation by each EPA director, together with colleagues, of office-based position papers. These were reviews of all aspects of work and included strategic objectives for the office, priority actions and key performance indicators. A series of five cross-office papers were also prepared, addressing Technology and Work, Organisational Health and Wellbeing, Organisational Design, Leadership System, and Advocacy and Partnering. Each of the 10 papers prepared were peer-reviewed by colleagues over two peer-review conference days held in mid-2015. Feedback from the EPA regional offices was also incorporated.

Ultimately, a series of strategic objectives and priority actions for the EPA were identified from the research phase. These were the subject of further staff engagement, with consultation roadshows and opportunities to provide feedback throughout autumn 2015. Following this, a much smaller list of 'big ticket' items were identified as the high-level strategic objectives and main priority actions for the EPA over the next three to five years. Further research findings have been used in office work programmes and other corporate documents.

A further significant development at this time was the establishment of a new senior management network (SMN). In part, the merger was a catalyst for this, as there was a desire to integrate EPA and former RPII senior managers into a single, unified management team. The SMN includes Directors and Programme Managers and meets every two months. The network played an important role in developing, reviewing and implementing the new strategy. In addition, work on the strategy provided a degree of momentum for the new network which has greatly facilitated the development of a more collaborative and trust-based senior management team.

### **Structural changes**

Since the official merger in summer 2014, the EPA has sought to maximise the value of the merger through the technical, geographical and social integration of staff from both organisations. There was a strong desire from all concerned to avoid a situation whereby former RPII staff remained in the same building doing the same work, operating in effect as a default RPII.

Following an initial 'settling in' period, a decision was made to move staff around the three Clonskeagh offices. In addition, environmental monitoring staff were integrated into the Office of Radiological Protection, which became the Office of Radiation Protection and Environmental Monitoring. The accommodation and canteen facilities in the Dublin offices were also significantly improved, with investment in buildings and equipment.

These developments were commented on very favourably by staff consulted as part of this research, in particular, as it helped facilitate the integration of former RPII staff with their new EPA colleagues. However, the consequent removal of the reception desk – 'a focal point' – from the former RPII building in Clonskeagh Square was independently mentioned as a loss by several research participants. There is now one central reception for the three sites in Clonskeagh. This decision was made on the basis that only one reception desk was required and that, where possible, operational efficiencies should be achieved as a result of the merger. However, it is noteworthy that apparently minor organisational changes, but ones which employees experience on a daily basis, can impact on their sense of well-being.

Focus group participants also expressed a degree of frustration with regard to what were described as the 'time overheads' that are a product of working in a large regional organisation. It was noted that travel to Wexford and back takes a day. Some participants also commented on challenges with regard to communication and a perceived remoteness of decision-making, despite the efforts put into communication by management. Many of these issues would appear to be more a product of the EPA's regional structure than the merger.

### **HR issues**

In the focus groups carried out for this research, understandably, a primary area of concern for staff was their own position and opportunities for development within the organisation. During the merger and in the immediate aftermath, issues around grading and adjusting to a new way of doing things were significant for former RPII staff. To a large degree these issues have been resolved with time, with focus group participants regarding the merger as a positive development overall. However, in the area of promotion, staff are still adjusting to an open, competency-based approach and a culture where multidisciplinary experience is valued.

There was a discussion in both focus groups in respect of the challenge of balancing the value of staff mobility, either for operational or employee development reasons, with the importance of maintaining expertise in any one area. Reflecting the pre-merger culture of each organisation, former RPII staff were more cautious in this regard than their EPA colleagues.

### **The position of radiological protection**

Among research participants formerly attached to the RPII there were varying degrees of concern in respect of the position of radiological protection as a result of the merger. With the benefit of hindsight, one participant commented that the RPII 'needed change'. It was also recognised that radiation protection work had been enhanced by work synergies and systems improvements made possible by the merger, increased research spending, and also greater public awareness of the EPA.

However, there were concerns that the loss of senior, experienced staff from radiological protection has impacted the sector, in particular the work programmes being undertaken. Interviewees and focus group participants also talked about the possibility of loss of reputation and visibility of radiological protection as a result of the merger. Allied to this, there were concerns among some research participants that the breadth of their activities remains not well understood by their EPA colleagues. However, it was accepted that former RPII staff who move to other areas of the EPA, help to increase awareness and knowledge of radiation protection across the organisation.

The debate around the integration of radiological protection into the EPA is important. As noted throughout this report, mergers take time and ongoing consultation and engagement are a vital part of adjusting to the merger. Independent reviews of the capacity of member countries in respect of radiation protection are carried out periodically by the International Atomic Energy Agency. These are helpful in providing an independent assessment of the trajectory of radiation protection in Ireland. The review conducted in 2015 indicated competence, with the reviewers commenting favourably on a web-based system for radiological licence applications. This initiative was developed because of investment made possible by the merger. The report also found that 'the EPA is an effective and independent regulatory body that benefits from experienced, technically competent and well-motivated staff' (IAEA 2015).

## 5. LESSONS LEARNED

The merger of government agencies in Ireland has not been common. For those involved in the EPA-RPII merger the experience was challenging but also involved opportunities for learning. One of the objectives in carrying out the case study was to share the learning to emerge from the merger with other public bodies engaged either in mergers or change management initiatives. This section sets out the main findings in this regard.

### 5.1 The process matters

It is perhaps obvious to say that process matters. However, given a context whereby neither body instigated the merger and where negotiations are very challenging, it is helpful to have a process that includes a governance structure, an action plan and a timeline to facilitate progress being made.

There is universal agreement in the case of the EPA-RPII merger that the planning arrangements and governance structure worked well. The timeline for the project, approximately six months to prepare the merger action plan and just over a year from submission of the plan to establishment day, while tight, was reasonable. It was suggested that any longer of a lead-in time might have delayed engagement between the two agencies.

The Merger Project Group managed the review and revision of procedures and systems and reported to the Merger Working Group, the main decision making forum, which included the heads of both the RPII and EPA and Department representatives. The terms of reference provided by the Department were seen as helpful. In particular the indication that radiological protection would be incorporated into the EPA as a fifth office is regarded as having taken any debate in respect of the new organisation's structure 'off the table'. Similarly, with regard to negotiations on the name of the merged agency, when agreement could not be reached by the Merger Working Group, it does appear to have been helpful to be able to 'fall back' on a political decision that public servants were required to accept.

Those involved in the merger regarded it as absolutely necessary that the work involved in preparing for and implementing the merger was carried out by EPA and RPII staff. They knew the organisations and therefore were best placed, with occasional technical assistance, to identify and make the required changes. It was also essential in facilitating ownership of change. Rather than a change being imposed by external consultants, there is more likely to be acceptance of proposals developed by colleagues. In addition, working together on project groups facilitated getting to know each other and helped build trust.

### 5.2 The merger is only the beginning

The merger of the EPA and RPII was successful to the extent that it happened on schedule and within budget in summer 2014. However, the real success of the new organisation will be determined by whether it becomes more than the sum of its parts, in other words, whether the new organisation performs better than either of the old organisations would have if they had been left in place.

Notwithstanding the considerable work done to date, in many respects the EPA-RPII merger has only just begun. Ultimately a successful outcome is dependent on effective merger consolidation, improved productivity and customer service, and the creation of a new organisation and organisation culture. This outcome will take time and continued commitment, being led by the senior management team.

### **Monitoring a merger**

The main research shows globally that about two out of three mergers or acquisitions fail. By failure I don't mean the company or the organisation goes bankrupt or disappears entirely, but they don't get what they anticipated. In other words, they anticipated two plus two should equal five – but it ends up being more like three.

Source: Professor Cary Cooper, Grant Thornton (2010)

Managing the post-merger aftermath is relentless and requires careful balancing. The work effort has been huge but the full benefits have yet to be realised. There is a need to continue to motivate staff who may be experiencing change fatigue. The risk of inertia from people that feel 'the merger is done' is considerable. While there is a desire for further integration, the level of disruption involved for staff needs to be managed. It is also important to balance preserving existing competencies with the need for change and adaptation in response to emerging requirements. Lastly, as new ways of working and a new organisation culture emerge, it needs to be recognised that changing behaviours takes time. A key learning from the EPA is that this process – the merger aftermath – needs to be intensively managed. It will not happen organically.

### **5.3 Keep an eye on the people issues**

Harnessing the ongoing support and goodwill of staff is essential for a positive merger outcome. For the EPA-RPII merger, this was led from the top of both organisations, with engagement with staff at all levels prioritised. Achieving a single grading system represented a significant achievement of the merger and was the result of extensive negotiation. It greatly facilitated the integration of all staff in the merged organisation.

In the immediate aftermath of the merger, career progression issues were significant. In particular some staff were frustrated when promotion opportunities, which they believed would be available in the larger merged organisation, did not materialise. However, feedback from promotion competitions and a greater understanding of the process appear to have helped to address these concerns. The vast majority of staff have now adjusted to the merger to the extent that they can see many benefits from the merger and are increasingly positive about the outcome.

### **5.4 The importance of merger communication and consultation**

Staff and stakeholder communication needs to be structured and planned throughout the merger process and beyond. In the case of the EPA-RPII merger, notwithstanding the number of staff involved and the regional nature of the EPA, the consensus appears to be that communication and consultation were given a high priority. Initiatives in this regard were commenced early in the merger planning process, were led from the top of both organisations and involved a variety of methods. The investment in this area, in particular direct engagement through joint planning and working groups, helped build up a high level of familiarity between the staff of both organisations by the time of the merger.

### Some Tips on Merger Communication

**Over communicate all aspects of the merger or acquisition with employees:** This is a stressful time and people often need to receive information several times and by several different means before they truly “hear” it. Be creative with your communications: hold group meetings, utilise the corporate intranet, write submissions to company newsletters, and send information home.

**Establish integration task groups made up of key individuals from each of the combining organisations.** Not only are these your best and brightest choices for those actually working within the process and helping make decisions, but they will play a pivotal role in gaining buy-in from the rest of the ranks when they take informed, positive information back to their workgroups.

**Make it a family affair.** Do not ignore the influence family members can have on employee attitudes and readiness for a merger. Make certain to include spouses and significant others among those receiving information about the deal.

**Answer “Me” questions immediately.** Once employees know how their jobs, pay, benefits, and work environment are likely to be affected, they will be able to focus on their work and on their activities that will further integration.

**Ensure that communication efforts support unification and alignment of the two cultures.** The wrong messages, or even the right messages by the wrong messenger, can sabotage the best-intentioned programme.

Source: Adapted from workforce.com (2002)

In the course of the research for this study, two aspects of merger communication were identified by staff consulted as challenging. Firstly, some research participants referred to an ‘over-promising’ or ‘over-selling’ of the merger, particularly in respect of career progression opportunities. In a bigger organisation there are more opportunities but equally there is more competition. It is very understandable, in a context where those involved are trying to promote the merger and present its benefits, how this tendency to ‘over-sell’ can arise. However, it can result in dissatisfaction when the reality post-merger is not as envisaged by staff.

A further aspect of communication some staff interviewed had difficulty with, was the whole concept of ‘a merger’. In practice, an organisation of 40 people joining with one almost ten times the size is never going to result in complete parity of treatment at an organisational level. Stating this does not in any way take from the huge effort that was put in to ensuring on an individual level that all staff would be treated equally. Rather, the ongoing references to a merger created expectations within the RPII that could not be fulfilled. However, responsibility for this matter does not rest with the EPA; rather it reflects a wider policy issue of how public service reform is communicated.

## 5.5 The importance of vision

When first announced, there was a strong perception among staff of both the EPA and the RPII of the proposed merger being driven by the adverse financial climate rather than strategically motivated. However, the importance of determining a vision for the merged organisation was immediately recognised by the EPA and the RPII.

The work done on the vision, mission and values of the merged organisation in 2013/14 was critical in helping to identify for staff that there was ‘more that united them than divided them’. The debate and subsequent decisions in respect of a new EPA vision also provided a degree of certainty with regard to the future direction of the merged organisation. In addition, on a personal level, it helped staff from both organisations to get to know each other and to build trust.

The collaborative approach adopted in developing the new vision for the merged organisation, and the positive feedback in respect of this, was influential in a similar approach being adopted for the new EPA Statement of Strategy, 2016-2020. Together these initiatives signal a transitioning to a new organisation culture at the EPA.

### **Creating a new culture**

Mergers do not involve simple addition or deletion of agency features. They demand the creation of something new. A critical element in institutionalising change is thus the construction of a new organisational culture, one that is different from any of those existing in any of the merged agencies. Breaking free from existing routines, traditions and customs does not mean obliterating everything and starting anew. Instead, it requires the selective adoption of those cultural artefacts that are positive and the elimination of those that are counterproductive. What emerges is a new organisation culture that is fresh and welcoming to all.

Source: IBM Centre for the Business of Government, 2003

## **5.6 Leadership.**

Strong leadership is critical to a successful merger outcome. The commitment and leadership of the two chief executives and the two management teams was critical to the successful delivery of the EPA-RPII merger. The development and ongoing implementation of the new EPA strategic plan provided an opportunity to strengthen the combined senior leadership in the merged organisation and in doing so pursue common goals. In some respects public service organisations have an advantage in this area as the concept of public service encompasses a commitment to implementing government policy. However, a high capacity for leadership is still required post-merger, to reap the full benefits of the merger.

Mergers demand the time and commitment of the management teams of both organisations, but in particular the heads of the organisations involved. For the merger to ultimately be successful it is important that the leaders have a clear vision for the merger, and an appreciation of the need to bring about changes in how the merged organisation works and in its culture. It is also vital to be able to communicate this, possibly to more reluctant management colleagues, and also to staff in general. There is a need to be open and sensitive and to appreciate that changing behaviours takes time. However, at times it is also necessary to be resolute. Ultimate ownership of the merger rests with the management team and more especially its head.

## 6. CONCLUSIONS

This case study was undertaken to document the EPA-RPII merger process and review outcomes to date, to inform the EPA in respect of areas where consolidation is still required, and share learning gained from the merger with other public service bodies. It is, however, recognised that a full assessment of the merger will not be possible for a number of years.

The merger of the EPA and RPII came at a time of public service cutbacks and agency rationalisation. Initially there was little enthusiasm for the merger in either organisation. However, once it was announced, staff in both organisations committed to the merger process with a high degree of goodwill and engagement. It is widely acknowledged that the structures and processes put in place to bring about the merger were highly effective.

The merger happened on time, within budget, while maintaining services and without any significant customer complaints. Three years after the merger, staff consulted indicated that on a personal level they are happy with the merger. These are significant outcomes. However, notwithstanding the considerable achievements and effort to date, the work of the merger continues. An ultimately successful outcome, whereby the EPA is more than the sum of its parts, is dependent on the realisation of benefits and synergies from the merger that will result in enhanced productivity and better public service.

There is evidence that this transformation is taking place. By the end of 2017, many benefits have been realised – improvements in corporate service areas such as HR, IT and health and safety, and also in a number of work areas, for example, laboratory integration, emergency planning and air quality monitoring. The merger has also been a catalyst for change in organisation culture. The more collaborative and consultative approach evident in the development of the vision, mission and values of the EPA, the new Statement of Strategy, and the Senior Management Network, is very much an outcome of the increased scrutiny on the organisation culture of the EPA as a result of the merger.

Ongoing consolidation and effort will be required for many years to come. However, the EPA appears well-placed to achieve a successful merger, an outcome that regrettably often eludes many merger processes. As noted by the Cranfield University School of Management (2002:57), 'You start out with a merger and end, perhaps many years forward, with a new organisation and a new culture.'

## REFERENCES

Cranfield School of Management (2002), *Growing Together: Managing trade union cooperation and merger*, Report on behalf of Public Services International

<http://www.ilo.org/public/english/staffun/info/meetings/international/gva0905/growing.pdf>

[Accessed March 2018]

Department of Public Expenditure and Reform (2011), *Public Service Reform Plan*

<http://reformplan.per.gov.ie/2014/downloads/files/Reform%20Plan%202011.pdf>

[Accessed March 2018]

EPA (2016), *Strategic Plan 2016-2020*

[http://www.epa.ie/pubs/reports/other/corporate/EPA\\_Strategic\\_Plan\\_English.pdf](http://www.epa.ie/pubs/reports/other/corporate/EPA_Strategic_Plan_English.pdf)

[Accessed March 2018]

EPA (2015), *Review of the Merger*

Obtained from the EPA

EPA (2013), *Strategic Plan 2013-2015*

[www.epa.ie/pubs/reports/other/corporate/EPA\\_Strategic\\_Plan\\_2013to2015.pdf](http://www.epa.ie/pubs/reports/other/corporate/EPA_Strategic_Plan_2013to2015.pdf)

Grant Thornton (2010), *Implementing mergers and consolidation across the public sector: the hard work's only just beginning*

No longer available online; hard copy with the author

IBM Center for the Business of Government (2003), *Making Public Sector Mergers Work: Lessons Learned*

<http://www.businessofgovernment.org/sites/default/files/PublicSectorMergers.pdf>

[Accessed March 2018]

International Atomic Energy Agency (2015), *Integrated Regulatory Review Service Mission to Ireland*

[http://www.epa.ie/pubs/conferencesandevents/2016-02-12\\_BRN\\_IRRS%20DECLG%20mission%20report%20final\\_KS.pdf](http://www.epa.ie/pubs/conferencesandevents/2016-02-12_BRN_IRRS%20DECLG%20mission%20report%20final_KS.pdf)

[Accessed March 2018]

Workforce.com (2002), *Best Practices of Mergers and Acquisitions*

<http://www.workforce.com/2002/08/26/best-practices-of-mergers-and-acquisitions/>

[Accessed March 2018]

## APPENDIX 1

### EPA-RPII Merger Working Group - Terms of Reference

The Minister for the Environment, Community and Local Government has set up a Working Group to manage the process of merging the RPII with the EPA in accordance with Government policy.

#### Title of Working Group

The Working Group will be known as the EPA-RPII Merger Working Group (the "Working Group").

#### Membership

The Working Group shall comprise 5 members, as follows;

- An independent Chair appointed by the Minister
- The Chief Executive of the RPII
- The Director General of the EPA
- A representative from the Environmental Radiation Unit of DECLG
- A representative from the Environmental Policy and Awareness Unit of DECLG

The membership may be varied by the Minister, as necessary. The Working Group may decide to establish sub-groups, where necessary, to progress specific issues; membership of these sub-groups may include other representatives of DECLG, RPII or EPA or such other experts as the Working Group deems necessary.

#### Term of Working Group

The Working Group will be established in January 2013 and remain in place until the completion of the merger. The initial element of the Working Group's activities, to be completed by June 2013, will focus on completing an action plan to give effect to the merger, for submission to the Minister for approval; thereafter, the Working Group will be responsible for overseeing the implementation of the action plan, as approved by the Minister. While the full implementation of the action plan will be subject to the necessary legislation being put in place, the aim is to have the merger completed by mid-2014.

#### Task of the Working Group

This Working Group's high-level objective will be to plan for and manage to completion the merger of the RPII and the EPA, having due regard to:

- a. the timeframe and other requirements set out by the Minister in these Terms of Reference
- b. the requirements of the Employment Control Framework
- c. the Public Service ("Croke Park") Agreement and any other reform plans implemented by Government
- d. the implementation of the shared services agenda
- e. the need to ensure that there is no diminution, or perception of any diminution among stakeholders and the general public, as regards Ireland's commitment to either environmental or radiological protection, arising from the merger.

The Working Group will report to the relevant Assistant Secretaries in DECLG on a quarterly basis, who will arrange for decisions on any critical matters which the Working Group raises in advance of the submission of its action plan to the Minister by end-June 2013. The following parameters, which can be amended from time to time, as necessary, by the Chair in consultation with DECLG, should be respected by the Working Group:

## **1. Governance / Board of the new body**

The Minister has decided that the bodies should be merged by creating a fifth Office within the EPA structure, bringing the total number of Offices to 5, each headed by a Director. In order to provide a vehicle for continuing to harness the input/expertise currently provided by the non-executive Board of the RPII, a new Advisory Committee for radiation issues will be established by the merged organisation.

Using this as the broad governance structure, the Working Group should:

- Examine the legislative powers conferred on various office holders in both agencies, including the powers given to Board members, and clarify roles and responsibilities at Board level in the merged organisation, including accountability for statutory and governance issues, and set out the high level management structure.
- Ensure that internal structures in the merged organisation will enable it to fulfil its composite range of statutory decision-making and other obligations, while harnessing operational efficiencies in, for example, corporate services functions.
- Address other internal governance arrangements (e.g. Internal Audit Committee) appropriately.
- Make recommendations regarding the establishment of the Advisory Committee on Radiation Issues, including the appointment process for members.
- Examine and make recommendations for changes, if any, to the governance relationship between DECLG/ Minister and the merged organisation.
- Prepare a Service Level Agreement for agreement between DECLG and the merged organisation.
- Ensure that all recommendations reflect best practice as set out in the Code of Practice for the Governance of State Bodies (2009).

## **2. Human resource issues**

The following key underlying principles exist should underpin the Working Group's activities in this area:

- Maximising staff welfare, including the need to ensure staff are adequately informed;
- The need to maintain continuity of efficient and professional service, both during the transition and after the organisational merger has been completed; and
- The need to ensure that the skills available to the merged organisation are appropriate and sufficiently flexible to allow it to respond to new challenges, while at the same time providing career development opportunities for staff.

The Working Group should:

- Examine the grading and remuneration structure and staff profile (full-time/part-time, permanent/contract/secondments, etc) in both agencies and make recommendations for any changes necessary or desirable to ensure consistency, where necessary, across the single merged organisation.
- Identify the Trade Unions represented in both agencies and develop a communications plan which will ensure that they are informed and involved in matters relating to the merger, as appropriate, as it progresses.
- Examine the 'partnership' type arrangements that are in place in both organisations and make recommendations for any changes necessary.
- Identify pension obligations for both organisations and make recommendations on how to deal with these in the merged organisation.
- Examine T&S allowances and other allowances/fees payable in both bodies and ensure a consistent set of arrangements are put in place in the single merged organisation, in line with requirements set out by the Department of Public Expenditure & Reform.
- Identify any other HR/ staffing issues that will need to be addressed.

### 3. *Legislative changes required*

- Review the legislation which governs both bodies and identify the changes that will be necessary to give effect to the merger. (Note: other deliverables for the Working Group will need to be finalised prior to completing this exercise).

### 4. *Financial matters*

- Review the financial management and reporting mechanisms in place in both agencies and recommend any changes required to ensure that a single set of robust systems is in place in the merged entity.
- Identify any binding contracts for both bodies and make recommendations for any future changes, e.g. legal advisors or other contracted providers of goods or services.
- Ensure that any future financial or contractual arrangements for the merged entity respect wider public service obligations, e.g. in relation to shared services, outsourcing, public sector reform, etc.
- Identify cost savings that will be realised from the merger, including from general operational efficiencies.

### 5. *Accommodation*

- Examine the accommodation position of the existing bodies and make recommendations in relation to future accommodation arrangements which satisfactorily meet the needs of the single merged agency, while also seeking to maximise financial, human resource and operational efficiencies.
- Rationalise, where necessary/appropriate, contractual arrangements in relation to property/office equipment, etc.

### 6. *ICT*

- Examine the ICT strategies and infrastructures of both existing bodies with a view to maximising efficiencies within the single merged organisation.

### **Engagement with stakeholders**

- Ensure that key external stakeholders are kept informed of progress on the merger at regular intervals.
- Review the Memoranda of Understanding in operation in both bodies and identify any changes that the merged single agency may need to consider.

### 7. *Risks*

- Identify potential risks associated with the merger and establish a risk management plan which should be reviewed quarterly by the Working Group and reported on to the Assistant Secretaries.

### 8. *Other*

- Make recommendations in relation to the name for the new body.

# APPENDIX 2: MAP OF EPA REGIONAL LOCATIONS



