

Joint Committee on Education and Social Protection

2015 Expenditure Position, Emerging Position for
2016, and Performance Information in the
Estimates Volume

Opening Statement (final)

by

Minister for Education and Skills

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Chairperson, I, together with Minister of State English, would like to thank you and members of the Joint Committee for the invitation to appear here today to discuss matters relating to the Estimates for my Department.

I also thank you for the opportunity to make this short opening statement concerning the three main items on the agenda.

Mid-Year Review of 2015 Expenditure

The briefing slides provided by my Department to the committee present the expenditure position to the middle of August 2015, together with the main components of this expenditure. Net overall expenditure across all programme areas of €5.172 billion to the end of August was running €62 million behind profile, €80 million behind profile on current expenditure and €18 million ahead on capital expenditure. However, as things stand, it is anticipated that towards the end of the year, expenditure will come under pressure from three main areas:

1. Superannuation, where it looks like there will be in the region of 350-400 more teacher retirements in the year than originally provided for;
2. Student Support payments, where demographic pressures are impacting strongly on expenditure; and
3. Expenditure on resource teachers and SNAs.

While the exact scale of these pressures is not yet known, they should be more crystallised in the coming weeks, at which stage the impact of additional students in schools and colleges will become known. A clearer picture of the number of teacher retirements will also emerge at that stage. However, my Department is at this time anticipating that a Supplementary Estimate will be required on the Vote.

Emerging Position for 2016

Budget 2016 will be announced on 13 October. As I indicated to this committee previously, the early budget date presents particular challenges for the education sector, given that the academic year only starts in September, when a definite picture of the student population for the year ahead emerges. However, I expect that those expenditure pressures that are showing in 2015 – in relation to superannuation costs, student supports and teacher & SNA demographics – will again present themselves in 2016.

Committee members will be aware of the figure of €600 million to €750 million indicated as being available to fund expenditure measures in the budget, including pay demands. The determination of the overall budgetary strategy for 2016 will be finalised in Government discussions over the next fortnight. I am, therefore, quite limited in the circumstances in what I can say in

relation to these discussions at this time. However, I welcome any inputs that committee members may wish to make in this matter.

Capital Programme 2016 - 2021

Chairperson, I would briefly like, in the context of discussing the 2016 expenditure position, to update committee members on the education elements of the capital programme that was announced yesterday.

The Building on Recovery: Infrastructure and Capital Investment Programme 2016-2021, includes some €3.827 billion for the Education sector and the provision of €200 million for Public Private Partnership projects. This is a total investment of in excess of €4 billion over 6 years.

The key areas of funding in the school sector include a new six year investment programme that will fund the construction of 62,000 additional school places at primary and post-primary level to address demographic demand, as well as the completion of large scale projects under the current programme that was announced in March 2012. The ongoing delivery of these additional school places will ensure that there is sufficient school accommodation places in the education system to ensure that every child has access to a physical school place. Funding will also

be available for the refurbishment of schools in older buildings that require improvement. Funding for the provision of smaller scale classroom accommodation for schools will be maintained. The Plan also includes funding for the replacement of prefabs with permanent accommodation. Site acquisitions to facilitate the provision of new schools will continue to be funded as will the funding of unitary charges under the Public Private Partnership (PPP) School Bundles. The Plan also provides for an important investment of €210 million in IT and wireless networks in schools.

The planned total investment in the Higher Education sector in the period 2016 to 2021 amounts to €350 million. This figure includes direct Exchequer capital of €110 million which will enable the funding of a minor works scheme. This will enable institutes to plan for and undertake necessary improvements works, as well as commence programmes of equipment renewal including upgrading of IT facilities. In addition to this, there remains €40 million of approved direct Exchequer capital yet to be drawn down for the Grangegorman project. Accordingly, the sector will derive an upfront capital injection of €150 million in the period up to 2021.

The provision of €200 million funding for PPP projects dedicated to the higher education sector will allow for large scale projects be planned and undertaken within the period of the envelope. PPP

projects are particularly suited to this sector for a number of reasons including scale which allow for the achievement of better value for money and the natural synergies between the higher education sector and the private sector.

Consideration of Improvements in the Performance Information included in the Estimates Volume

The committee today is also considering the performance information that is included in the Revised Estimates Volume for Education, and how that information might be improved to better assist the committee in performing its financial oversight role. This relates to the various output targets that are listed for each of the four high-level programme goals for my Department, together with various indicators of performance.

My officials have over the past few months been working closely with staff of the Oireachtas Services and staff of your committee in this area, with a view to improving the type of output and target information that is presented in the Estimates. Some progress has already been made. This is to be welcomed and it will hopefully be reflected in the targets to be included in the Estimate for 2016.

My Department does agree that the guidance on setting performance targets, issued by the New Zealand Auditor General, can assist the efforts to improve the performance-based

information included with the Estimates for the Department. We are happy to continue to work with the Committee in this regard. We consider that this engagement would also include the Department of Public Expenditure and Reform, which publishes the Revised Estimates Volume, and whose input would also be very important in this context. It was that Department which facilitated the introduction a few years ago of the new 'Performance Budgeting' approach to the production of Departmental Estimates. Performance Budgeting essentially introduced the concept of including performance-related information directly into Departments' Estimates, whereas before this performance information existed separately to the Estimate. The Department of Public Expenditure and Reform is, I understand, also currently considering how the format of the 2016 Estimates might be improved. My Department also believes that some of the other benchmark and guidance material that informed the introduction of Performance Budgeting, including material from the EU and OECD, should also inform this new process.

I am confident that cooperation in this area, between line Departments, the Oireachtas Services and the Department of Public Expenditure and Reform, will over time lead to improvements in the targets and outputs presented with the Estimates. There will of course be issues and challenges to address

here, but I believe that these can be resolved through the adoption of a reasonable and pragmatic approach on all parts. Some of these issues have already been encountered in the engagements of the past few months, and some are alluded to in the briefing material produced for committee members today. These include such issues as:

- Deciding whether certain output material in the Estimate should continue to be included, even though it might not meet all of the criteria set out in the New Zealand guidance. This would relate, for example, to important structural changes made in Departments, to allow them to better deliver their services, but which might be regarded under the New Zealand guidance as being more in the nature of ‘internal processes’;
- Dealing with situations where information on performance is not available on an annual basis. This would be the case in relation to certain international surveys of education performance, such as the PISA (Programme for International Student Assessment) survey;
- Cases where results will only be achieved over a period of longer than one year, which is a feature of many educational programmes;

- Cases where important education outcomes cannot be attributed to one particular activity or target. This would be the case, for example, in relation to key indicators such as 'Leaving Certificate Retention Rates', or to participation rates in higher education;
- How best to capitalise on the reality that Departments, in addition to the Estimates Volume, use a wide range of mechanisms for reporting progress on targets and policies. My Department, for example, has produced significant reporting outputs as part of the Integrated Reform Delivery Plan (IRDP) for the education and training sector which is available on my Department's website;
- How the Estimates can accommodate the presentation of important context information in relation to education and education expenditure. This would include key metrics such as numbers of mainstream and special needs teachers, numbers of SNAs, and numbers of schools.

As I said, however, I am confident that these and other issues arising can be satisfactorily resolved in the current process of engagement.

Thank you again, Chairperson, for allowing me these introductory comments. I am happy, together with Minister of State English, to respond to any matters that committee members wish to raise. **End**