

PAC-R-281

Correspondence 3.3
Meeting – 09/02/2012



Ms. Eimear Lavelle,
Committee Secretariat,
Committee of Public Accounts,
Leinster House,
Dublin 2.

02 February 2012

Dear Ms. Lavelle,

I refer to your request for a briefing note in advance of my appearance before the Committee of Public Accounts on Thursday 9 February.

Enclosed in this regard is a briefing note prepared in respect of Vote 26. This includes summary expenditure information by subhead in relation to the years 2010 and 2011. I have also included further short notes regarding aspects of education expenditure which may be of assistance to committee members. The 2010 report of the Comptroller and Auditor General contains no specific chapters relating to this Department, so no updating on matters raised in the report seems to be required.

I understand that briefing notes regarding the three VEC reports to be considered by the committee, also on 9 February, are being separately forwarded to you by the VECs concerned.

Please let me know if you require any further information in advance of the meeting.

Yours sincerely,

Brigid McManus,
Secretary General.

2010 APPROPRIATION ACCOUNTS

VOTE 26

DEPARTMENT OF EDUCATION AND SKILLS

PUBLIC ACCOUNTS COMMITTEE
9 FEBRUARY 2012

BRIEFING MATERIAL FOR COMMITTEE MEMBERS

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A - SUMMARY EXPENDITURE DETAILS BY SUBHEAD

VOTE 26 - Department of Education and Skills

Allocation and Outturn details by Subhead for 2010 and 2011 (provisional outturn 2011)

A. - ADMINISTRATION EXPENDITURE	2010		2011	
	Alloc	Outturn	Alloc	Prov Outturn
Subhead / Service				
A.1 Salaries, Wages and Allowances	62,392	59,148	62,743	60,223
A.2 Travel and Subsistence	1,902	1,490	1,577	1,421
A.3 Incidental Expenses	1,358	1,182	1,355	1,001
A.4 - Postal and Telecommunications Services	3,250	2,721	3,250	2,401
A.5 - Office Machinery and Other Office Supplies	7,108	3,949	5,462	5,049
A.6 - Office Premises Expenses	2,100	1,726	2,350	1,635
A.7 - Consultancy Services	100	39	100	48
A.8 - Regional Office Service	260	267	260	193
* A.9- Value for Money & Policy Reviews	863	737	-	-
A.10 - National Educational Psychological Service	22,414	16,656	18,629	17,763
* <i>Costs of Value for Money & Policy Reviews not shown separately in 2011 but provided for under the different administration subheads.</i>				
B. - OTHER SERVICES				
B.1 Grant-In-Aid For Gen Expenses Adult Ed Orgs	864	864	854	854
B.2 Transport Services	186,000	181,409	179,974	171,483
B.3 International Activities	1,212	1,082	1,038	955
B.4 UNESCO Cons & International Education Exchanges	2,174	2,418	2,464	2,172
B.5 - Research & Development Activities	6,001	5,974	2,475	2,270
B.6 - Teacher Education	29,793	23,573	25,205	23,453
B.7 - Expenses of Nat Council for Curriculum and Assessment	3,837	3,837	3,812	3,447
B.8 - Local Drugs Taskforce Projects payments	2,461	2,461	543	411
B.9 - National Council for Special Education	9,215	8,216	9,015	8,152
B.10 - Educational Disadvantage (Dormant Accounts)	5,000	2,060	2,000	1,613
B.11 - Occupational Health Strategy- 1st&2nd Level Teachers	1,800	1,742	1,750	1,744
B.12 - Residential Institutions Redress	43,249	43,193	45,000	44,200
B.13 - GIA - Royal Irish Academy of Music	3,635	3,635	3,544	3,544
B.14 - GIA - Cultural, Scientific & Educ Orgs Expenses	196	196	196	187
B.15 - North/South Co-Operation Funding	3,600	2,717	3,350	1,187
B.16 - Ireland as an International Education Centre	229	229	100	91
B.17 - Miscellaneous	5,893	4,591	5,005	4,201
B.18 - Schools ICT Activities	83,578	81,253	15,078	9,566
B.19 - Commission on Child Abuse	3,944	2,261	12,994	2,173
* B.20 - School Completion Programme	31,000	30,008	-	-
* B.21 - National Education Welfare Board	9,575	8,695	-	-
B.22 - National Qualifications Framework	10,652	8,938	9,323	7,918

* *Services transferred to Dept. of Children & Youth Affairs in 2011*

C. - FIRST-LEVEL EDUCATION GRANTS & SERVICES	2010		2011	
	Alloc	Outturn	Alloc	Prov
				Outturn
C.1 Salaries, etc. of Teachers	1,994,399	2,006,602	2,052,229	2,050,413
C.2 Model Schools - Miscellaneous Expenses	509	512	511	469
C.3 - Capitation Grants - National Schools	196,836	193,281	187,102	186,933
C.4 - Non-Teaching Staff Salaries – Incl. SNAs	288,590	291,383	310,451	299,795
C.5 - Other Grants and Services	70,105	54,406	55,337	51,040
C.6 - Superannuation, etc. of Teachers	444,355	449,104	473,474	487,000
C.7 - Special Education Initiatives	12,097	10,609	6,065	4,970

D. - 2 nd LEVEL & FURTHER ED GRANTS & SERVICES				
D.1 Salaries Etc. - Sec./Comp & Comm School Trs	1,177,768	1,179,101	1,180,733	1,175,690
D.2 Grants To Secondary School Authorities	117,447	109,158	107,191	104,280
D.3 Non-Teach Staff Pay – Sec/Comp/Comm Schools	47,936	47,093	52,151	49,107
D.4 S/Annuation - Sec, Comp. & Comm. School Ts	318,477	329,648	344,125	345,043
D.5 - Comp & Community Schools - Running Costs	47,447	48,680	46,342	46,342
D.6 - Annual Grants to VECs	905,674	912,705	906,809	926,340
D.7 - Payments to LAs re S/Ann Charges	207,128	217,438	234,278	230,796
D.8 - Miscellaneous	18,836	18,970	18,574	17,929
D.9 - Special Initiatives Adult Education	45,758	44,929	44,465	43,851
D.10 - State Examinations Commission	54,510	54,286	54,310	55,913

E. - THIRD-LEVEL				
E.1 Student Support	367,449	361,992	386,057	355,057
E.2 University Scholarships	1,626	1,549	1,800	1,654
E.3 GIA – Higher Education Authority	5,600	5,500	5,587	5,037
E.4 – GIA - Gen Grants To Univs, IOTs etc	1,194,183	1,194,183	1,177,032	1,177,032
E.5 – Primary Teacher Training Colleges - excl HEA Funded	11,516	11,508	12,549	11,469
E.6 - Strategic Innovation Fund	18,000	18,890	14,000	14,000
E.7 - Dublin Dental Hospital - (G-I-A)	12,335	12,335	11,986	11,986
E.8 - Dublin Institute For Advanced Studies (G-I-A)	7,213	7,213	7,020	7,020
E.9 - Tuition Fees for certain Non-HEA 3rd Level Instits	4,725	5,126	5,475	5,018
E.10 - Miscellaneous	220	253	220	418
E.11 - Grants To Certain 3 rd Level Institutions	17,787	17,454	17,019	17,148
E.12 - Alleviation of Disadvantage	16,000	16,057	16,000	16,000
E.13 – Research and Development Activities	54,892	52,214	41,085	38,550
E.14 - Grangegorman Development Agency	1,831	1,042	2,080	1,276

F. - CAPITAL SERVICES				
* F.1 Build, Equip & Furnishing Nat Schools	316,800	312,264	}	
* F.2 Second-Level Schools – Capital	200,000	213,468	}	418,000
F.3 - Capital Costs - Universities, IOTs etc	168,890	168,882		57,335
F.4 - Other Third Level Institutions - Capital	165	165		165
F.5 - Public Private Partnership Costs	50,059	43,150		57,151
				54,632

* Subheads F1 & F2 merged in 2011

G. - SKILLS DEVELOPMENT	2010		2011	
	Alloc	Outturn	Alloc	Prov
Subhead / Service				Outturn
G.1 FAS Administration & General Expenses	93,805	88,859	85,491	85,491
G.2 FAS Training & Integration Supports	23,002	23,353	40,267	40,267
* G.3 - FAS Employment Programmes	289,507	286,507	-	-
G.4 - FAS Capital	4,471	4,471	5,500	4,000
G.5 - FAS Pension Payments	17,984	22,930	30,500	30,500
G.6 - European Globalisation Fund	1,240	733	1,000	1,055
G.7 - HR Development Programme - Tech. Assistance	1,133	320	1,300	575
G.8 - Leonardo Programme	140	140	140	140

* Transferred to Dept. of Social Protection in 2011

H. - APPROPRIATIONS IN AID				
Subhead / Service				
H.1 Administration & Other Services Receipts	75,954	54,945	32,836	32,523
H.2 - First Level Receipts	123,215	123,857	122,437	122,670
H.3 - Second Level & Further Education Receipts	84,422	83,023	86,198	84,371
H.4 - FAS Pension Receipts	6,051	6,087	8,500	8,199
H.5 - Pension-Related Deduction Receipts	337,353	353,956	358,962	369,779

VOTE SUMMARY	2010		2011	
	Alloc	Outturn	Alloc	Prov O/turn
GROSS EXPENDITURE	9,374,100	9,345,730	8,888,352	8,865,987
Deduct Appropriations-In-Aid	626,995	621,868	608,933	617,542
NET EXPENDITURE	8,747,105	8,723,862	8,279,419	8,248,445

B. OUTLINE OF VOTE 26: EDUCATION & SKILLS

Voted expenditure on Education services is provided for in Vote 26: Education and Skills and is accounted for under seven main headings. It covers both current and capital expenditure. In 2010 gross voted current expenditure on Education services equated to 15% of total Government voted current expenditure, while voted capital expenditure on education represented 12% of total Government voted capital expenditure.

The seven main expenditure headings on the Vote are indicated below. The subhead references shown refer to the 2010 Appropriation Accounts. Some of these references were changed in the 2011 Accounts, due mainly to certain transfers of Departmental functions that took place during that year. Details regarding these transfers are outlined in Section C.

Administration

(Subheads A1-A10)

These subheads cover the day to day running costs of the Department including the pay of administrative staff and school inspectors under Subhead A01 and NEPS Psychologists under A10.

Other Services

(Subheads B1-B22)

Provision is made under this heading for costs associated with programmes or bodies which apply across different parts of the education system or are particular in nature. These include programmes such as School Transport (Subhead B2), Teacher Education (B6), National Council for Curriculum and Assessment (B7), National Council for Special Education (B9), Residential Institutions Redress (B12), North/South co-operation (B15), Ireland as an international education centre (B16), Schools Information and Communication Technologies (B18) and the Commission on Child Abuse (B19).

1st Level Education

(Subheads C1-C7)

Provision is made under this heading for salary payments to teachers (Subhead C1) and other school employees including Special Needs Assistants (C4), capitation grants to schools (C3), grant aid towards disadvantaged schools (C5), special needs education (C5 & C7) as well as superannuation payments to retired teachers (C6).

2nd Level & Further Education

(Subheads D1-D10)

Provision is made under this heading for salary payments to teachers (Subheads D1 & D6) and other school employees including SNAs (D3 & D6), per capita grants towards the operating costs of secondary schools (D02), grants to Vocational Education Committees (D06) and Comprehensive/Community Schools (D05), grant aid towards disadvantaged schools (D8), adult education (D9), superannuation payments to retired teachers and VEC and IOT staff (D4 & D7), and funding of the State Examinations Commission (D10).

3rd Level Education (Subheads E1- E14)

State funding for current expenditure is provided to universities, institutes of technology (Subhead E4), Colleges of Education (E5) and other colleges and institutions (E7-E9) under this heading. Separately, institutions may receive state funding for research and development (E13) under various research initiatives and under the Strategic Innovation Fund (E6). Students from lower income backgrounds can apply for means-tested assistance in the form of student grants (E1 & E2), while a Student Assistance Fund as well as a Fund for Students with Disabilities are also available (E12).

Capital Services (Subheads F1- F5)

This group of subheads provides for capital funding in respect of first and second level schools (Subheads F1 and F2, but merged into a single subhead from 2011) and to higher education (F3 & F4). The balance of funding under these subheads covers expenditure in respect of Public Private Partnerships (F5). Provision is also included for capital expenditure under a number of other subheads on the Vote, including ICT investment in schools (Subhead B18) and a range of smaller programmes including IT services within the Department (A5) and capital funding for educational disadvantage (B10) and for FÁS (G4).

Skills Development (Subheads G1- G8)

Funding under this heading is mainly provided for the administration costs of FAS (Subhead G1), for training and integration supports provided by that organisation (G2) and for FAS employment programmes (Subhead G3, responsibility for which transferred to the Department of Social Protection from 2011). The training supports include programmes for the unemployed, early school leavers and for people with disabilities. Funding is also provided for apprenticeship programmes. There is a small capital allocation for the maintenance of FAS Training Centres (G4). (Note – funding for training programmes administered by FAS and by other bodies is also provided under the non-Voted National Training Fund).

The above headings account for the Gross Expenditure on the Education and Skills Vote. Gross Expenditure is offset by certain receipts that are brought to account in the Vote by way of Appropriations-in-Aid to arrive at the Net Expenditure, which is the amount that the Dáil votes for these services.

Appropriations in Aid (Subheads H1 – H5)

Certain receipts arising in the normal course of the Department's Vote business are retained, as Appropriations-in-Aid, to meet gross expenditure, instead of being paid directly into the Exchequer. Estimated receipts in 2011 were €609m and include Pension Related Deductions (€360m), Superannuation contributions (€197m), European Social Fund Receipts (€28m) and a range of other miscellaneous receipts.

National Training Fund

As a result of the 1 May 2010 transfer of functions to the Department of Education and Skills from the then Department of Enterprise, Trade and Employment, the Department of Education and Skills assumed responsibility for the operation of the National Training Fund (NTF). The NTF is separate from the Voted Exchequer funding referred to above and is shown in the Books of Estimates as an Appendix to Vote 26.

The NTF is mainly resourced by a levy on employers of 0.7% of reckonable earnings of employees in certain employment classes, which is collected through the PAYE/PRSI system.

NTF expenditure in 2010 was €395m while the allocation for 2011 was €362m. Some €314m of the 2011 allocation, or close to 87%, was in respect of training provided by FAS, while other bodies to receive funding included IDA Ireland, Enterprise Ireland and SFADCo.

The fund provides for expenditure on training for those seeking employment, training for persons in employment, literacy and numeracy, training for those in the community and voluntary sector and also provides funding for the identification of existing and future skills needs for the economy.

European Social Fund

The Department of Education and Skills, in addition to itself receiving Appropriations-in-Aid funding in respect of the European Social Fund (ESF), also, since 1 May 2010, became the lead Department for overall management of the ESF in Ireland, with responsibility for channelling ESF monies received from the European Commission through various other Departments and the National Training Fund account, to support a range of training courses, schemes and projects across the country. Total ESF funding of €52.1 million was received in 2010, while €112.4 million was received in 2011. This funding was allocated as follows:

Disbursement of European Social Fund (ESF) Receipts

	€m	€m
	2010	2011
Department of Education and Skills	49.9	28.8
Department of Social Protection	0.2	0.2
Department of Justice and Equality	2.0	3.3
National Training Fund	0.0	80.1
TOTAL	52.1	112.4

European Globalisation Adjustment Fund

A second EU fund for which the Department of Education and Skills assumed management responsibility with effect from 1 May 2010 is the European Globalisation Adjustment Fund (EGF). The EGF was established in December 2006 to support workers made redundant as a result of major changes in global trade patterns and its purpose is to provide supports to redundant workers to improve their employability and to assist them back into employment. The fund covers education and training programmes, career advice and guidance, and enterprise supports. Receipt of EU EGF funding is conditional on provision of matching national funding. Total EGF funding of €24.8m was received from the EU in 2010, while €35.7m was received in 2011.

C. CHANGES IN STRUCTURE OF VOTE 26

With effect from 1 May 2010 certain functions that were previously the responsibility of the Department of Enterprise, Trade and Employment were transferred to the Department of Education and Skills, while responsibility for the Programme for Research in Third Level Institutions (PRTLTI – included under Subhead E13) transferred from the Department to the renamed Department of Enterprise, Trade and Innovation.

As a result of the transfer inwards from the former Department of Enterprise, Trade and Employment, Voted expenditure in relation to Skills Development, including funding for FAS, is now included in Vote 26, under the Skills Development subheads, G1 to G8.

During 2011 a further transfer of Departmental functions saw responsibility for the School Completion Programme (Subhead B20) and the National Education Welfare Board (Subhead B21) transfer from the Department of Education and Skills to the Department of Children and Youth Affairs. Also in 2011, responsibility for FAS employment programmes (Subhead G3) transferred to the Department of Social Protection. There was also a transfer in 2011 of funding (€56 million) into Subhead E4 from the Department of Health in respect of the provision of nursing education.

A further change to Vote 26 during 2011 was the merger of the capital subheads for first and second level schools (F1 and F2) into a single subhead.

As a result of these various changes in the structure of Vote 26, expenditures across some subhead areas in 2010 and 2011 are not directly comparable.

D. AGGREGATE EXPENDITURE INFORMATION 2010 AND 2011

1. Overall Gross Expenditure for Vote 26 – Education and Skills

The expenditure figures shown in this section refer to the outturn of expenditure for 2010 and the provisional outturn for 2011. Gross voted expenditure for 2010 was €9.35 billion of which €8.56 billion (92%) was current and €0.79 billion (8%) was capital. Provisional outturn figures for 2011 show gross voted expenditure of €8.87 billion of which €8.31 billion (94%) was current and €0.56 billion (6%) was capital. The provisional nature of these expenditure figures for 2011 should be noted as they are subject to adjustment before the appropriation accounts for the year are submitted to the C&AG.

	<u>2010</u>	<u>2011</u>
Current Expenditure	€8.56bn	€8.31 bn
Capital Expenditure	<u>€0.79bn</u>	<u>€0.56 bn</u>
Total	€9.35bn	€8.87bn

2. Gross Current Expenditure

Of the €8.56 billion spent on Current Expenditure in 2010, pay expenditure accounted for €5.4 billion (63%), Superannuation Awards for €1.026 billion (12%) and Non-Pay expenditure for €2.136 billion (25%).

The 2011 provisional outturn of €8.31 billion for Current Expenditure was broken down between Pay - €5.402 billion (65%), Superannuation €1.102 billion (13%) and Non-Pay expenditure for €1.806 billion (22%).

	<u>2010</u>	<u>2011</u>
Pay	€5.400 bn	€5.402 bn
Superannuation	€1.026 bn	€1.102 bn
Non-Pay	<u>€2.136 bn</u>	<u>€1.806 bn</u>
Total	€8.562 bn	€8.310 bn

Pay Expenditure

The bulk of the pay expenditure goes on salary payments to teaching and non-teaching staff (mainly SNAs) at First and Second Level which accounted for €4.27 billion or 79% of the total Pay Expenditure in 2010. (It does not, however, include the pay costs of certain non-teaching staff in schools, viz. caretakers and secretaries, who are funded out of grant payments made to these schools). Salary costs at Third level, mainly Universities and Institutes of Technology accounted for €929m or just over 17% in 2010.

	<u>2010</u>	<u>2011</u>
First & Second Level Teachers' Pay	€3,800m	€3,854m
First & Second Level Non-teaching (incl SNAs, VECs etc)	€470m	€477m
Third-Level	€929m	€875m
Department Staff (incl NEPs)	€76m	€76m
State Examinations Commission	€45m	€47m
FAS	€63m	€58m
Other (Redress, Sp. Ed Council, NCCA, etc)	<u>€17m</u>	<u>€17m</u>
Total	€5,400m	€5,404m

This pay expenditure covered the cost of just over 93,000 posts (whole time equivalent) across the education sector at the end of 2010 (figure for end 2011 was 91,000). This represents about one-third of overall public sector employment and included 32,400 primary teachers, 28,200 post-primary teachers

and some 10,800 Special Needs Assistants. The pay allocation also supported 18,500 posts in the Universities, Institutes of Technology and other third level institutions. At the end of 2010 there were some 1,590 civil service staff employed directly in the Department and across a number of other bodies, including the State Examinations Commission and the National Council for Special Education. Pay expenditure also provided for some 1,430 staff in a number of non-commercial state agencies, including FAS.

Non-Pay Expenditure

Non-Pay expenditure mainly includes grants for the running costs of schools, universities, colleges of education and various other bodies, special Social Inclusion and Special Needs grants and grants in respect of Student Support and School Transport.

	<u>2010</u>	<u>2011</u>
School Grants (Pr/Sec Capitation, VECs + C/C schools N/P) *	€400m	€385m
Other Grants & Services (Social Inclusion, Spec Needs etc)	€133m	€81m
Third level student grants	€364m	€357m
Universities/IOTs	€296m	€330m
School Transport	€181m	€171m
Adult/Further Education*	€177m	€175m
Skills Development **	€335m	€67m
Redress/Child Abuse	€45m	€44m
Other third level institutions	€45m	€46m
Public Private P'Ship (current)	€29m	€37m
Research & Development (3 rd level)	€52m	€39m
Teacher In Career Development	€24m	€23m
Administrative Budget	€12m	€12m
Strategic Innovation Fund	€19m	€14m
Other (SEC, NQF, NCCA, International etc)	€24m	€25m
Total	€2,136m	€1,806m

* Some of these grants may in fact be used to employ staff, e.g. caretakers/secretaries.

** Significant reduction in 2011 due to transfer in that year of responsibility for FAS employment programmes to the Department of Social Protection.

3. Capital Expenditure

Gross Capital Expenditure in 2010 was €786.5m. This included €79m as a deferred surrender from 2009. First and Second level Schools Capital accounted for almost 67% of this expenditure. The provisional outturn for 2011 was €556.3 million, with First and Second level Schools capital accounting for almost 82% of this total.

The following Table compares 2010 Expenditure with 2011 under the following sub-programmes:

	<u>2010</u>	<u>2011</u>
First & Second Level Schools	€525.7m	€455.1m
Third-Level	€169.0m	€77.3m
Public Private P'ships (Consultancy)	€14.2m	€17.3m
FAS Capital	€4.5m	€4.0m
Schools ICT	€69.9m	€0.4m
Department's IT Systems	€1.3m	€1.7m
Educational Disadvantage (Dormant Accts)	€1.1m	€0.0m
FETAC IT Project	€0.8m	€0.5m
Total	€786.5m	€556.3m

4. General Information

Demographic factors continue and will continue to exert upward pressure on the pay bill for the education sector. In 2010/11 there were some 1,028,000 persons in full-time education in institutions aided by the Department. This included 510,000 students at first level, 356,000 at second level/further education and 162,000 full-time students at third level. There were also some 172,000 participants in part-time education and 103,000 persons who completed FAS-funded training and apprenticeship programmes. These numbers grew over those for previous years. For example, in 2007/2008 there were 961,000 persons in full-time education, 162,000 participants in part-time education and 86,000 persons completing FAS-funded training and apprenticeship programmes. The most recent Department of Education published projections indicate that total enrolment in both primary and post-primary schools is expected to grow by approximately a further 70,000 between now and 2018, while enrolment at third level is projected to increase by over 57,000. Demand is also increasing for further education and training places.

Some one-fifth of students are attending schools that provide additional support to combat educational disadvantage. Approximately 18% of students with special educational needs are supported by additional supports in schools. About one-sixth of students use the school transport service travelling on 6,000 routes.