

2012 ANNUAL REPORT OF C&AG AND APPROPRIATION ACCOUNTS

VOTE 26 - DEPARTMENT OF EDUCATION AND SKILLS

BRIEFING NOTE FOR PUBLIC ACCOUNTS COMMITTEE

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SECTION A - Changes in Structure of Vote 26

Up to 31 December 2012 the Department of Education and Skills accounted for its gross Voted expenditure under seven main headings:

- A – Administration - Subheads A.1 to A.9;
- B – Other Services - Subheads B.1 to B.19;
- C – 1st Level Education - Subheads C.1 to C.7;
- D – 2nd Level & Further Education - Subheads D.1 to D.9;
- E – 3rd Level Education - Subheads E.1 to E.14;
- F – Capital Services - Subheads F.1 to F.3;
- G – Skills Development -Subheads G.1 to G.8.

Move to ‘Performance Budgeting’ Chart of Accounts from 2013

In line with Government Policy the Department restructured its Vote with effect from 1 January 2013 to reflect the high level programme goals contained in the Department’s Statement of Strategy. Instead of the seven main expenditure headings used in the 2012 Vote accounts the Department’s gross Vote from 2013 is divided into four main expenditure headings. Administration costs are also identified separately, as well as being apportioned across the four expenditure headings, in conformance with the new Performance Budgeting approach introduced for all Departments.

The four programmes are as follows:

- Programme A – 1st, 2nd and Early Years Education - Subheads A.1 to A.14;
- Programme B - Skills Development – Subheads B.1 to B.8;
- Programme C- Higher Education – Subheads C.1 to C.15;
- Programme D - Capital Services – Subheads D.1 to D.5.

As a result of the significant changes to the structure of the Vote between 2012 and 2013 it is difficult to exactly match subhead expenditure for the 2012 Voted subheads to the new Performance Budgeting presentation of the Estimates. However, expenditure has been matched to the 2012 Voted subheads in so far as is possible.

The briefing material supplied caters for the year of account 2012 which is the subject of the committee hearing of 15th May. To assist the Committee with up to date information on expenditure trends on the Education Vote, expenditure and Estimates details for 2013 and 2014 have also been provided.

SECTION B – Vote Summary Expenditure Details 2011-2014

Table 1 – Total Expenditure from Education Vote

	2011 Outturn Millions	2012 Estimates Allocation Millions	2012 Outturn Millions	2013 Provisional Outturn Millions	2014 Estimates Allocation Millions
Current Expenditure	8,310	8,242	8,193	8,061	7,857
Capital Expenditure	556	430	410	440	546
Total	8,866	8,672	8,603	8,501	8,403

Table 2 - Current Expenditure

Current Expenditure	2011 Outturn Millions	2012 Estimates Allocation Millions	2012 Outturn Millions	2013 Provisional Outturn Millions	2014 Estimates Allocation Millions
Pay	5,404	5,351	5,289	5,286	5,072
Pensions	1,101	1,103	1,188	1,102	1,127
Non-Pay	1,805	1,788	1,716	1,673	1,658
Total Current Expenditure	8,310	8,242	8,193	8,061	7,857

Table 3 - Pay Expenditure

	2011 Outturn Millions	2012 Estimates Allocation Millions	2012 Outturn Millions	2013 Outturn Millions	2014 Estimates Allocation Millions
First & Second Level Teachers Pay	3,788	3,784	3,736	3,816	3,674
First & Second Level Non Teaching (Incl SNA's, VEC's, C & C etc.)	465	470	464	474	464
Third Level	875	831	831	751	690
Dept Staff (Incl NEPS) (Admin Budget)	76	77	74	74	73
State Examinations Commission	47	45	44	44	44
Skills Development	135	133	129	117	117
Other (Redress, Sp Ed Council, NCCA etc.)	18	11	11	11	11
Total Pay Expenditure	5,404	5,351	5,289	5,286*	5,072*

Note 1 – The totals highlighted have been rounded up

Table 4 - Non – Pay Expenditure

	2011 Outturn Millions	2012 Estimates Allocation Millions	2012 Outturn Millions	2013 Outturn Millions	2014 Estimates Allocation Millions
School Grants	385	378	380	363	378
Other Grants & Services	80	85	71	70	72
Third level Student Grants	373	352	354	362	353
University/lof T's	331	313	313	288	274
School Transport	171	170	168	171	170
Skills Development	244	229	220	205	198
Redress/Child Abuse	44	77	38	52	50
Other Third Level Institutions	32	31	31	22	22
Public Private Partnership (current)	37	50	49	49	49
Research & Development (3 rd Level)	39	39	38	38	38
Teacher In Career Development	23	25	24	23	24
Administrative Budget (A.1 – A.9)	12	13	12	12	12
Strategic Innovation Fund	14	4	1	0	0
EU International	5	6	4	4	4
Other Bodies (NQF, NCCA, NCSE, SEC etc)	15	16	13	14	14
Total Non Pay Expenditure	1,805	1,788	1,716	1,673	1658

Table 5 – Capital Expenditure

	2011 Outturn Millions	2012 Estimates Allocation Millions	2012 Outturn Millions	2013 Outturn Millions	2014 Estimates Allocation Millions
First & Second Level Schools	455	357	347	362	470
Third Level	77	65	55	69	35
Public Private Partnership (Consultancy)	17	2	2	3	31
SOLAS/FÁS Cap	4	3	4	4	2.5
Schools ICT	0	1	0	0	0.5
Department's IT Systems	2	2	2	2	1.5
Educational Disadvantage (Dormant Accts)	0	1	0	0	0.5
Book-rental Scheme Seed Capital	0	0	0	0	5
FETAC IT Project	1	0	0	0	0
Total Capital Expenditure	556	430*	410	440	546

Note 1 – The total highlighted has been rounded up

SECTION C - Vote 26 - Department of Education and Skills

Expenditure Details in Historic Format

Administrative Budget Subheads (2011 – 2014)

A. ADMINISTRATION	2011 Outturn €'000	2012 Estimate Provision €'000	2012 Outturn €'000	2013 Provisional Outturn €'000	2014 Allocation €'000
A.1. Salaries, Wages & Allowances	60,197	59,889	58,607	58,084	56,588
A.2. Travel & Subsistence	1,420	1,502	1,493	1,507	1,520
A.3. Training & Development & Incidental Expenses	1,001	1,175	1,024	917	955
A.4. Postal & Telecommunications Services	2,401	2,640	2,078	1,734	1,820
A.5. Office Equipment & External IT Services	5,053	4,930	4,796	5,632	4,945
A.6. Office Premises Expenses	1,635	2,340	2,237	1,578	1,539
A.7. Consultancy Services & Value for Money & Policy Reviews	50	100	55	62	100
A.8. Regional Office Expenses	233	-	-	-	-
A.9.(2011) National Educational Psychological Services	17,763	18,719	17,261	17,437	18,124
A.8. EU Presidency	-	175	55	531	-

Programme Subheads

B. OTHER SERVICES	2011 Outturn €'000	2012 Estimate Provision €'000	2012 Outturn €'000
B.1. National Qualification Framework ⁽¹⁾	7,918	7,714	7,714
B.2. Transport Services	171,483	169,693	168,464
B.3. International Activities	955	1,019	714
B.4. UNESCO contribution and International Education exchanges	2,172	2,493	2,439
B.5. Research & Development Activities	2,270	1,586	1,480
B.6. Teacher Education	23,453	24,705	23,721
B.7. Expenses of National Council for Curriculum & Assessment	3,447	3,735	3,225
B.8. Funding of Projects in Drug Task Force Areas	412	411	403
B.9. National Council for Special Education	8,152	8,750	8,222
B.10. Educational Disadvantage (Dormant Account Funding)	1,613	1,600	401
B.11. Occupational Health Strategy for First & Second level teachers	1,744	1,750	1,345
B.12. Residential Institutions Redress	44,200	69,880	38,022

	2011 Outturn €'000	2012 Estimate Provision €'000	2012 Outturn €'000
B. OTHER SERVICES (Continued)			
B.13. Royal Irish Academy of Music General Expenses (G-in-A)	3,544	3,427	3,427
B.14. G-in-A fund for General Expenses of Cultural, Scientific & Educational Organisations (Part-funded by National Lottery)	187	147	146
B.15. North/South Co-operation funding	1,187	2,200	831
B.16. Funding for the promotion of Ireland as an International education centre	91	100	100
B.17. Miscellaneous	4,200	4,830	3,943
B.18. Schools Information & Communication Technologies Activities	9,566	13,778	10,049
B.19. Commission on Child Abuse	2,173	8,000	1,296
B.1. Grant in aid fund for general expenses of Adult Education Organisations ⁽²⁾	854	-	-

Subhead B Notes

1. Subhead B1, the National Qualifications Framework, became Quality and Qualifications Ireland from 2013.
2. The 'general expenses to support Adult Education Organisations' subhead, which was designated as subhead B.1 to end 2011, was subsumed into a new subhead from 1 January 2012, to reflect the consolidation of Further Education expenditure. Up to the end of 2011 further education costs were met from a number of subheads, including B.1., D.6. (Grants to VEC's), D.08.1 (Further Education Development costs) and D.09. (Adult Education). The new consolidated subhead G8 (Grants to VEC's and Other Organisations – Further Education Programmes) came into effect from 1 January 2012.

	2011 Outturn €'000	2012 Estimate Provision €'000	2012 Outturn €'000
C. FIRST LEVEL EDUCATION			
C.1. Salaries, etc. of Teachers	2,050,404	2,064,777	2,035,436
C.2. Model Schools – Miscellaneous Expenses	469	474	469
C.3. Capitation grants towards operating costs of National Schools	186,933	185,342	183,373
C.4. Salaries, etc. of non-teaching staff in national schools, including Special Needs Assistants, caretakers and clerical officers	300,079	310,793	306,384
C.5. Other grants and services	51,059	51,769	44,537
C.6. Superannuation, etc., of teachers	487,029	493,198	515,209
C.7. Special Education Initiatives	4,970	3,000	1,897

D. SECOND LEVEL AND FURTHER EDUCATION GRANTS AND SERVICES	2011 Outturn €'000	2012 Estimates Provision €'000	2012 Outturn €'000
D.1. Salaries, etc., of Teachers in Secondary, Comprehensive & Community Schools	1,175,669	1,148,095	1,134,648
D.2. Grants to Secondary School Authorities and other grants and services in respect of Secondary Schools	104,280	103,800	102,019
D.3. Salaries, etc, of non-teaching staff in Secondary, Comprehensive and Community Schools including Special Needs Assistants and Clerical Officers	49,126	50,345	48,750
D.4. Superannuation of Secondary, Comprehensive and Community School teachers	345,078	351,131	371,424
D.5. Comprehensive and Community Schools – running costs	46,342	45,492	45,492
D.6. Annual grants to Vocational Education Committees (excluding certain grants in respect of specialist colleges and student support)	926,340	727,245	728,910
D.7. Payments to Local Authorities in respect of superannuation charges	230,796	219,918	262,263
D.8. Miscellaneous ⁽¹⁾	17,929	9,649	9,340
D.9. State Examinations Commission	55,912	54,702	51,996

Subhead D Notes

1.Up to the end of 2011 further education costs were met from a number of subheads, including B.1., D.6.(Grants to VEC's), D.08.1 (Further Education Development costs) and D.09. (Adult Education). The new consolidated subhead G8 (Grants to VEC's and Other Organisations – Further Education Programmes) was established with effect from 1 January 2012 to reflect the consolidation of Further Education expenditure under one designated subhead.

E. THIRD LEVEL & FURTHER EDUCATION GRANTS	2011 Outturn €'000	2012 Estimates Provision €'000	2012 Outturn €'000
E.1. – Student Support	355,057	336,383	336,351
E.2. - University Scholarships	1,654	1,700	1,672
E.3. - Grant-in-Aid – Higher Education Authority	5,037	5,358	5,358
E.4 – Grant-in-Aid – General Grants To Universities, Institutions of Technology etc.	1,177,032	1,118,804	1,118,804
E.5. – Primary Teacher Training Colleges - excl HEA Funded	11,469	11,555	10,997
E.6. - Strategic Innovation Fund	14,000	4,000	750
E.7. - Dublin Dental Hospital - (Grant-in-Aid)	11,986	11,676	11,676
E.8. - Dublin Institute For Advanced Studies (Grant-In-Aid)	7,020	6,856	6,856
E.9. - Tuition Fees for certain Non-HEA Third Level Institutions	5,018	5,200	4,595
E.10. – Miscellaneous	418	300	250
E.11. - Grants To Certain Third Level Institutions	17,149	12,350	12,064
E.12. - Alleviation of Disadvantage	16,000	13,200	16,200
E.13. – Research & Development Activities	38,549	38,500	37,615
E.14. - Grangegorman Development Agency	1,276	1,664	1,664

	2011 Outturn €'000	2012 Estimates Provision €'000	2012 Outturn €'000
F. CAPITAL SERVICES			
F.1. - Building, Equipment & Furnishing of National & Second Level Schools	455,074	357,000	346,878
F.2. - Public Private Partnership Costs	54,632	52,200	50,949
F.3. - Building Grants & Capital Costs for Universities, IOT's and designated Institutions of Higher Education	77,320	65,000	55,077

	2011 Outturn €'000	2012 Estimates Provision €'000	2012 Outturn €'000
G. SKILLS DEVELOPMENT			
G.1. - FAS Administration & General Expenses	85,491	83,466	81,466
G.2. - FAS Training & Integration Supports	40,267	23,057	20,600
G.3. - Miscellaneous Expenditure	-	10	15
G.4. - FAS Capital	4,000	3,000	4,000
G.5. - FAS Pension Payments	30,500	27,270	29,270
G.6. - European Globalisation Fund	1,055	1,060	240
G.7. - HR Development Programme - Technical Assistance	578	750	371
G.8. – Grants to VEC – Further Education ⁽¹⁾	-	254,266	244,154
G.3. - Leonardo Programme ⁽²⁾	140	-	-

Subhead G Notes

1. With effect from 1 January 2012, subhead G.8 was established to consolidate expenditure appropriate to Further Education paid mainly via VEC's. Up to the end of 2011 this expenditure was brought to account in four other subheads within the Vote, Subheads B.1 (Adult Education), part-funded via D.6 (the VEC subhead), part-funded via subhead D.8 (the Miscellaneous subhead) and D.9 (Adult Education Initiatives).

2. Subhead G.3.Leonardo – This subhead was transferred to the Department of Social Protection with effect from 01 January 2012.

	2011 Outturn €'000	2012 Estimates Provision €'000	2012 Outturn €'000
H. APPROPRIATIONS IN AID			
H.1. - Administration & Other Services Receipts	32,523	16,261	4,176
H.2. - First Level Receipts	122,670	124,429	122,575
H.3. - Second Level & Further Education Receipts	84,371	80,640	86,700
H.4. - FAS Pension Receipts	8,199	8,200	4,496
H.5. - Pension-Related Deduction Receipts	369,779	377,403	361,014
H.6. – Miscellaneous Capital	-	2,000	1,552

SECTION D - Voted Subhead Outturn in Performance Budgeting Format for Years 2012 - 2014

Goal A – First Second & Early Years’ Education	2012 Out-turn Re-Presented In PB Format €’000	2013 Estimates Provision €’000	2013 Provisional Outturn €’000	2014 Estimates Allocation €’000
A.1 Administration – Pay	55,808	59,485	55,715	58,583
A.2 Administration – Non Pay	10,436	11,563	10,150	10,395
A.3 Salaries, Wages & Allowances (Including Incidental payments) of Primary School Teachers	2,035,436	2,089,587	2,117,890	2,018,420
A.4 Salaries, Wages & Allowances (Including Incidental payments) of Secondary, Comprehensive & Community School Teachers	1,134,648	1,142,715	1,122,476	1,118,053
A.5 Grants to Educational Training Boards in respect of Vocational Teachers’ Salaries	662,336	565,775	575,466	537,113
A.6 Salaries & Wages (Including Incidental payments) of Special Needs Assistants in Primary and Post Primary Schools	333,496	369,704	371,237	362,256
A.7 Salaries & Wages (Including Incidental payments) of Non-Teaching Staff in the Primary and Post Primary Schools	34,905	106,909	102,469	100,637
A.8 Superannuation Etc., in respect of Teaching and Non Teaching staff	1,152,490	1,041,010	998,255	1,026,669
A.9 School Transport Services	168,464	168,500	170,750	170,000
A.10 Grants (Including Capitation) Payable to Primary & Post Primary Schools, Education Training Boards and other organisations and other Education Organisations & Institutions	404,486	392,239	387,300	408,931
A.11 Grants to Education Bodies working in the Primary and Post Primary Sectors	65,496	66,772	66,874	66,837
A.12 Teacher Education	23,721	25,000	23,340	23,900
A.13 Payments in respect of Residential Institutions Redress and Costs Associated with the Child Abuse Commission	40,072	65,444	53,441	52,415
A.14 Miscellaneous, Grants and Services	21,967	26,750	20,365	26,931
Goal A - Total	6,143,761	6,131,453	6,075,728	5,981,140

Goal B – Skills Development	2012 Out-turn Re- Presented In PB Format €'000	2013 Estimates Provision €'000	2013 Provisional Outturn €'000	2014 Estimates Allocation €'000
B.1 Administration – Pay	3,915	3,309	3,908	3,017
B.2 Administration – Non Pay	732	708	794	580
B3 Grants to FÁS/SOLAS in respect of Administration, General Expenses & Training Grants & Supports	106,066	88,529	93,424	82,263
B.4 European Social Fund (ESF) & European Globalisation Fund (EGF) Supports	611	975	569	780
B.5 Grants to SOLAS in respect of Further Education & Training Activities	244,154	238,601	226,268	226,380
B.6 Grant to Quality & Qualifications Ireland (QQI)	7,714	7,416	6,416	7,225
B.7 Superannuation Etc., Payable to Former Member of FÁS, SOLAS and An Comhairle Oiluna (ANCO)	29,270	31,796	30,796	31,026
B.8 Miscellaneous Grants and Services	15	10	10	25
Goal B – Total	392,477	371,344	362,185	351,296

Goal C – Higher Education	2012 Out-turn Re- Presented In PB Format €'000	2013 Estimates Provision €'000	2013 Provisional Outturn €'000	2014 Estimates Allocation €'000
C.1 Administration – Pay	4,557	3,808	4,550	3,287
C.2 Administration – Non Pay	853	816	924	631
C.3 Grant in Aid for General Expenses of the Higher Education Authority	5,358	5,076	5,076	5,424
C.4 General Current Grants to Universities, Institutes of Technology & Other Designated Institutions of Higher Education (Grant in Aid)	1,118,804	1,011,987	1,011,987	938,943
C.5 Training colleges for primary teachers excluding funding through HEA	10,997	8,077	7,836	7,784
C.6 Dublin Dental Hospital (Grant in Aid)	11,676	11,051	11,051	10,582
C.7 Dublin Institute of Advanced Studies	6,856	6,442	6,442	6,201
C.8 Royal Irish Academy of Music	3,427	3,118	3,118	2,988
C.9 Grants to Certain Third Level Institutions	16,658	12,000	11,384	11,300
C.10 Superannuation Etc., Payable to Former Staff of Universities & Institutes of Technology	-	52,992	70,274	67,039
C.11 Student Support and Related Expenses	354,570	351,252	366,241	356,252
C.12 Research Activities	38,365	37,600	37,591	37,600

Goal C – Higher Education (Continued)	2012 Out-turn Re- Presented In PB Format €'000	2013 Estimates Provision €'000	2013 Provisional Outturn €'000	2014 Estimates Allocation €'000
C.13 EU International & North South Activities	4,229	5,349	4,082	5,109
C.14 Grangegorman Development Agency	1,664	1,883	1,900	2,470
C.15 Miscellaneous Grants & Services	396	383	303	333
Goal C Total	1,578,410	1,511,834	1,542,759	1,455,943

Goal D – Capital Services ⁽¹⁾	2012 Out-turn Re- Presented In PB Format €'000	2013 Estimates Provision €'000 (Including Deferred Surrender of €79m from 2012)	2013 Provisional Outturn €'000	2014 Estimates Allocation €'000
D.1 Administration – Pay	9,525	7,990	9,509	7,631
D.2 Administration - Non Pay	1,781	1,712	1,931	1,467
D.3 Building Equipment and Furnishing of Primary and Post Primary Schools	371,587	392,300	387,396	490,350
D.4 Building Grants & Capital Costs of Universities & Institutes of Technology & Other Designated Institutions of Higher Education	55,077	57,500	68,903	34,800
D.5 Public Private Partnership Costs	50,949	52,200	52,333	80,250
TOTAL	488,919	511,702	520,072	614,498

1. Capital services are also funded from a small number of other subheads, e.g. SOLAS Capital is funded from Subhead B.3. and Schools ICT from Subhead A.14. It should also be noted that expenditure under Subhead D.3 above includes the Rental of Temporary School Premises, which is classified as current expenditure.

E. Appropriations In Aid	2012 Out-turn Re- Presented In PB Format €'000	2013 Estimates Provision €'000	2013 Provisional Outturn €'000	2014 Estimates Allocation €'000
E.1. Superannuation Contributions	192,104	193,775	188,183	183,799
E.2 Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts	1,963	20,665	1	24,491
E.3 Receipts from pension-related deductions on public service remuneration	361,014	354,599	360,956	334,321
E.4 Secondments/ Overpayments	7,004	7,000	5,537	5,600
E.5 Miscellaneous	18,428	4,387	9,308	6,122
Total	580,513	580,426	563,985	554,333

Gross and Net Expenditure Details 2011-12, Provisional 2013 and Estimates Allocation for 2014

VOTE 26 – SUMMARY	2011 Outturn €'000	2012 Estimates Provision €'000	2012 Outturn €'000	2013 Provisional Outturn €'000	2014 Estimates Allocation
GROSS EXPENDITURE	8,866,362	8,671,643	8,603,567	8,500,744	8,402,877
<u>Deduct</u> Appropriations In Aid	617,483	608,933	580,513	563,985	554,333
NET EXPENDITURE	8,248,879	8,062,710	8,023,054	7,936,759	7,848,544

SECTION E - National Training Fund Accounts & Update on issues raised in Chapter 4 of the 2012 C&AG Annual Report (Vote Accounting)

National Training Fund Background

Following the transfer of certain functions between Government Departments on 1 May 2010, responsibility for the operation of the National Training Fund (NTF) transferred to the Department of Education and Skills from the then Department of Enterprise, Trade and Employment. The NTF is separate from Voted Exchequer funding but summary details regarding the fund are included in the Revised Estimates Volume as an Appendix to Vote 26. Summary details of Fund income and expenditure for the years 2012 to 2014 are shown in the table at the foot of this section.

The NTF, whose creation was announced in Budget 2000, 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. The percentage of gross PRSI levy income allocated to the NTF in 2012 and 2013 was 4.277%. The employer levy was reduced in 2011 to 0.35% for certain employees as part of the Government's Jobs Initiative, but this reduction was not continued in Budget 2014.

The National Training Fund Act (2000) provides for expenditure from the fund on (i) training for those seeking employment, (ii) training for persons in employment, and (iii) the identification of existing and future skills needs for the economy.

Update on issues raised in Chapter 4 of the 2012 C&AG Report (Vote Accounting)

Chapter 4 of the C&AG 2012 report deals with a range of Vote accounting issues across a number of Government Departments. The chapter includes a section on 'Funding for FAS Training and Integration Supports', which deals with the suspension by the Department during 2012 of Voted expenditure in respect of FAS from one of the Voted subheads and its replacement with funding from the NTF. This decision was taken to in order to deal with the risk of a potential excess of Voted expenditure.

Updates regarding two issues raised by the C&AG in this section of the report follow:

(i)
Issue: The joint funding of FAS training by the Vote and the Fund, and the setting of a combined expenditure limit for the two accounts in effect makes them a single account for budget management purposes. Because the Vote and the Fund are accounted for separately, significant intra-account transactions should be clearly disclosed in both accounts.

Update: The Department has sought in the draft 2013 NTF accounts to show such intra-account transfers more clearly, by providing more explicit footnotes where transfers occur. The Department will consider the matter further with the C&AG in the context of the latter's examination of the 2013 accounts which will shortly commence.

(ii)
Issue: Better transparency of the costs of public services could also be achieved if payments in respect of specific services were issued from a single account. Where necessary, Exchequer support for the activities of a non-Exchequer funded service could be achieved by voting a grant payment to the relevant fund, rather than issuing parallel payments.

Update: The Department is examining this issue, in conjunction with the Departments of Finance and Public Expenditure and Reform, and in the context of the National Training Fund Act. Among the issues being considered are (i) the extent to which certain Voted payments made to SOLAS could be made direct from the Fund, given that the NTF Act is specific regarding those areas in which Fund expenditure

may be incurred, (ii) possible other implications for the NTF Act of Voted funding being channelled through the NTF, (iii) requirements from a Government accounting perspective, (iv) consideration of the process to be followed where annual expenditure from the fund is less than the original estimate, e.g. whether part of the underspend would be remitted back to the Vote or would remain part of the NTF surplus to be carried forward. These issues will also be discussed by the Department with the C&AG in the context of considering the 2013 accounts.

National Training Fund - Income and Expenditure Details

INCOME	OUTTURN 2012	ESTIMATE 2013	OUTTURN 2013 (prov)	ESTIMATE 2014
	€	€	€	€
National Training Fund Levy	299,000,000	291,251,000	317,000,000	340,539,000
European Social Fund	-	32,126,000	32,126,425	3,300,000
European Globalisation Adjustment Fund	9,222,521	30,000	256,712	450,000
Other Income	9,090,386	-	1,992	-
Investment Account Income	538,796	539,000	139,148	120,000
Bank Interest Received	25,811	26,000	22,310	26,000
TOTAL INCOME	317,877,514	323,972,000	349,546,586	344,435,000
EXPENDITURE				
Training Programmes for those in Employment				
Training Programmes in Employment	52,467,000	39,600,000	39,600,000	39,600,000
Training Networks Programme	11,470,600	11,020,000	11,020,000	11,924,000
Training Grants to Industry	5,755,532	6,600,000	5,802,935	6,500,000
Workplace Basic Education Fund	2,170,203	2,800,000	2,549,707	2,800,000
Community & Voluntary Organisations	375,000	375,000	375,000	375,000
Continuing Professional Development	75,000	75,000	75,000	75,000
Total Training Programmes for those in Employment	72,313,335	60,470,000	59,422,642	61,274,000
Training Programmes for Employment				
Training Programmes for Employment	246,748,400	237,960,000	237,960,000	228,125,000
Labour Market Education & Training Fund	1,144,000	20,000,000	10,000,000	23,881,000
Springboard	10,165,550	21,875,000	18,353,026	23,688,000
ICT Skills Programme	2,600,000	5,000,000	3,346,754	5,000,000
Training Networks Programme	-	3,480,000	3,480,000	3,766,000
Vocational Training Opportunities Scheme (VTOS)	-	1,523,000	7,500,000	6,000,000
European Globalisation Adjustment Fund (EGF)	861,044	3,000,000	429,130	2,000,000
Technical Employment Support Grant	4,344,077	3,200,000	3,810,241	3,200,000
Community Employment Training	1,575,261	4,200,000	3,589,760	4,200,000
Labour Market Activation Fund (LMAF)	-	-	-	-
Total Training Programmes for Employment	267,438,332	300,238,000	288,468,910	299,860,000
	-	-	-	-
Provision of Information on Skills Requirements	1,138,221	1,290,000	905,565	860,000
Bank Charges	6,233	2,000	7,668	6,000
TOTAL EXPENDITURE	340,896,121	362,000,000	348,804,784	362,000,000
SURPLUS / (DEFICIT) FOR THE YEAR	(23,018,607)	(38,028,000)	741,801	(17,565,000)
BALANCE BROUGHT FORWARD AT 1st JANUARY	178,023,000	155,004,393	155,004,393	155,746,194
SURPLUS / (DEFICIT) FOR THE YEAR	(23,018,607)	(38,028,000)	741,801	(17,565,000)
SURPLUS CARRIED FORWARD 31st DECEMBER	155,004,393	116,976,393	155,746,194	138,181,194

SECTION F - Update 2012 Report of the Comptroller & Auditor General

Chapter 12 – Contract Management in Education PPP Projects

Benchmarking and Market Testing

In Chapter 12 of the Comptroller's 2012 Report, the Comptroller paid particular attention to the importance of engaging in periodic benchmarking for contracted services where they are permitted under contracts. The Department accepts the recommendation in the report that it should consider whether savings could potentially be delivered by way of benchmarking and market testing and should document the reasons for proceeding, or not, as appropriate. The Department is acutely aware of the option for benchmarking and is committed to keeping the option under review and to document reasons for its decisions.

To achieve this outcome the Department is examining, in conjunction with the NDFA, the necessary steps required to be activated to ensure that benchmarking options are fully considered and that there is a full documentation of the analysis behind decisions taken. As part of this the Department has established a schedule of dates at which projects fall to be reviewed.

Contract Management, Indexation and Service Performance

Chapter 12 of the Comptroller's 2012 report notes that the Department plans to further avail of the NDFA's expertise in contract management arrangements for future PPP schools. Agreement has also been reached for NDFA involvement in respect of the two higher education projects at Cork Institute of Technology (CIT).

In relation to payment indexation issues, the C&AG recommended in his 2012 report as follows:

- That all future annual indexation calculations be submitted to the NDFA for review.
- That as a result of errors that were identified by the NDFA when reviewing 2012 submissions relating to the higher education PPP projects, the Department satisfy itself that calculations for prior years were correct and that no overpayments have been made.

The two errors that had been identified by the NDFA on indexation calculations in respect of the CIT projects had resulted in an overcharge of €38,600 in one case, which was repaid, and would have resulted in an overcharge of €4,800 in the second case if the error had not been identified.

The C&AG's recommendation in relation to the involvement of the NDFA in reviewing indexation calculations has been accepted and the Department is working closely with the NDFA in this regard. The Department has agreed with the NDFA that all future annual indexation calculations will be submitted to them for review. The NDFA is also assisting in reviewing earlier years' indexation calculations to ensure that no overcharges arose.

In this regard, in addition to the prior year checks already conducted in respect of schools bundles 1 and 2 payments, the NDFA has consented to conducting further sample checks for the pre-2012 period in respect of the pilot schools and third level colleges.

Feedback from schools on service performance issues is a means of providing information regarding service performance matters. The Comptroller noted that in 2012 there were several instances of schools not responding to requests to confirm monthly performance reports. In accepting the C&AG's recommendation in this respect, the Department has acted on its undertakings to ensure robust and effective systems are in place to monitor service performance and to remind schools of the need to ensure compliance with this recommendation. In particular, it has reminded schools staff responsible for monitoring service delivery of the importance of providing formal feedback on the monthly performance monitoring reports to ensure that contracted services are being delivered and that deductions, where appropriate, are being applied.

Post Project Reviews

The C & AG report further draws attention to the need for post project reviews and notes that these are required to be carried out in respect of all projects over **€20m** irrespective of the delivery method. Post project reviews have been carried out by a number of higher education institutions which are the main beneficiaries of funding of this scale. A series of further reviews are planned including at CIT.

The DES is also conducting a review of PPP pilot schools. The target completion date for this review was originally set for end of 2013. Other priorities and demands have however, delayed the achievement of this target date. These difficulties notwithstanding, the Department remains committed to achieving completion of the review as speedily as possible.

Schools Bundles 4 and 5

The Comptrollers 2012 report outlines the various PPP projects in development, including Schools Bundles 4 and 5. The tenders for Bundle 4 have been received and the process of assessment of the tenders is well underway. As soon as this process is complete, the NDFA will issue an Invitation to Negotiate (ITN) for the bidders on Schools Bundle 5. In the meantime, the Department is working with the NDFA and our Design Team to develop the designs for the schools in that bundle and it is expected that planning applications for those schools will be lodged in the coming weeks.

Other Developments

The PSB is the benchmark cost estimate inclusive of capital, operating and risks costs for a PPP project as compared with traditional construction methods. It is designed to ensure value for money. Approval of the PSB arises at 4 critical stages in the overall PPP process as follows:

- Determination that a project is suitable for delivery through the PPP process;
- As part of the tendering process normally prior to authorizing approval to proceed to advertise for tenders and again prior to inviting detailed proposals from short listed tenderers;
- Prior to financial close / contract award.

In line with the undertaking of the Secretary General to the PAC last year, the PSBs for PPP Schools Bundles 1 and 2 were published on the Department's website on 2nd May, 2014. PSB data relating to schools bundle 3 will be published once a reasonable time period has elapsed following conclusion of the tendering process / contract award. Public sector benchmark data were not employed in the initial 3 PPP educational projects¹.

¹ Cork School of Music; National Maritime College; Pilot Schools

Unitary Charge Payments to Date

The table below shows the up to date position in respect of Unitary Charges paid to the end of April 2014 for all PPPs from commencement dates.

Year	Pilots	SB1	SB2	SB3	National Maritime College	Cork School of Music	Total
2003	€19,974,604.64[1]	0	0	0	0	0	€19,974,604.64
2004	€11,133,385.94	0	0	0	€9,224,923.89[5]	0	€20,358,309.83
2005	€11,244,371.08	0	0	0	€9,228,271.67	0	€20,472,642.75
2006	€10,575,504.94	0	0	0	€9,332,903.92	0	€19,908,408.86
2007	€10,609,875.71	0	0	0	€9,045,809.08	€11,063,049.27[6]	€30,718,734.06
2008	€10,712,094.06	0	0	0	€8,751,567.20	€8,244,694.68	€27,708,355.94
2009	€11,722,914.83	0	0	0	€8,673,598.92	€8,958,994.60	€29,355,508.35
2010	€10,650,604.42	€10,221,533[2]	0	0	€8,550,335.43	€8,079,277.97	€37,501,750.82
2011	€10,680,781.75	€8,137,256.50	€13,868,502[3]	0	€8,560,361.95	€7,893,722.58	€49,140,624.78
2012	€10,775,062.42	€8,986,899.45	€12,280,943.53	0	€8,601,504.34	€8,109,882.13	€48,754,291.87
2013	€10,823,516.22	€9,101,766.10	€12,238,310.35	€79,630.03	€8,478,084.03	€8,192,105.77	€48,913,412.50
2014	€3,611,634.96	€3,039,638.75	€4,150,135.79	€2,471,389.68[4]	€2,749,550.87	€2,755,270.40	€18,777,620.45
Total to Date	€132,514,350.97	€39,487,093.80	€42,537,891.67	€2,551,019.71	€91,196,911.30	€63,296,997.40	€371,584,264.85
[1] €11,112,714.64 Unitary payment plus €8,861,890.00 upfront VAT on construction payment.							
[2] €1,622,423 Unitary payment plus €8,599,110 upfront VAT on construction payment							
[3] €2,103,799 Unitary payment plus €11,764,703 upfront VAT on construction payment							
[4] €1,208,178.21 Unitary payment plus €1,263,211.47 upfront VAT on construction payment							
[5] €2,291,914.65 Unitary payment plus €6,933,009.24 upfront VAT on construction payment							
[6] €2,929,633.80 Unitary payment plus €8,133,415.47 upfront VAT on construction payment							

Grangegorman

Infrastructure works on the Grangegorman site commenced in June 2013 when demolition works started. Adaptive re-use of existing facilities and site infrastructure and public realm works are ongoing currently. The adaptive re-use of existing facilities will enable the initial 1,000 students move in by 1st September 2014 (College of Art, Design, Photography and Social Science) and will involve 12,520m² of accommodation facilities. The first new development on site – replacement HSE Mental Health Facilities – was opened in February 2013. An Invitation to Negotiate (ITN) issued to the bidders for the Grangegorman PPP project last month.