



Oifig an Ard-Rúnaí
An Roinn Oideachais agus Scileanna



Office of the Secretary General
Department of Education and Skills

Ms. Niamh Maguire
Committee Secretariat
Committee of Public Accounts
Leinster House
Dunlin 2

Our ref: S1410946

13th May 2014

Dear Ms. Maguire,

I refer to your letter of 18th March 2014 regarding expenditure incurred by Co. Wexford VEC on rental costs associated with its former headquarters since 2006.

The position is that Co. Wexford VEC moved from its former headquarters at Iberius House, Wexford to a new building at Ardcavan Business Park, Wexford on 1st July 2006, as the former headquarters were deemed to be unsuitable for the ongoing requirements of the VEC. Co. Wexford VEC continued to hold the lease on its former headquarters at a total annual cost of €67,465. This building was first leased in October 1984 and the lease expires on 21st October 2014.

The former headquarters were initially sublet by the VEC for a two year period from July 2006 to June 2008, for an annual sum of €51,000. On the conclusion of that lease the VEC could not secure a new tenant. The VEC continued to try to sublet the premises subsequently, but only succeeded in respect of part of the premises, which has been sublet for the period from February 2012 to October 2014 at an annual rate of €7,000.

The VEC also examined the possibility of re-locating educational programmes to the premises. However, they were deemed unsuitable for a number of reasons including health and safety concerns, inadequate facilities for disabled persons, planning requirements and space restrictions.

The total amount received in rent for the former headquarters from 2006 to 2014 is €119,500. The total amount paid out by Co. Wexford VEC/ Waterford and Wexford ETB over the same period is €540,000, resulting in net ineffective expenditure of €420,500 to date.

The Minister's approval was required before a VEC entered into a lease and, in accordance with the Vocational Education (Amendment) Act 2001, the leasing of property was a reserved function of the Committee. However, despite a thorough

search, no document from the VEC seeking such approval has as yet been identified in either the Department or in Waterford and Wexford ETB. The only document so far identified in relation to the matter is a letter from the CEO of December 2005 which refers, amongst other items, to the initial costs of moving to the new premises. The Chief Executive of the ETB, who was then CEO of Wexford VEC and who co-signed the lease for the Ardcavan premises, has informed the Department that, as far as she can recollect, the Department was informed of the VEC's decision to move to the new headquarters and that the Department gave approval to enter into the lease.

In relation to the issue of whether or not prior approval was sought the ETB is continuing to search its records at the Department's request and I will keep the Committee informed of the outcome of this process.

Without prejudice to the outcome of that process I want to respond to the issue you have raised of the non-effective expenditure arising from the failure to secure a tenant for the vacated property and a sufficient level of income throughout the intervening period. Until the significant collapse in the property market the VEC secured a level of income that meant the gap between expenditure and income from the vacated property was much reduced. I think it is reasonable to suggest that the VEC would not have proceeded to vacate the property if it could have foreseen in 2006 the eventual price collapse in the market.

Yours sincerely,



Seán Ó Foghlú
Secretary General