

Public Accounts Committee  
Meeting of 1<sup>st</sup> December 2011  
Opening Statement by FAS



Chairman and Members of the Committee.

As requested, I will provide a brief opening statement regarding the work of FÁS in 2010. The figures I will quote have all been rounded off.

### Labour Market Response

Conditions in the labour market continued to be difficult during 2010.

Although the flow of new job losses slowed compared with 2009, employment still fell by 65,000, and by the end of the year was down by more than 300,000 from the peak reached at the end of 2007.

Unemployment continued to rise, reaching 300,000 (14%) towards the end of the year – that is 17% for men and 10% for women.

As part of government's response to rising unemployment in 2009 and 2010, FÁS was mandated to:-

- Provide guidance and information to a greatly increased number of newly unemployed clients, including those referred by the Dept. of Social Protection
- Increase the number of training opportunities for newly unemployed people
- Maintain existing levels of community-based training for early school leavers, people with disabilities and other disadvantaged groups
- Maintain existing levels of support for temporary employment in the community sector through the Community Employment scheme

These measures were additional to those undertaken by agencies other than FÁS. For example, participation in Post Leaving Cert courses run by VECS increased, as did funding support for unemployed people returning to full time education under the Back to Education scheme.

## **Expenditure and Outputs**

Total current expenditure in 2010 was €1.012 billion, a decrease of €44 million on 2009. 79% was expended on programme costs, staff pay and overheads represented 15% and pension costs represented 6%.

Of the expenditure of €802 million on programme costs, 65% was paid to unemployed participants and apprentices, 15% was paid on programme personnel costs (i.e. non FÁS staff costs – community employment scheme supervisors, staff in Local Employment Services offices etc.). The balance of 20% represented payments to external training contractors, consumables and other direct running costs.

Average daily participation on all programmes was approximately 50,000 people. We provided programmes for 170,000 beneficiaries in total, with 125,800 completing these programmes during the year. Of these beneficiaries, 98,000 were unemployed people, 12,000 were apprentices, and 50,000 participated in community employment, jobs initiative, supported employment, jobs clubs and the wage subsidy scheme. The balance of 10,000 participated in a number of smaller schemes. Our learners secured 124,000 awards, principally from FETAC.

The FÁS jobs website provided 64,000 full and part-time vacancies, an increase of 16% on 2009. Surveys showed that 87% of these vacancies were filled within two months. Employers indicated a high level of satisfaction with this service.

In addition to the above, FÁS provided initial guidance interviews to 165,000 unemployed people, both directly and through Local Employment Services. 78,000 of those receiving an initial guidance interview were referred by the Department of Social Protection under the National Employment Action Plan and the remaining 87,000 made direct contact.

FÁS, at the same time, managed a significant reduction in human and other resources. Staff numbers were reduced from 2,272 in December 2008 to 1,936 in December 2010, and staff pay costs in 2010, at €109 million, were down by almost €23 million (17%) since 2008. Non-pay and pension overhead costs were reduced by €17 million (29%) between 2008 and 2010.

## **Other Developments in 2010**

In addition to the programme of down-sizing and cutting budgets, while increasing services, 2010 provided a number of significant developments and challenges for FÁS.

- A new, smaller, Board was appointed in late January following a public call for applicants. It has introduced a number of reforms including a new Finance Committee, quarterly financial reviews by the Board and key performance measures for the organisation, Director General and Senior Management.
- A different approach to the operation of the Construction Skills facility in Mount Lucas, Co. Offaly was required. This facility came into operation in 2009 with the objective of meeting the training requirements for key construction skills on a site which simulated typical building site conditions. Given the current state of the construction industry, it has not proven possible to fully utilise it for its original purpose. Operating costs have been scaled back and the infrastructure is being used for other training courses.
- At the end of 2010, the closure of the Cabra Training Centre took place, primarily on health and safety grounds. Its operations were transferred to other Dublin centres.
- Further issues emerged regarding contract training and certification processes. In response, a new training standards system has been developed and introduced. Revised procedures for contract training and processing of certificates were also introduced.
- Detailed investigations into problems highlighted by the Comptroller & Auditor General and the FÁS Audit Committee were commenced, as was an examination of serious grievances raised by a FÁS staff member. These were completed in 2011.
- European Globalisation Fund initiatives were undertaken in respect of former workers from DELL, Waterford Crystal and SR Technics.

## **Future Developments**

As requested by the Committee, we have provided a separate briefing note on 2011.

By the end of this year, the combination of around 400 staff members that will have left FÁS since the commencement of the moratorium on recruitment, together with the transfer of approximately 700 colleagues to the Department of Social Protection will have reduced our staff complement by almost 50%. Management numbers will have reduced by 55%.

We are now preparing for the dissolution of FÁS during 2012 following the expected enactment of the necessary legislation.

In conjunction with this, Government intends that a new Further Education & Training Authority - SOLAS - will be established with responsibility to plan, coordinate and fund further education and training. Responsibility for training delivery, together with the FÁS training centre network and associated staff will transfer to the planned 16 new Education & Training Boards.

Ultimately SOLAS will have a staffing complement of between 10% to 15% of that of FÁS. It will be a new organisation, with a new mandate. Our focus in 2012 will be to put in place the necessary transformational change programme to ensure that is established on a sound and effective basis for the benefit of future learners who choose further education and training as their route to personal development and employment.

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