



Oifig an Ard-Rúnaí
An Roinn Oideachais agus Scileanna

Office of the Secretary General
Department of Education and Skills

Ms Margaret Falsey,
Committee Secretariat,
Committee of Public Accounts,
Leinster House,
Dublin 2

18th May 2018

Dear Ms Falsey,

Thank you for your letter regarding the Committee meeting of 26th April 2018 and correspondence received from the Chief Executive of Galway and Roscommon ETB.

The Committee requested a note on the following matters:

- The approach to national procurement in the ETB sector since amalgamation
- The systems, number of staff and support given to ETBs on procurement
- A response to the final paragraph of the letter from the Chief Executive of Galway and Roscommon ETB to the Committee

This request presents an opportunity for me to brief the Committee on a number of important developments in the ETB sector since its establishment and the dissolution of the VECs in July 2013. As the Committee is aware the establishment of the sector represented a reduction in the number of entities from 33 VECs to 16 ETBs, and that in the following year ETBs were also tasked with statutory responsibility for a new training function including responsibility for former Training Centres and staff.

Given the significance of these reforms, and the challenges which they gave rise to, this Department established the ETB/SOLAS Project Management Office (PMO) to manage the programme of reform in May 2013. The ETB/SOLAS Programme Board was also established in May 2013 to actively support and enable the implementation of the overall reform programme for the ETB/SOLAS sector. This Programme Board is chaired at Secretary General level and includes other members of the Department's senior management team along with the General Secretary of ETBI, the Chief Executive of SOLAS and the Chief Executives of two ETBs.

The PMO supports both immediate, operational matters as well as the long-term strategic objectives of the change agenda for both ETBs and SOLAS. The PMO identified five strategic priorities for the sector which form part of this change management project. Work in relation to these strategic priorities is ongoing and a number of major projects relating to sector systems have been identified for action, including the establishment of both payroll and financial shared services for the ETBs, an organisation design project, ICT Government Networks connectivity and ICT Strategy development. A number of interim solutions have also been put in place pending the conclusion of some of these projects.

In its letter to the PAC, Galway and Roscommon ETB (GRETB) refers to it not being permitted to purchase a new financial system pending the procurement of the national shared service package referred to above.

The Department acknowledges that the payroll and finance shared services projects have taken longer than originally anticipated at this point in time. However, since the amalgamation of the VECs the PMO has supported, in co-operation with the ETB sector, a number of projects to alleviate the pressure on the payroll and finance systems, namely:

- Merger of the Manser payroll and creditors systems in 9 ETBs including GRETB.
- Upgrades to the Manser/ESI Outcentre Portal to support the processing of Travel & Subsistence claims (Staff & Board Members) and the issuing of electronic P60s
- Stabilisation of the CoreHR payroll system in 5 ETBs
- The finance interim measures project, which is implementing:
 - eInvoicing currently with the capacity to receive invoices from 44 suppliers
 - Purchase Cards facilities available for adoption by the ETBs
- Sanction to adopt DCS Part Time Teachers Payroll (PTTP) module
- Funding and support to specify and procure a new Learner Payment System

The Department is fully committed to delivering upgraded systems to the ETB sector in the form of payroll and finance shared services, as detailed in the Education and Training Sector Shared Services Plan 2017-2020. To this end the Department has established the Education Shared Business Services (ESBS) Centre and is in the process of recruiting the operational teams to operate the services.

The Payroll Shared Services project for ETBs started in 2014 and substantial work was completed on the Business Case including securing funding from D/PER for the project implementation. The tender has taken significantly longer than anticipated but has recently been concluded and a contract is now in place with a supplier. In the interim significant engagement has been undertaken with the sector to prepare for the transition to shared services. The current plan has the first ETBs transitioning to the ESBS in early 2019.

The Finance Shared Services project completed its baseline and Business Case in 2015. The project is currently in the process of finalising a Request For Tenders for publication in Q2/Q3 2018 following extensive consultation and engagement with the sector. The current plan envisages the ETBs beginning to transition to the service early in 2020.

In relation to procurement, I am pleased to point out to the Committee that the schools and the various organisational units within ETBs are high users of central contracts through the ETB structure and are supported in this by a central procurement support function in ETBI. This Department's Public Service Reform (PSR) Unit funds a dedicated resource within ETBI (a Public Service Reform Manager) to provide leadership and coordination of procurement reform within the sector. The PSR Manager works through the network of finance/procurement officers from ETBs, as well as the Director of Organisational Support & Development, and the Chief Executive Fora, to aggregate demand and to encourage the use of central arrangements through the following supports:

- Manage and coordinate Public Service Reform initiatives;
- Manage the OGP relationship and coordinate procurement initiatives for the ETBs;

- Support the General Secretary of ETBI with the stakeholder engagement for the implementation the Public Service Reform agenda;
- Manage communications on Public Service Reform across ETBI and ETBs;
- Manage and develop networks to support sector-wide change;
- Develop and coordinate training and education programmes to support Public Service Reform for the ETB sector.

The function costs c. €0.09m per annum.

The ETB Sector continues to have high levels of participation in national contracts and frameworks. The PSR Manager provides a sectoral resource to facilitate the two-way supply of information, data and escalation of customer service issues where required. It is worth noting that there is 100% participation in OGP electricity and natural gas contracts by ETB schools. ETBs are also key Education Sector users of the OGP contracts and frameworks for stationery, paper, ICT Consumables, PCs, Laptops and School Notebooks. In addition, new Legal Services (Solicitors) and School Books Frameworks are currently being rolled out across the ETB sector.

Additional measures to improve procurement compliance within the sector are referred to below:

- Continued high level of participation and engagement in national contracts and frameworks. ETBs have been the biggest users of the OGP ICT devices Frameworks across the entire public sector.
- High levels of engagement with the OGP model through membership of Category Councils, and Sourcing & Evaluation Teams. The OGP Key Account Manager attends the quarterly ETB Procurement Network meeting.
- Development and delivery of Sector- specific Frameworks and Contracts in collaboration with OGP/EPs/DES:
 - Legal Services
 - School Books model developed to facilitate maximum SME participation and local ETB ownership.
 - Catering Services for all Training Centres
 - Computer Devices (PCs & Laptops)
 - Payments in Schools Project
 - Learner Payments System
- The PSR Manager led a significant project in 2017 to facilitate the standardization and professionalisation of procurement in the ETB in line with best practice including:
 - Development of Suite of ETB tender templates for use on all procurements of supplies and services below EU Threshold (€25K- €221K). These templates aim to support a compliant, proportionate best practice approach to the procurement of goods and services not already covered by centralised contracts and frameworks.
 - A Sectoral Procurement Policy for all ETBs was developed by the Procurement Policy Working group led by the PSR Manager. This policy aims to bring a standardised and compliant approach to all procurement practice across the ETB Sector including below-threshold procurement, and this is currently being rolled out across the sector.

- An NFQ Level 8 Certificate in Procurement Management has been developed in conjunction with UCC, and delivered in ETBI to ETB procurement personnel (NFQ level 8), which will equip ETB personnel with the knowledge, skills and strategic approach to lead procurement best practice within ETBs while facilitating greater collaboration and cooperation across the ETB community. This commenced in January 2018 with the first cohort of 20 students from across the ETB Sector. Innovative blended delivery model of lectures in ETBI, on-line tutorials and distance learning.
- Training delivered to all ETBs on *Managing a Full Tender Process* (May 2017) & *Effective Contract Management* (Oct 17), *ETB Procurement Clinic* scheduled for 18th April 2018.

However, there is still work to be done; as the Committee is aware a number of the 2016 Annual Financial Statements for the ETBs which were most recently certified by the C&AG disclose in the Statements on Internal Control that the ETBs concerned were not fully compliant with procurement guidelines. There is a strong emphasis now being put on disclosures in this area by the C&AG.

Those ETBs have provided the Department with information outlining improvements that have been, or are being, made to achieve compliance in relation to the contracts concerned, with a number of contracts already progressed with the OGP and others to follow. Procurement frameworks are not available for all of the areas but are used when available.

Nonetheless good progress is being made. A good example of this is included in GRETB's letter to the Committee which outlines the significant progress that it has made in 2017 across a wide range of spending areas.

One of the main themes emerging for ETBs relates to aggregation of contracts on an ETB-wide basis. A number of the ETBs concerned have indicated that while procurement has taken place at local training centre or school level within internal guidelines, when viewed on an aggregate basis across the ETB this may be deemed to be non-compliant with national guidelines. Compliance on an aggregate basis can be a challenge for ETBs; ETBs can operate across significantly sized geographical areas and may have upwards of 50 different schools and centres spread across the breadth of up to three counties. In this context it can be difficult to contract for single suppliers offering services which are sufficiently flexible and available to serve all schools and centres equally.

On a related note, I am aware that the Committee's discussions have previously touched on the issue of striking a balance between achieving economies of scale and not ruling local suppliers out of the market. This is a pertinent issue in the ETB and education sector where local enterprises can offer quality and good value services, suitably flexible for an organisation's needs and where local businesses often support and promote education in their local communities.

Staffing

In relation to staffing in the ETB sector. The Department provides each ETB with a non-teaching staffing complement for its Head Office functions which supports the corporate needs across the organisation. It is a matter for the Chief Executive of each ETB to deploy staff within the organisation in accordance with its particular needs.

There was a period of retrenchment during the moratorium. In the post-moratorium phase, in 2015 the Department was in a position to sanction the filling of critical vacancies, and focussed on finance and HR

which were the key areas of need. Further progress was possible in 2016 and 2017, albeit that funding to augment staffing remains limited and must be directed at priority areas.

Accordingly, the Department's approach to staffing requests from an ETB is to consider the following:

- its prioritisation of vacancies,
- affordability within the pay budget and
- how the staffing in the ETB compares to comparable ETBs.

Pending clarity on what capacity may create at ETB level by the move to shared services systems, and the outcome of further work on an organisational design project, the Department has taken the prudent approach of approving posts on an acting/temporary basis.

Administrative Staffing Vacancies filled in ETB Head Offices: The Department has permitted ETBs to fill a number of posts since 2015. The majority of the approvals were for replacement posts arising from retirements, long-term sick leave, resignations or consequential vacancies arising from promotions. However, a number of new/additional temporary posts have been sanctioned to enable certain ETBs to carry out work on systems mergers or in relation to specific pressures.

In relation to GRETB, since 2016 the Department has engaged with GRETB management on a number of occasions in relation to its staffing pressures. Following such engagement, the ETB identified and prioritised staffing pressures within its HR Section. The Department sanctioned the filling of a temporary Assistant Principal, Grade VII, Grade V, Grade IV and two Grade III posts in order to support the ETB in implementing its functions and the restructuring and streamlining process that was underway in the ETB. It is a matter for the ETB to assign staff from within its staffing complement to particular areas and duties in accordance with its needs.

As outlined further below, GRETB has also benefitted from the strengthening of senior management teams as part of Phase I of Organisation Design. Phase II will have a focus on workforce planning. This will ensure that there is more comprehensive and comparable information in respect of all ETBs to aid Department decision making on staffing matters.

ETB Organisation Design – Phase I: In 2013, the PMO commenced a project to review the organisational structure of the new ETBs. This resulted in the Department increasing the number of permanent senior manager positions immediately below the level of Chief Executive in 13 ETBs to 3 – a Director of Schools, a Director of Further Education and Training (FET) and a Director of Organisation Support and Development (OSD). Two ETBs (Cork and DDL) have 4 such positions, and City of Dublin ETB, has 5 such positions. The post of Director of OSD is particularly relevant in relation to the issues touched on in this correspondence as it is the senior management support within the ETB with lead responsibility for corporate governance matters including procurement. This investment emphasises the importance the Department has placed on strengthening this key area within ETBs. These posts have been in place since late 2016/early 2017.

Vacancies for Director Posts were filled through recruitment competitions run by the Public Appointments Service. There are now a total of 52 Directors in the ETB sector. The salary scale for the Director posts begins at €68,201 and the maximum point is €105,653 (equivalent to former Education Officer post).

Organisation Design - Phase II: In January 2017, the ETB/SOLAS Programme Board approved a project to build on the recruitment of the senior management positions by reviewing current organisational structures within each ETB Directorate (Schools, FET and OSD) so that there is clarity and transparency on roles to be performed across these areas with particular emphasis on how non-frontline staff are utilised. The focus is on understanding how the ETBs plan to organise within each pillar both locally and nationally whilst taking account of the introduction of payroll and finance shared services.

It requires each ETB to identify the priorities for delivery of services along with the business process impacts, if any, associated with delivery of each of these priorities.

A joint ETBI/DES Management Group has been established to provide a governance structure for the project. Following engagement between the Official Side (DES and ETBI) and the Staff Side, data gathering templates were drafted and issued to the sector on 3 July 2017. An overview document dealing with common sectoral themes emerging from the responses was prepared by ETBI and submitted to the PMO in December 2017. Consideration, clarification and analysis of the templates received in December 2017 has taken place and some next steps identified. The DES is actively engaging with ETBI and the Staff side on this matter.

I trust that this information is helpful.

Yours sincerely,



Seán Ó Foghlú
Secretary General