

11 July 2018

Ms Margaret Falsey
Committee of Public Accounts Secretariat
Dáil Éireann
Leinster House
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BY EMAIL ONLY: PAC@oireachtas.ie

PAC32-I-981

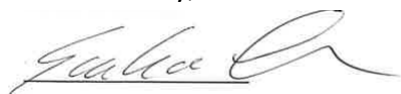
Dear Ms Falsey,

I refer to your letter of 26 June 2018 seeking:

- A comparative note on the financial position in terms of annual deficits/surpluses of all Institutes of Technology for 2016 and where available 2017.
- An update on the financial position of the accounts of Waterford Institute of Technology

Please see attached note which I hope answers the Committee's queries in this regard.

Yours sincerely,



Graham Love
Chief Executive

1. A comparative note on the financial position in terms of annual deficits/surpluses of all Institutes of Technology for 2016 and where available 2017.

The Institutes of Technology 2017 financial statements are still in preparation and have not yet been published. The table below lists the 2016 annual and accumulated financial positions for the Institutes.

Institutes of Technology Financial Statements 2016		
	Outturn 2015/16	Accumulated position 2015/16
AIT	€ 381,000	€ 3,035,000
ITB	€ 1,090,000	€ 13,547,000
ITC	€ 4,658,000	€ 7,870,000
CIT	€ 624,000	€ 446,000
DIT	€ 4,004,000	€ 13,395,000
DKIT	€ -	
IADT	€ 482,000	€ 5,628,000
GMIT	-€ 1,615,000	-€ 3,299,000
LYIT	-€ 137,000	€ 1,598,000
LIT	-€ 706,000	€ 8,092,000
ITS	€ 1,284,000	€ 10,073,000
ITTD	€ 61,000	€ 3,382,000
ITTRA	-€ 1,700,000	-€ 1,843,000
WIT	-€ 1,748,000	-€ 4,438,000

Ten of the Institutes of Technology have accumulated surplus positions in the 2016 financial statements. Two of these have annual operating deficits which have been met using the accumulated reserves (LYIT & LIT). Three of the Institutes have accumulated deficits in the 2016 financial statements (GMIT, IT Tralee and WIT). It is expected that DKIT's 2016 financial statements will also report an accumulated deficit, when finalised.

The HEA has been closely monitoring the financial position of all Institutes and is working with those Institutes operating in deficit to ensure appropriate mechanisms are put in place to eliminate the deficit. The HEA has a policy framework for engaging with Institutes in financial deficit which requires Institutes to submit a three-year plan to return to a balanced budget situation. All the institutes with deficits are engaged in this process.

In its 2018 annual budgetary process with the Institutes of Technology the HEA has noted improvement in the overall financial position of the IOT sector comparative with the 2017 budgetary process. There have been notable returns to balance for institutions previously in deficit. DKIT and GMIT have shown significant improvement. DKIT have indicated a return to operating surplus in draft 2016 accounts. GMIT are also expected to return to operating surplus in 2018 financial statements.

HEA continues to closely monitor the financial position of IT Tralee and WIT, and both institutes have, under the HEA policy, engaged the assistance of external financial advisors, to develop on measures to return to balanced financial positions.

2. An update on the financial position of the accounts of Waterford Institute of Technology

Waterford Institute of Technology has accumulated a significant financial deficit, the 2016 financial statements report €4.4m of deficit. WIT has agreed a financial plan with the HEA to bring it back into a balanced budget. The plan includes new programme development linked to industry engagement, restructuring of campus companies, recruitment strategy to maintain student numbers and the implementation of a plan to address retention weaknesses. The HEA has been closely monitoring the financial position of the institute and receives quarterly reports and regular updates of the measures undertaken. It is forecast that the financial stability measures will return the institute to a balanced position in the 2019/20 financial year.