



**An Roinn Oideachais
agus Scileanna**
Department of
Education and Skills

Briefing Note for the Committee of Public Accounts on Department of Education and Skills (Vote 26) 2018 and 2019 Appropriation Accounts

Department of Education and Skills Submission to
the Committee of Public Accounts

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1. 2019 Appropriation Accounts

1.1 VOTE OVERVIEW

The Department's net voted allocation in 2019 (following a supplementary estimate) was €9.869 billion, which included a gross capital allocation of €940.5 million. An overview of the Department's original gross and net allocations, supplementary estimate and final outturn in 2019 is set out in Table 1 below.

Table 1: Summary of Budgetary Position, 2019

	Original Allocation (REV) €000	Supplementary Estimate €000	Budget after supplementary €000	Outturn €000	Variation after supplementary €000
Gross	10,281,547	99,499	10,381,046	10,373,414	-7,632 (-0.07%)
Appropriation-in-Aid	480,891	31,499	512,390	511,021	-1,369 (0.27%)
Net	9,800,656	68,000	9,868,656	9,862,393	-6,263* (-0.06%)

* This amount was surrendered to the Exchequer

In addition to Voted Exchequer funds, the Department is also responsible for the non-voted National Training Fund (NTF) which, under the National Training Fund Act 2000, is used to raise the skills of those in or seeking employment and to provide information in relation to skills needs in the economy. The National Training Fund had a gross expenditure allocation of €509.140 million in 2019. Separate National Training Fund accounts are prepared for and audited by the Comptroller and Auditor General, with the 2019 accounts submitted to the Comptroller and Auditor General within three months of the year-end.

1.2. STRUCTURE OF THE VOTE

The Vote is sub-divided into three expenditure programmes¹. Details of the three programmes, the rationale for each and the allocation and outturn for 2019 are set out in Table 2 below.

The Department's administrative expenditure is included on a proportional basis within each of the three programmes. If this was shown separately, the administrative budget allocation for the Department in 2019 was €103.082 million and the outturn was €101.360 million.

¹ In previous years, the Department reported under four programmes with capital services included as a separate programme. From 2019, these costs are included in the related programme. In the 2019 Appropriation Accounts, the 2018 outturn figures have been reallocated across the three programmes to reflect the revised reporting arrangements.

Table 2: Budget and Expenditure per Programme, 2019

Programme	Rationale	Original allocation €000	Allocation after Supplementary €000	2019 Outturn €000
Programme A: First, Second & Early Years Education	<i>Provides a quality inclusive school and early years' education system with improved learning outcomes</i>	8,106,258	8,196,357	8,244,663
Programme B: Skills Development	<i>Provides opportunities for up-skilling and re-skilling that meet the needs of individuals and the labour market</i>	440,962	441,362	432,548
Programme C: Higher Education	<i>Provides high-quality learning, research and innovation opportunities in the higher education sector</i>	1,734,327	1,743,327	1,696,203
Gross Allocation/Expenditure		10,281,547	10,381,046	10,373,414
Deduct Appropriations-in-Aid		<i>480,891</i>	<i>512,390</i>	<i>511,021</i>
Net Allocation/Expenditure		9,800,656	9,868,656	9,862,393

1.3. RECEIPTS

Certain receipts arising in the normal course of the Department's ordinary Vote business may be retained as Appropriations-in-Aid to meet expenditure within the course of the year. A breakdown of these receipts is attached at Table 3.

The Department's original estimate of Appropriations-in-Aid for 2019 was €480.891m. The Supplementary Estimate increased this by €31.499m to €512.390m. The total outturn at end-2019 was €511.021m. While the Department seeks to make as accurate a forecast as possible in respect of expected appropriations-in-aid, the timing and amount of receipts is often outside the control of the Department.

Table 3: Receipts (Appropriations in Aid), 2019

	Original Allocation €000	Amended by Supplementary Estimate €000	Realised €000
Superannuation contributions	180,027	(7,648)	170,623
EU receipts (European Social Fund, European Globalisation Fund and miscellaneous EU receipts)	35,025	39,147	74,185
Additional Superannuation Contributions on public service remuneration ²	258,617	N/A	254,294
Secondments/overpayments	3,824	N/A	5,598
Miscellaneous	3,398	N/A	6,321
TOTAL	480,891	31,499	511,021

1.4. VARIATIONS BETWEEN ALLOCATION AND OUTTURN

Every effort is made to forecast expenditure as accurately as possible each year, but there is, inevitably, always some degree of uncertainty. A particular feature of the Education and Skills budget is that the end-of-year position is difficult to forecast until after the new school year has commenced in the last quarter of the financial year. The Department continuously reviews its funding position throughout each financial year to identify potential savings and pressures to ensure that maximum use is made of available funds.

Table 4 shows the variance between outturn and the original budget for subheads where significant variations emerged (i.e. where the variation was more than €100,000 and by more than 5%) and an explanation as it appeared in the appropriation accounts.

Table 4: Significant Variations from Allocation

Sub-head	Description	Variation €000	Explanation
A.3*	Salaries, wages and allowances (including incidental payments) of primary school teachers	+€13,955	Estimate provision: €2,497.802m, outturn: €2,511.757m The increase in expenditure of €13.955 million relative to the original estimate provision was primarily due to: <ul style="list-style-type: none"> • increases in the level of substitution leave, including maternity, illness and continuous professional development leave, taken by teachers in 2019 (€7.6 million)

² In 2019, additional superannuation contributions on public service remuneration replaced pension related deductions on public service remuneration.

			<ul style="list-style-type: none"> • additional costs to fund a teacher supply initiative resulting in the application of the personal rate to teachers who worked as substitutes during a career break backdated to the 2018/2019 school year (€3.2 million) • a range of other factors including demographic demands for mainstream teacher posts being greater than provided and actual costs due to teachers under public sector pay restoration agreements being greater than provided along with savings on costs associated with home tuition and the July Provision schemes. <p>A supplementary of €17.5 million was approved for this subhead with some unexpected under spends arising at the year-end, including savings relating to home tuition costs.</p>
A.4*	Salaries, wages and allowances (including incidental payments) of secondary, comprehensive and community school teachers	+€10,841	<p>Estimate provision: €1,320.762m, outturn: €1,331.603m</p> <p>The increase in expenditure of €10.841 million relative to the original estimate provision was primarily due to:</p> <ul style="list-style-type: none"> • salary costs higher than had been allocated in the original estimate mainly due to increases in the level of substitution costs arising from increases in both paid absences, including maternity, illness and continuous professional development leave, and unpaid absences including parental and maternity leave and demographic demands for mainstream teacher posts being greater than provided (€8.8 million) • a range of other factors, including actual costs due to teachers under public sector pay restoration agreements being greater than provided. <p>A supplementary of €10 million was approved for this subhead to provide for these increases in expenditure.</p>
A.5*	Grants to Education and Training Boards in respect of ETB teachers' salaries	+€18,139	<p>Estimate provision: €709.604m, outturn: €727.743m</p> <p>The increase in expenditure of €18.139 million relative to the original estimate provision was primarily due to:</p> <ul style="list-style-type: none"> • the continued rollout of the 2013 single pension scheme which requires pension contributions to be paid directly to the superannuation Vote rather than being retained by ETBs, has resulted in reduced income for ETBs which was previously offset against their payroll costs. In 2019, this resulted in an increased funding requirement for ETBs to compensate for the reduction in income (€8.7 million) • demographic demands for mainstream teacher posts being greater than provided (€7.7 million) • re-alignment of six ETB payrolls in 2019 to facilitate migration to the ETB shared services payroll system that is currently being developed. This resulted in an extra pay roll run for 4 of those ETBs (€4 million). <p>A supplementary of €19.765 million was approved for this subhead to provide for these increases in expenditure.</p>

A.6*	Salaries, wages and allowances (including incidental payments) of special needs assistants in primary and post primary schools	+€5,436	<p>Estimate provision: €559.229m, outturn: €564.665m</p> <p>The increase in expenditure of €5.436 million relative to the original estimate provision was primarily due to:</p> <ul style="list-style-type: none"> • higher than anticipated salary costs for special needs assistants including additional substitution costs (€4.7 million) • a range of other factors, including, actual costs due to special needs assistants under public sector pay restoration agreements being greater than provided. <p>A supplementary of €5 million was approved for this subhead to provide for these increases in expenditure.</p>
A.9*	School transport services	+€20,531	<p>Estimate provision: €198.669 m, outturn: €219.200 m</p> <p>The increase in expenditure of €20.531 million relative to the original estimate provision was primarily due to:</p> <ul style="list-style-type: none"> • increased number of children with special educational needs seeking school transport from 13,000 in 2018 to over 14,400 in 2019 (€15 million) • increased costs of transport services to mainstream schools including increases arising from annual procurement of routes, demographic increases resulting in new routes and extensions to existing routes (€7 million) • this increase was offset somewhat by an increase in pupil contributions in the region of €1.8 million and other savings in the region of €1 million. <p>A supplementary of €19.972 million was approved for this subhead to provide for these increases in expenditure along with savings in other expenditure areas.</p>
A.11*	Grants to education bodies working in the primary and post primary sectors	+€1,464	<p>Estimate provision: €96.524m, outturn: €97.988m</p> <p>A supplementary of €9.862 million was approved for this subhead to provide for increases in the State Examinations Commission (SEC) due to:</p> <ul style="list-style-type: none"> • reforms of the leaving certificate appeals systems, arising from a High Court case ruling (€3 million) • accelerated implementation of the new online marking system to assist reforms to the appeals system (€3.5 million) • extension of leaving certificate timetable by two days to alleviate time pressures of students sitting exams (€300,000) • demographic factors resulting in an additional number of students taking state exams with associated costs arising (€700,000) • PSSA-related pay increases to contract exam staff (€1 million) • various other costs including additional SEC staffing costs (€1.4 million). <p>These increases in SEC expenditure were mainly offset by savings in grants across a range of other education bodies</p>

			funded under this subhead including the National Council for Special Education (NCSE), An Chomharile un Oideachas Gaeltachta agus Gaelscolaíochta (COGG) and Educational Research Centre (ERC). This resulted in an overall net increase in expenditure of €1.464 million relative to the original estimate.
A.12	Teacher Education	-€4,186	<p>Estimate provision: €33.238m, outturn: €29.052m</p> <p>The decrease in expenditure of €4.186 million relative to the estimate provision was primarily due to:</p> <ul style="list-style-type: none"> • delayed recruiting to the Junior Cycle for Teachers team and a lower than anticipated uptake for some continuing professional development courses (€1.4 million) • a phased rollout of support at Senior Cycle was introduced for a number of subjects rather than a full national rollout (€750,000) • savings arose in respect of the reimbursement of the ICT grant from the Technology and Education subhead, a reduction due to 2019 audit fees recouped from Education Centres and tighter controls on grant allocations to the centres (€700,000) • savings due to lower than anticipated take up on a number of Centre for School Leadership (CSL) programmes and the split of a CSL evaluation over two years (€630,000) • Teacher Professional Networks: not all approved network activities progressed as anticipated in 2019 resulting in savings of (€200,000).
A.13	Payments in respect of residential institutions redress and costs associated with the Child Abuse Commission	+€755	<p>Estimate provision: €1.721m, outturn: €2.476m</p> <p>The increase in expenditure of €755,000 relative to the estimate provision was primarily due to the outcome of a Supreme Court judgement in December 2018 and the completion of all remaining applications and ancillary issues arising from this judgement.</p>
A.15*	Primary and post primary infrastructure	+€53,683	<p>Estimate provision: €641m, outturn: €694.683m</p> <p>The increase in expenditure of €53.683 million relative to the original estimate provision was primarily due to costs to cater for additional capacity to meet demographic needs, the School Remediation Programme and additional temporary school accommodation costs.</p> <p>Funding of the School Remediation Programme is being met from contingency provision within the capital budget, savings from other capital allocations within the Vote and from the Department's reduced funding requirement for the multi-annual capital development in Technological University Dublin, Grangegorman following the sale of Dublin Institute of Technology, Kevin Street.</p>

			A supplementary of €8 million current expenditure was approved for this subhead to provide for additional temporary school accommodation costs.
A.16	Public private partnership costs [Schools]	-€7,579	<p>Estimate provision: €84.055m, outturn: €76.476m</p> <p>The decrease in expenditure of €7.579 million relative to the estimate provision was primarily due to:</p> <ul style="list-style-type: none"> • a delay in service delivery of the remaining three schools in Schools Bundle 5 resulting in the unitary charges for this bundle being lower than originally anticipated (€1.9 million) • inflation levels in 2019 were lower than originally envisaged resulting in lower indexation costs on unitary charges payments across the Pilot Bundle, Schools Bundle 1, 2, 3 and 4 (€900,000) • lower than anticipated VAT bullet payment in respect of the three remaining schools in Schools Bundle 5 (€600,000) • lower than anticipated costs with the delivery programme for the extension at Ard Scoil na Mara, Tramore (€600,000) • reduced unitary charges in respect of agreed service and availability failures across all school bundles (€400,000) • lower than anticipated costs relating to the refinancing of Schools Bundle 3 (€300,000) • lower than anticipated costs in respect of minor works and operational costs across the schools bundles (€900,000) • lower than anticipated drawdown of the ICT and % for Art grants (€240,000) • delay in the completion of the Pilots Mid Term Review resulted in lower fees than originally anticipated to be paid in 2019 (€100,000) • remaining savings related to a programme level contingency sum of €1.630 million for unanticipated costs. This was not drawn down.
B.3	Grants to SOLAS in respect of administration and general expenses	-€1,945	<p>Estimate provision: €24.318m, outturn: €22.373m</p> <p>The decrease in expenditure of €1.945 million relative to the estimate provision was due to funding retained by the body at the end of 2018 which was offset in the 2019 grant payments in compliance with Circular 13/2014.</p>
B.4	European Social Fund (ESF) and European Globalisation Fund (EGF) supports	-€225	<p>Estimate provision: €525,000, outturn: €300,000</p> <p>The decrease in expenditure of €225,000 relative to the estimate provision was primarily due to there being no EGF programme in operation in Ireland in 2019 and to some planned ESF related expenditure not commencing until late 2019 with the balance of the costs carrying over into 2020.</p>
B.5*	Grants to SOLAS in respect of further education and training activities	-€5,384	<p>Estimate provision: €372.950m, outturn: €367.566m</p> <p>The decrease in expenditure of €5.384 million relative to the original estimate provision was primarily due to savings arising from the payment of Vocational Training Opportunities Scheme (VTOS) costs from the National Training Fund (NTF) that were originally profiled for payment from this subhead.</p>

			A supplementary of €400,000 was provided following an announcement as part of Budget 2020 to award a 2019 Christmas Bonus payment to Social Welfare recipients which impacted participants on SOLAS funded further education and training programmes in receipt of a training allowance in lieu of benefits. This was paid in early December costing approximately €900,000, of which €400,000 arose in this subhead with the remaining €500,000 paid from the National Training Fund.
B.7	Superannuation etc. payable to former members of FÁS, SOLAS and An Comhairle Oiliúna (ANCO)	-€1,729	Estimate provision: €33m, outturn: €31.271m The decrease in expenditure of €1.729 million relative to the estimate provision was primarily due to savings arising from year on year reductions in pension and lump sum payments.
C.3	Grant for general expenses of Higher Education Authority	+€761	Estimate provision: €7.021m, outturn: €7.782m The increase in expenditure of €761,000 relative to the estimate provision was due to HEA administration and programme costs paid in 2019 from this subhead which were originally profiled for payment from the C.4 subhead.
C.4*	General current grants to universities, institutes of technology and other designated institutions of higher education	+€13,029	Estimate provision: €991.926m, outturn: €1,004.955m The increase in expenditure of €13.029 million relative to the estimate provision was primarily due to: <ul style="list-style-type: none"> • additional cost associated with a High Court pay deal settlement, including arrears, in the health sector related to academic medical consultants not originally allocated for in 2019 (€9 million) • additional grants paid in 2019 to address the ongoing impacts of the reduction and timing of free fee instalments (€5 million). <p>A supplementary of €9 million expenditure was approved for this subhead to provide for a High Court pay deal settlement and other increases in expenditure which were offset by HEA administration and programme costs paid in 2019 from C.3 that were originally profiled for payment from this subhead (€761,000).</p>
C.6	Dublin Dental Hospital (grant)	+€646	Estimate provision: €11.580m, outturn: €12.226m The increase in expenditure of €646,000 relative to the estimate provision was due to increased pay and pension costs in 2019 not originally allocated mainly: <ul style="list-style-type: none"> • additional lump sums superannuation costs (€525,000), and, • new entrant academic consultants pay awards costs (€120,000).
C.11	Student support and related expenses	-€21,156	Estimate provision: €404.450m, outturn: €383.294m The decrease in expenditure of €21.156 million relative to the estimate provision was primarily due to savings arising from:

			<ul style="list-style-type: none"> • lower number of grant holders in the academic year 2018/2019 compared with the previous academic year reduced by 2,923 from 77,480 to 74,557 • lower numbers applying for the grant for the 2019/2020 academic year, 95,800 applications as at 31 December 2019 versus 98,700 as at 31 December 2018, a reduction of 2,900 • total student awards arising from a result of assessment and appeals as at 31 December 2019 were 76,108 compared with 78,994 awards as at 31 December 2018, a reduction of 2,886. <p>The number of grant holders are decreasing as employment rates and income levels have been rising in recent years while qualifying income thresholds for grant support have remained constant.</p>
C.13	EU, international and north south activities	-€497	<p>Estimate provision: €7.489m, outturn: €6.992m</p> <p>The decrease in expenditure of €497,000 relative to the estimate provision was primarily due to:</p> <ul style="list-style-type: none"> • lower than anticipated applications to the competitive call for the EU Pilot for the European Universities Initiative (€323,000) • lower than anticipated expenditure on OECD related projects (€240,000). <p>These decreases in expenditure were offset by additional costs relating to the delay during 2018 in establishing partnerships between schools under PEACE IV Programme resulting in an unexpected payment arising in 2019 (€137,000).</p>
C.15	Miscellaneous grants and services [Higher Education]	+€275	<p>Estimate provision: €100,000, outturn: €375,000</p> <p>The increase in expenditure of €275,000 relative to the estimate provision was primarily due to additional grant funding provided to:</p> <ul style="list-style-type: none"> • The National Council for the Blind Ireland, to support third level students with visual impairments and print disabilities (€150,000). • National Women's Council of Ireland to support the consent framework and Ending Sexual Harassment and Violence in Third-Level Education (ESHTE) (€82,000). • Transparency International Ireland for a pilot programme to introduce the Integrity at Work (€45,000).
C.16	Third level infrastructure	-€25,000	<p>Estimate provision: €90m, outturn: €65m</p> <p>The decrease in expenditure of €25 million relative to the estimate provision was primarily due to the re-profiling of funds allocated to the Higher Education capital provision for 2019 to address a portion of the costs associated with the schools structural remediation programme. This enabled the Department to meet the costs of the remediation programme from within its overall capital allocation for 2019.</p>

			<p>The €25 million re-profiling of Higher Education capital provision was partly facilitated by a €15 million contribution due from the Department of Education and Skills to the Grangegorman project no longer being required in 2019. This was no longer required due to the higher than expected proceeds from the sale by Technological University Dublin of the former Dublin Institute of Technology Kevin Street property.</p>
C.17	Public private partnership costs [Higher Education]	-€7,566	<p>Estimate provision: €25.945m, outturn: €18.379m</p> <p>The decrease in expenditure of €7.566 million relative to the estimate provision was primarily due to:</p> <ul style="list-style-type: none"> • delays in profiled spend on the Higher Education PPP programme resulted in payments being lower than anticipated (€4.2 million) • lower than anticipated inflation levels in 2019 resulting in lower than projected indexation costs being applied to unitary charges payments across two higher education projects (€800,000), and, • lower than anticipated operational and contingency costs arising across a number of areas.
D.1^	Superannuation contributions	-€9,404	<p>Estimate: €180.027m, realised: €170.623m</p> <p>The decrease of €9.404 million relative to the estimate provision was primarily due to:</p> <ul style="list-style-type: none"> • The Single Pension Scheme introduced in 2013, which is now remitted directly to the Department of Public Expenditure and Reform, through the Department of Finance, resulting in a reduced amount of receipts paid into this subhead. As teaching staff come under the 2013 scheme replacing contributions from older schemes a shortfall of approximately €9 million has arisen. • Fewer than anticipated one-off receipts which occur for a variety of reasons, which resulted in a shortfall in receipts of approximately €450,000. <p>The estimate of €180.027 million approved for this subhead was reduced by €7.648 million in the supplementary estimate to partly take account of anticipated shortfalls in superannuation contributions.</p>
D.2*	Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts	+€39,160	<p>Estimate: €35.025m, realised: €74.185m</p> <p>The increase of €39.160 million relative to the estimate was primarily due to a conservative forecast of potential ESF receipts for drawdown during 2019 which subsequently yielded €73.826 million in ESF receipts by yearend.</p> <p>The level of receipts in a given year is dependent on the value of the payment applications made to the Commission. Youthreach, Adult Literacy and the Back to Education Initiative are EU co-financed activities. They are pre-financed by the Education Vote and the EU receipts in respect of these activities are claimed from the Commission in arrears,</p>

			<p>in accordance with the EU regulatory provisions. Payment applications are prepared by the Education and Training Boards and are subject to management verifications by SOLAS and the ESF Managing and Certifying Authorities. The 2019 outturn consists mainly of receipts from two payment applications submitted to the European Commission in June and November 2019.</p> <p>An increased supplementary of €39.147 million was approved for this subhead to partly take account of additional EU receipts arising from the November 2019 claim.</p>
D.4	Secondments/over payments	+€1,774	<p>Estimate: €3.824m, realised: €5.598m</p> <p>The increase of €1.774 million relative to the estimate was primarily due to overpayment recovery receipts being higher than anticipated. It is difficult to accurately predict the level of these receipts as recoupment of overpayments may be on a once-off basis or on a phased basis.</p>
D.5	Miscellaneous [Income]	+€2,923	<p>Estimate: €3.398m, realised: €6.321m</p> <p>The increase of €2.923 million relative to the estimate primarily arose in respect of additional miscellaneous receipts of €2.273 million not originally estimated for, due to the varied nature of receipts in this category and €650,000 higher than anticipated capital receipts in local authority funding.</p>

* Subhead received an increasing supplementary estimate

^ Subhead received a decreasing supplementary estimate

1.5. SUPPLEMENTARY ESTIMATE

The Department's net **Supplementary requirement for 2019 was €68 million**. This represents a variation from the original estimate at the start of the year of less than 0.7%. The €68 million was due to gross expenditure requirements and expected surplus income as follows:

• School payroll:	€52.3 million
• School transport:	€19.9 million
• State examinations:	€9.9 million
• School rental accommodation:	€8 million
• Medical consultants pay deal:	€9 million
• Christmas bonus (training allowances):	€0.4 million
• Appropriations-in-Aid (Income)	(€31.5million)

The €99.5 million gross expenditure amount approved was offset by additional Appropriations-in-Aid income of €31.5 million mainly due to extra receipts from European Social Fund claims. This reduced the net requirement to €68 million. There were expenditure

pressures in other areas (notably pensions) but these were offset by savings secured elsewhere in the Department's budget.

1.6. YEAR-END SURPLUS TO SURRENDER

The 2019 post Supplementary Estimate allocation for Vote 26 was €9,868.656 million. The year-end actual was €9,862.393 million. This resulted in a net **€6.263 million surplus to surrender** of approved Vote allocations back to the Exchequer. This €6.263m surplus is 0.06% of the post supplementary allocations approved. This is considered a contingency amount in line with prudent Vote management to maintain a year-end surplus to surrender to ensure no annual gross and/or net excess Vote spend over the approved allocations arises, which is a public financial procedures requirement.

2. 2018 Appropriation Accounts

2.1. VOTE OVERVIEW

The Department's net voted allocation in 2018 (following a supplementary estimate) was €9.338 billion, which included a capital allocation of €742.5 million. An overview of the Department's original gross and net allocations, supplementary estimate and final outturn in 2018 is set out in Table 1 below.

Table 1: Summary of Budgetary Position, 2018

	Original Allocation (REV) €000	Supplementary Estimate €000	Budget after supplementary €000	Outturn €000	Variation after supplementary €000
Gross	9,673,042	147,000	9,820,042	9,810,643	-9,399 (-0.1%)
Appropriation-in-Aid	516,495	(34,700)	481,795	586,860	-105,065 (-21.8%)
Net	9,156,547	181,700	9,338,247	9,223,783	-114,464 (-1.2%)*

* This amount was surrendered to the Exchequer

In addition to Voted Exchequer funds, the Department is also responsible for the non-voted National Training Fund (NTF) which, under the National Training Fund Act 2000, is used to raise the skills of those in or seeking employment and to provide information in relation to skills needs in the economy. The National Training Fund had a gross expenditure allocation of €415.45 million in 2018. Separate National Training Fund accounts are prepared for and audited by the Comptroller and Auditor General, with the 2018 accounts presented to the Oireachtas on the 18th of December 2019.

2.2. STRUCTURE OF THE VOTE

The Vote is sub-divided into four expenditure programmes. Details of the four programmes, the rationale for each and the allocation and outturn for 2018 are set out in Table 2 below.

The Department's administrative expenditure is included on a proportional basis within each of the four programmes. If this was shown separately, the administrative budget allocation for the Department in 2018 was €97.298 million and the outturn was €97.676 million.

Table 2: Budget and Expenditure per Programme, 2018

Programme	Rationale	Original allocation €000	Allocation after Supplementary €000	2018 Outturn €000

Programme A: First, Second & Early Years Education	<i>Provides a quality inclusive school and early years' education system with improved learning outcomes</i>	6,998,169	7,128,169	7,133,309
Programme B: Skills Development	<i>Provides opportunities for up-skilling and re-skilling that meet the needs of individuals and the labour market</i>	376,508	376,508	361,359
Programme C: Higher Education	<i>Provides high-quality learning, research and innovation opportunities in the higher education sector</i>	1,606,154	1,623,154	1,613,023
Programme D: Capital Services	<i>Plans and provides appropriate infrastructure for learning environments</i>	692,211	692,211	702,952
Gross Allocation/Expenditure		9,673,042	9,820,042	9,810,643
Deduct Appropriations-in-Aid		<i>516,495</i>	<i>481,795</i>	<i>586,860</i>
Net Allocation/Expenditure		9,156,547	9,338,247	9,223,783

2.3. RECEIPTS

Certain receipts arising in the normal course of the Department's ordinary Vote business may be retained as Appropriations-in-Aid to meet expenditure within the course of the year. A breakdown of these receipts is attached at Table 3.

The Department's original estimate of Appropriations-in-Aid for 2018 was €516.495m. The Supplementary Estimate reduced this by €34.7m to €481.795m. The total outturn at end-2018 was €586.860m. While the Department seeks to make as accurate a forecast as possible in respect of expected appropriations-in-aid, the timing and amount of receipts is often outside the control of the Department.

Table 3: Receipts (Appropriations in Aid), 2018

	Original Allocation €000	Amended by Supplementary Estimate €000	Realised €000
Superannuation contributions	205,447	N/A	174,115
EU receipts (European Social Fund, European Globalisation Fund and miscellaneous EU receipts)	35,025	(34,700)	109,816
Pension-related deductions	266,451	N/A	292,871
Secondments/overpayments	3,824	N/A	5,057
Miscellaneous	5,748	N/A	5,001
TOTAL	516,495	(34,700)	586,860

2.4. VARIATIONS BETWEEN ALLOCATION AND OUTTURN

Every effort is made to forecast expenditure as accurately as possible each year, but there is, inevitably, always some degree of uncertainty. A particular feature of the Education and Skills budget is that the end-of-year position is difficult to forecast until after the new school year has commenced in the last quarter of the financial year. The Department continuously reviews its funding position throughout each financial year to identify potential savings and pressures to ensure that maximum use is made of available funds.

Table 4 shows the variance between outturn and the original budget for subheads where significant variations emerged (i.e. where the variation was more than €100,000 and by more than 5%) and an explanation as it appeared in the appropriation accounts.

Table 4: Significant Variations from Allocation

Sub-head	Description	Variation €000	Explanation
A.7	A.7 Salaries, wages and allowances (including incidental payments) of nonteaching staff in primary and post primary schools (excluding special needs assistants)	-€6,884	<p>Estimate provision: €112.457m, outturn: €105.573m</p> <p>The decrease in expenditure of €6.884 million relative to the estimate provision was due to:</p> <ul style="list-style-type: none"> • €3.3 million savings primarily attributed to the later than expected filling of additional sanctioned posts until the later part of 2018. There were other factors, which are difficult to precisely forecast, such as increments, sick leave, maternity, retirements and resignations in the ETB sector.

			<ul style="list-style-type: none"> • €2.5 million savings from an over estimation of pay costs required for non-teaching staff of community and comprehensive schools and lower than expected pay costs under the Public Service Stability Agreement (PSSA) 2018-2020. • €1.1 million savings from reduced numbers of caretaker and clerical officer posts in primary schools and clerical officers in voluntary secondary, community and comprehensive schools being paid from the subhead. The scheme is subject to a phasing out policy and as posts fall vacant they are not filled.
A.8*	Superannuation payments in respect of teaching and non-teaching staff in primary and post-primary schools	+€126,244	<p>Estimate [original] provision: €1,062.865m, outturn: €1,189.109m</p> <p>The increase in expenditure of €126.244 million relative to the estimate provision was primarily due to additional costs arising from a higher number of retirees in receipt of pensions and lump sums along with higher average gratuity costs than had been allocated in the original estimate. There were 2,074 retirements in 2018 compared with 1,739 retirements in 2017 and 1,301 higher than the 773 which were provided for in the original estimate.</p> <p><i>[Note: A Supplementary Estimate of €130m was approved for this subhead]</i></p>
A.9	School Transport Services	+€10.275m	<p>Estimate provision: €190 m, outturn: €200.275 m</p> <p>The increase in expenditure relative to the estimate provision was due to overall increased costs for school transport of €16.951 million in 2018. The overall increase mainly comprises of:</p> <ul style="list-style-type: none"> • €10 million related to increased costs in the provision of Special Education Needs (SEN) transport scheme and growing numbers of eligible students in the region of 13,000 pupils availing of the scheme in 2018, compared to 12,500 in 2017. • €4 million to the provision of additional School Bus Escorts in line with the increasing numbers on SEN transport • €2 million of which relates to the provision of transport services to mainstream students. <p>The additional €16.951 million expenditure in 2018 was offset by a reduction in payments to Bus Éireann of €6.676 million, which had been held in reserve by Bus Éireann and available for future school transport operations. This decision was taken by the Department, in consultation with the Department of Public Expenditure and Reform, to clear the full amount of the uncommitted reserve held by Bus Éireann.</p>
A.12	Teacher education	-€3,128	<p>Estimate provision: €34.026m, outturn: €30.898 m</p> <p>The decrease in expenditure of €3.128 million relative to the estimate provision was due to:</p>

			<ul style="list-style-type: none"> • A revised timetable of curriculum reform and the introduction of new subjects on a pilot phase in a reduced number of schools resulting in savings of €1.2 million. • Reduced availability of part time personnel to provide training compared to projections for the Junior Cycle for Teachers (JCT) and Assessment and Guidance training not progressing during 2018 resulting in savings of €600,000. • Lower than anticipated take up on coaching for school principals resulted in savings of €500,000. • Lower than anticipated net expenditure associated with the Teacher Professional Networks and Education Centre Network of €500,000. • The remaining savings related to timing issues in a number of other projects including. <ul style="list-style-type: none"> ○ a delay in the progression of a research project with the Educational Research Centre (ERC) (€100,000) and; ○ the rollout of training for Boards of Management at primary and post-primary level for the new Child Protection procedures(€100,000) and; ○ savings in a marketing campaign aimed at promoting teaching as a career (€100,000).
A.14	Miscellaneous grants and services <i>[Note: this provides for a range of grants payable including Schools ICT grants, grants to Parents' Councils, Management Bodies, post-primary language initiative, cultural agreements etc.]</i>	-€9,300	<p>Estimate provision: €76.597m, outturn: €67.297m</p> <p>The decrease in expenditure of €9.3 million relative to the estimate provision was mainly due to:</p> <ul style="list-style-type: none"> • Extended contract negotiations in shared services projects in ETB and higher education and consequential delays in payments resulted in an overall savings of €4.856 million. • Overall savings of €2.012 million under the Schools ICT Programme mainly comprising <ul style="list-style-type: none"> ○ €1.629 million due to new lower cost contracts for the Schools Broadband Programme, managed on behalf of the Department by HEAnet; ○ lower than anticipated expenditure under the Schools Excellence Fund Digital and Science, Technology, Engineering and Mathematics (STEM) Programme (€168,000); ○ delays in the implementation of the Digital Strategy for Schools and higher than anticipated number of schools ineligible under the criteria for ICT Infrastructure Grant Funding (€209,000). • Lower than anticipated costs associated with State Claims Agency and other legal costs of €960,000. • Savings of €640,000 associated with a delay in implementing the Languages Strategy. • A range of other savings across a number of areas including. <ul style="list-style-type: none"> ○ lower than anticipated expenditure associated with the phased expansion of the Financial Support Services Unit (FSSU) to the Primary, Community and Comprehensive sectors (€254,000); ○ decreased cost of printing of Sidéan Sí (€190,000);

			<ul style="list-style-type: none"> ○ lower than anticipated expenditure under the Occupational Health Strategy (€96,000); ○ lower than anticipated expenditure associated with the Network for Teaching Entrepreneurship and Irish Sign Language Training projects (€100,000); ○ lower than anticipated expenditure associated with patronage divestment process (€125,000).
B.3	Grants to SOLAS in respect of administration and general expenses	-€2,767	<p>Estimate provision: €24.107m, outturn: €21.34m</p> <p>The decrease in expenditure of €2.767 million relative to the estimate provision was primarily due to savings of €1.5 million arising from certain SOLAS programmes such as Strategic Evaluation and Workplace Development, which involve elements of contracting outside support, not proceeding as early in 2018 as anticipated. The balance of €1.267 million relates to funding retained by the body at the end of 2017 which was offset in the 2018 grant payments in compliance with Circular 13/2014.</p>
B.6	Grant to Quality and Qualifications Ireland (QQI)	+€876	<p>Estimate provision: €4.505m, outturn: €5.381m</p> <p>The increase in expenditure of €876,000 relative to the estimate provision was due to an additional funding request from QQI to make a payment to the Revenue Commissioners for 2018 and previous years in respect of VAT for services purchased from abroad that are taxable where received.</p>
C.5	Training colleges for primary teachers – excluding those funded through the Higher Education Authority	-€484	<p>Estimate provision: €6.257m, outturn: €5.773m</p> <p>The decrease in expenditure of €484,000 relative to the estimate provision was due to delays in the implementation of the Irish language strategy of €400,000 and a number of small efficiencies achieved across a number of budget areas.</p>
C.10*	Superannuation etc payable to former staff of universities and institutes of technology	+€19,993	<p>Estimate [original] provision: €94.997m, outturn: €114.99m</p> <p>The increase in expenditure of €19.993 million relative to the estimate provision was due to additional expenditure arising from a higher number of retirees in receipt of pensions and lump sums along with higher average gratuity costs than had been allocated in the original estimate. There were 3,158 retirements in 2018 compared with an estimated 2,883 retirements and 227 lump sum payments compared to the 76 allocated in the original estimate.</p> <p><i>[Note: A Supplementary Estimate of €17m was approved for this subhead]</i></p>
C.13	EU, international and north south activities	-€851	<p>Estimate provision: €6.989 million, outturn: €6.138 million</p> <p>The decrease in expenditure of €851,000 relative to the estimate provision was mainly due to.</p> <ul style="list-style-type: none"> ● lower than expected national contribution to UNESCO (€230,000) ● lower than anticipated payments of matching funding to the George Mitchell Scholarship fund (€200,000) and

			<ul style="list-style-type: none"> • lower than anticipated drawdown from Enterprise Ireland in respect of the promotion of Ireland as a centre for international education (€420,000).
D.4	Building grants and capital costs of universities, institutes of technology and other designated institutions of higher education	+€3,855	<p>Estimate provision: €30m, outturn: €33.85m</p> <p>€3.85 million was allocated from other savings identified under the Department's capital allocation in order to meet significant demands presenting in respect of higher education capital projects in 2018. This additional allocation allowed further payments in 2018 against capital commitments in the higher education sector, primarily a payment to the University of Limerick for Phase II of the Glucksman Library.</p>
D.5	Public private partnership costs	-€9,920	<p>Estimate provision: €93.23m, outturn: €83.31m</p> <p>The decrease in expenditure of €9.92 million relative to the estimate provision was mainly due to:</p> <ul style="list-style-type: none"> • A delay in the service delivery of the remaining Schools Bundle 5 programme resulted in payments in respect of unitary charges being €7.3 million lower than anticipated. • A delay until 2019 in the provision of a permanent extension in a specific school resulting in a saving of just over €2 million. • Inflation levels in 2018 were lower than originally envisaged resulting in lower than projected indexation on unitary charge payments across the Pilot Bundle, Schools Bundle 1,2,3, and 4. This resulted in lower than projected unitary charge payments across these bundles of circa €640,000. Due to the delay in service delivery of Schools Bundle 5, unitary charge projections for this bundle continued to change to reflect the anticipated delivery date of these schools.
E.1	Superannuation contributions	-€31,332	<p>Estimate provision: €205.447m, outturn: €174.115m</p> <p>Superannuation receipts were €31.332 million less than the original provision mainly due to:</p> <ul style="list-style-type: none"> • Single Pension Scheme (SPS) contributions of €29.188 million were paid to Vote 12, Superannuation and Retired Allowances. The original estimate did not take into account the changes introduced as part of the Single Pension Scheme, whereby such receipts in respect of new entrants to the public sector are not retained by the Department. • There were fewer than anticipated one-off purchases of additional voluntary contributions than profiled resulting in €1.562 million fewer receipts than profiled.
E.2*	Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts	+€74.791	<p>Estimate [original] provision:€35.025m, outturn:€109.816m</p> <p>The increase of €74.791 million arose as the initial estimate of €35.025 million was a conservative forecast regarding potential ESF/YEI receipts arising from the first payment application under the Programme for Employability, Inclusion and Learning (PEIL) 2014-2020. Payment applications can only be made to the European Commission following the designation of the relevant ESF authorities and</p>

			<p>the Irish ESF authorities were designated on 13 November 2018. The first payment applications were submitted to the Commission on 22 November 2018. Within these applications, €205.8 million was in respect of education and training activities pre-financed from the DES Vote and resulted in €109.4 million (€76.4 million pay and €33 million non-pay) in ESF receipts by year-end.</p> <p>At the time the applications were made to the European Commission, it was not guaranteed that the receipts would be brought to account within 2018. On that basis, a prudent approach was taken to the formulation of a supplementary estimate provision and a reducing supplementary estimate of €34.7 million was applied. In the event, the payment of €109.4 million was received from the European Commission on 10 December 2018.</p> <p><i>[Note: A Supplementary Estimate of €34.7m was approved for this subhead]</i></p>
E.3	Receipts from pension-related deductions on public service remuneration	+€26,420	<p>Estimate provision: €266.451m, outturn: €292.871m</p> <p>The increase of €26.42 million relative to the estimate provision was primarily due to pay increases under the Public Services Stability Agreement (PSSA) which resulted in a 1% pay increase in January and October 2018. The amount of pension related deduction (PRD) received is directly related to the cost of payrolls.</p>
E.4	Secondments /overpayments	+€1,233	<p>Estimate provision: €3.824m, outturn: €5.057m</p> <p>The increase of €1.233 million relative to the estimate provision was due to overpayment recovery receipts being higher than anticipated. It is difficult to accurately predict the level of these receipts as recoupment of overpayments may be on a once-off basis or on a phased basis.</p>
E.5	Miscellaneous	-€747	<p>Estimate provision: €5.748 m, outturn: €5.001 m</p> <p>The shortfall of €747,000 was primarily due to:</p> <ul style="list-style-type: none"> • €950,000 lower than anticipated capital receipts in local authority funding and a revision in the Waterford Institute of Technology advance repayment. • €200,000 higher than anticipated other miscellaneous receipts for Social Welfare refunds for maternity, disability and paternity costs, dormant accounts and other miscellaneous receipts.

* Subhead received an increasing supplementary estimate

^ Subhead received a decreasing supplementary estimate

2.5. SUPPLEMENTARY ESTIMATE

The Department's net Supplementary approved for 2018 was for **€181.7 million**. This represents a variation from the original estimate at the start of the year of almost 2% [1.98%]. This was due to additional gross expenditure requirements and a contingency for potential income shortfalls as follows:

• Additional Superannuation Costs:	€147 million
• Shortfall in European Social Fund Receipts:	€34.7 million

In the case of the superannuation costs it can be difficult to predict with absolute certainty the number of retirements in any particular year and there was also a general under provision of pension allocations. This superannuation funding issue affects many parts of the public sector.

It is particularly difficult to estimate pension costs in the education sector. This is primarily because teachers make up the vast numbers of retirements in the education sector, but only a very small percentage of teachers retire on compulsory age grounds. The specific numbers of teachers retiring in any given year will vary, but the trend is broadly constant over a number of years. For 2018, the original amount allocated in Budget 2018 would have provided for pension gratuities and pension costs of some 773 retirees in schools and 76 retirees in the Institute of Technology sector. The supplementary estimate provided for the costs for an additional 1,319 retirements in the school sector bringing the overall number provided for to 2,092 and 143 additional in the IoT sector bringing the overall number provided for to 219. The supplementary also provided for on-going pension costs, where there was also an under-provision. To address this issue going forward from 2019 onwards significant engagement occurred between this Department and the Department of Public Expenditure and Reform resulting in €147 million in additional funding being provided in 2019 for superannuation costs in the education sector. This figure was calculated with reference to actuarial forecasts, and mitigates the need for a repeat of such a significant supplementary estimate requirement for pension costs in future years.

The second major element of the supplementary estimate was a contingency provision for receipts. The Department's original estimates for 2018 included a conservative forecast that some €34.7 million would be received in receipts relating to a European Social Fund (ESF) and Youth Employment Initiative (YEI) claims due in 2018. The Department made claims to the European Commission authorities in November, and our expectation was that this would result in €109 million in receipts that would be brought to account by the Department of Education and Skills by the end of the 2018. However, when dealing with amounts of this scale, it was necessary to take a highly prudent approach. Given that, at the time the 2018 Supplementary Estimate was being considered by Government, we had not yet received this funding in the Department's accounts, it was considered appropriate to provide for a contingency in the unlikely event that the money was not received until next year. This was purely a technical exercise relating to the timing of claims and recoupments and was necessary to avoid any risk of an excess Vote.

2.6. YEAR-END SURPLUS TO SURRENDER

The 2018 post supplementary estimate allocation for Vote 26 was €9,338.247 million. The year-end actual was €9,223.783 million. This resulted in a net **€114.464 million surplus to surrender** of approved Vote allocations back to the Exchequer. This €114.464 million surplus is 1.23% of the approved post supplementary estimate allocation and is a significant increase on the 2017 and 2019 surpluses surrendered of €25.541 million (0.28%) and €6.263 million (0.06%) respectively. The significant increase in 2018 arose primarily on foot of ESF and YEI claims submitted to the European Commission on 22 November 2018 and received on 10 December 2018.

As outlined earlier, at the time of the supplementary estimate the payment of these receipts from the European Commission could not be guaranteed by year end. Therefore, while receipts were expected the supplementary provision was made prudently assuming no receipts were going to be received in 2018. The 2018 payment of €109.4m was received from the European Commission on 10 December and lodged to the subhead. The initial provision of €34.7m had been a conservative estimate at the time when the Irish ESF authorities had not been designated and no claims had been submitted by ESF/YEI bodies.

The remaining €5.064 million (0.05%) surplus surrendered mainly related to the gross expenditure. This is considered a contingency amount in line with prudent Vote management to maintain a year-end surplus to surrender to ensure no annual gross and/or net excess Vote spend over the approved allocations arises, which is a public financial procedures requirement.

3. Education Sector Corporate Governance across 2018 and 2019

During 2018 and 2019, the Department continued to progress work on strengthening its approach to oversight of governance and accountability arrangements across the education sector, led by a Management Board Committee on Sectoral Governance and Accountability, chaired by the Secretary General.

Codes of Governance

During this time, the Department worked across the wider education sector to align sectoral governance codes of practice to align the codes to the specific regulatory frameworks of Universities, Institutes of Technology and Education and Training Boards (ETB):

- the Education and Training Board sector code was issued to the ETB sector in January 2019
- the Institute of Technology Code of Governance was published in January 2018 and subsequently updated during September 2019
- the University Code of Governance was published in September 2019.

Aegis Bodies

The Department continues to work with its aegis bodies to ensure that the oversight conditions laid out in the revised Code of Practice for the Governance of State Bodies are satisfied and that robust performance delivery agreements or equivalent are in place in each body. As appropriate, the Department works with its aegis bodies to ensure that time-limited or full derogations from aspects of the Code have been agreed and documented in order to satisfy the code's 'comply or explain' requirements.

Education Centres

A programme of work to modernise governance and accountability arrangements for Education Centres is ongoing and is expected to be completed during 2021 in response to the recommendations in the Mazar's Review of the Department of Education and Skills Governance, Funding and Accountability arrangements for Education Support Centres. The focus of the programme is to reform and remodel the governance structure of Education Centres, which includes significant revision of current guidance and governance arrangements, including the provision of training and developmental supports.

Aegis Body Governance Work Programmes

Across the years 2018 and 2019, the following work programmes were rolled out by the Department:

1. an assessment in 2017 to evaluate key aspects of governance across the education sector which was used to inform the work programme on governance during 2019-2020
2. procurement and implementation of a bespoke governance training programme to develop capability in corporate governance in 2018. This programme was delivered to staff across all divisions of the Department who have a governance role for bodies funded by the Department
3. development of a formal compliance assurance return, for completion by the Divisional oversight sections who have charge of the Department's aegis bodies, a

review which was rolled out in quarter 2 2020 to assess the “as is” situation in governance in 2020

4. commenced planning for a high level time frame for the roll out of periodic critical reviews of the aegis bodies under the remit of the Department
5. delivery of a review process to audit the effectiveness of the internal audit function in four of the Department’s aegis bodies with reports issued in 2019. This review examined
 - resourcing of internal audit
 - how internal audit added value to the bodies
 - the level of conformance with best practice in internal audit and
 - assessed compliance by the bodies with the requirements of the *Code of Practice for the Governance of State Bodies 2016*

The results of this review process continue to be addressed with the bodies to ensure, as appropriate, that remediation steps or appropriate follow-up action is taking place. Lessons of central application from the review process have also been communicated with the Department’s 14 other aegis bodies.

Continuing Development of Staff who engage in Governance Duties

The Department avails of membership of a Governance Forum for Civil and Public Servants. The forum, which is run by the Institute of Public Administration, promotes good governance and aids the Department with the supply of timely advice and information supports to enhance good governance.