

DÁIL ÉIREANN

AN ROGHCHOISTE UM OIDEACHAS AGUS SCILEANNA

SELECT COMMITTEE ON EDUCATION AND SKILLS

Dé Máirt, 4 Nollaig 2018

Tuesday, 4 December 2018

The Select Committee met at 3.30 p.m.

MEMBERS PRESENT:

Deputy Thomas Byrne,	Deputy Tony McLoughlin,
Deputy Kathleen Funchion,	Deputy Jan O'Sullivan.
Deputy Joe McHugh (Minister for Education and Skills),	

DEPUTY FIONA O'LOUGHLIN IN THE CHAIR.

Estimates for Public Services 2018**Vote 26 - Education and Skills (Supplementary)**

Chairman: No apologies have been received. All mobile phones should be switched off, as they cause interference with the broadcasting and recording equipment, even when left in silent mode.

The meeting has been convened to consider the Supplementary Estimate for Vote 26 - Education and Skills. I thank the Minister and his officials for attending to assist in our consideration of the Supplementary Estimate. I also thank him for providing information on same. I propose that he make his opening remarks, after which party spokespersons may make brief contributions. We will consider individually the three subheads that comprise the Supplementary Estimate. There can then be brief closing remarks. Is that agreed? Agreed. In accordance with Standing Orders, discussion should be confined to the items which constitute the Supplementary Estimate.

I remind members of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House or an official, either by name or in such a way as to make him or her identifiable.

Minister for Education and Skills (Deputy Joe McHugh): Gabhaim buíochas don choiste fá choinne an cuireadh anseo inniu. I thank the select committee for giving me the opportunity to attend to assist in its consideration of the Supplementary Estimate which has been requested for my Department. The requirement is for an additional amount of nearly €182 million which comprises two major elements. On the expenditure side, there is provision for €147 million in additional expenditure to meet superannuation costs. There is also a contingency provision in the order of €35 million for European Social Fund receipts. I will outline briefly the reasons for both elements of the Supplementary Estimate.

The committee will be aware that my Department has sought Supplementary Estimates to meet superannuation costs a number of times in recent years. They resulted from the gap between the allocation made to meet pension costs and actual expenditure to meet ongoing pension costs and pension gratuity payments. This issue has also affected other parts of the public sector. There has been an upward trend in the overall number of pensioners in the education sector. In 2014 pensioner numbers in the sector were estimated as being in the order of 42,500. Next year, we expect the figure to be closer to 49,000. As the committee is aware, it can be difficult to predict with absolute certainty the number of retirements in any particular year. This is primarily because teachers account for the vast majority of retirements in the education sector, but only a very small percentage of teachers retire on compulsory age grounds. The specific number of teachers who will retire in any given year will vary, but the trend has been broadly constant for a number of years.

I will outline the position in 2018. The amount we were allocated in budget 2018 would have provided for pension gratuities and pension costs for some 773 retirees in schools and 76 retirees in the institute of technology sector. The Supplementary Estimate will provide for the cost of an additional 1,319 retirements in the school sector, bringing the overall number to 2,092, and 143 in the institute of technology sector, bringing the overall number to 219. The

Supplementary Estimate will provide for ongoing pension costs, where there is also an under-provision. I am pleased to say that, following significant engagement between my Department and the Department of Public Expenditure and Reform, €147 million in additional funding is to be provided in 2019 to meet superannuation costs in the education sector. This figure has been calculated with reference to actuarial forecasts and will mitigate the need for a Supplementary Estimate to meet pension costs in 2019.

The second major element of the Supplementary Estimate is a contingency provision for European Social Fund receipts. My Department's original Estimate for 2018 included a conservative forecast that some €34.7 million would be received in receipts related to a European Social Fund claim due to be paid in 2018. The Department made this claim to the relevant European authorities in November and our expectation is that it will result in receipts of €109 million which will be brought to account by the Department of Education and Skills by the end of the year. When dealing with amounts of this scale, it is obviously necessary to take a highly prudent approach. Given that at the time the Supplementary Estimate was being considered by the 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. I want to make it clear that it is purely a technical exercise related to the timing of claims and recoupmets and necessary to avoid any risk of an excess Vote. My Department is confident that we will receive the €109 million in this year of account and that it will be remitted to the Exchequer. In the highly unlikely event that we do not receive the funds until next year, it is important to stress that it is merely a timing issue and that there will be no loss of funds to the State.

I again thank the committee for its consideration of the Supplementary Estimate. I am happy to take questions.

Chairman: I thank the Minister. Deputy O'Sullivan has indicated that she has a Priority Question being answered in the Dáil; therefore, I will call her first.

Deputy Jan O'Sullivan: Are we just discussing the issue of superannuation or can we discuss everything?

Chairman: As we agreed to consider the subheads separately, it will be the issue of superannuation first.

Deputy Jan O'Sullivan: I understand the superannuation element of the Supplementary Estimate as it arises nearly every year. It is difficult to predict at the start of the year how many teachers will retire. In the context of the shortage of teachers, particularly of certain subjects in post-primary schools, are efforts being made to hold on to teachers and encourage them not to retire? The Department cannot force them to remain, but not having enough qualified teachers of certain subjects is an issue.

Although it is off topic, we are all aware of the situation at Grafton College. I do not know whether we will have a chance to raise the issue with the Minister.

Chairman: No. We are just dealing with the Supplementary Estimate.

Deputy Jan O'Sullivan: Then that was my only question. However, I think-----

Deputy Thomas Byrne: On a point of order, at these meetings we have always had free rein to discuss departmental expenditure.

Chairman: We have not.

Deputy Thomas Byrne: We could raise any issue.

Chairman: In my time as Chairman, we have only been able to discuss the subject matter of the Supplementary Estimates and the specific items a Minister has brought to our attention when seeking approval.

Deputy Jan O’Sullivan: If teachers are out of pocket, there may well be a request for the Department to assist.

Chairman: It is a private college. We hope the Minister will do something and look forward to engaging on the issue, but the committee has no responsibility in that regard.

Deputy Jan O’Sullivan: We should at least have an opportunity to ask the Minister whether he would consider meeting the teachers or engaging on the issue. Regardless of whether doing so is within the rules for this debate or falls under the heading of “Any Other Business”, it is something the committee should raise.

Chairman: It is not related to the Supplementary Estimate. Our discussion is specifically on this topic.

Deputy Thomas Byrne: Could it be covered under the heading of the European Social Fund? Could that fund be used to help the teachers in question?

Chairman: We are not going to deal with that matter now; we are only dealing with the Supplementary Estimate.

Deputy Thomas Byrne: I will not fall out with the Chairman.

Chairman: Does the Deputy have other questions?

Deputy Thomas Byrne: I have loads of questions. Unfortunately, they are not all related to the subject matter of the Supplementary Estimate.

The pension issue arises year in, year out. It is no joke - it is a significant amount of money. We receive assurances every year that it will be sorted by the following year, but that has not come to pass. The Department does not seem to be able to deal with the issue which has to do with forecasting. The forecasting of teacher supply is constantly underestimated. I wonder sometimes if it is an accounting trick. A grant to a school or a programme can always be cancelled but the pensions must be paid. Is this simply an accounting trick played every year to ensure the Department can get an extra €100 million and then go back for the Supplementary Estimate at the end of the year because the Oireachtas cannot refuse funding for pensions? What has happened in the Department to change this?

The issue about the European Social Fund is very strange. Why was the application only made in November if the Department is expecting funding to be in place this year? Is there a reason for that? It seems to be the case of “the money was only resting in the account” from the Department’s perspective, because it is claiming a Supplementary Estimate that it hopes will not be needed. In that eventuality, it will be passed back to the Department of Public Expenditure and Reform. If it does not it will go into the account. I am not sure this is a good way to deal with hundreds of millions of euro, and it causes me some concern in the context of the fact that the share of voted expenditure allocated to education has been decreasing over the last

number of years. Education is not getting its fair share. It had been allocated 16.6% of overall voted expenditure but in 2018, it has decreased to 16.3%. I do not know how this couple of hundred million euro, thrown in at the end and for which we will see no educational benefit, will affect those percentages. It is disappointing, and it shows a significant lack of prioritisation by the Government. It is highly unfair. These figures have been provided by the Oireachtas Library and Research Service. They have not been noted by anyone; very few of us have spoken out about this. It is really worrying. The fact that it has been getting a smaller share of the pie each year for the last number of years speaks loudly to the Government's commitment to education. I would not like to see the figures massaged by money that will rest temporarily in the account or a temporary extraordinary figure for pensions where students would not actually see a benefit. The Minister should comment on that and tell us what he will do to ensure that education will become more of a priority for the Government when it comes to budgets.

Deputy Joe McHugh: Deputy Jan O'Sullivan raised the issue of teacher supply. She will be aware that there is a working group on teacher supply, which is chaired by the Secretary General at the Department. We are working on a number of measures, including some we can take straight away such as, for example, changing the rules on teachers returning from career breaks. We are also looking at outreach opportunities focusing on teachers young and not so young working in the south east of England and in the United Arab Emirates. We are launching a promotional and marketing drive over Christmas, and intend to roll out several such campaigns. Teacher supply is a big issue. On the specific issue of retirees, the combined figure for retired teachers working in primary schools and secondary schools in the year 2017-18 was 1,342. That figure highlights the nature and the scale of the demand and the pressures on the system. There are constraints and challenges in the capital city and different constraints and challenges in rural areas but overall, there is a big demand for teachers, as the Deputy pointed out, and we want to keep the focus on this issue. I certainly want to keep the focus on it. I am also engaged with the Teaching Council. Deputies, Senators and different school groups can sense a frustration when we are trying to register teachers. While there are reasons for that as well, it is an area on which I am working very closely with my officials to ensure there are ways in which we can speed up the response to that major issue.

The Deputy has knowledge of the superannuation issue from her previous role. We had Supplementary Estimates, and they are contained in the information pack provided. Totals of €40 million, €30 million, €37 million and €71 million were provided on the teacher side in 2014, 2015, 2016 and 2017, respectively. Those figures do not include the institute of technology sector. To dovetail into Deputy Thomas Byrne's questions around this type of practice, I am reliably informed that it is not an accounting trick. Having researched this matter myself and having asked the question as to why we end up in this situation - which does not only affect this Department - I have found there are legacy issues, given where we were and the constraints on resources in recent years. I have been assured that this figure will mitigate against having to provide a Supplementary Estimate. I am on public record on that now. Although nobody knows where we will be this time next year, I am convinced that the work being done by my Department in conjunction with the Department of Public Expenditure and Reform will ensure that this issue does not arise every year. In fairness to the Department, there was no miscalculation of numbers. Those figures are too wide, given where we were a couple of months ago and where we are now. I accept the fact that we are coming from a position where there were great challenges on our resources and choices had to be made in 2011, 2012 and 2013. It also highlights the enormous challenge we face in terms of pensions, not just in the Department of Education and Skills but throughout the public service and Civil Service. We will have to find extra resources, and decisions will have to be made in that regard.

As for the issue of the Department's spending and whether there has been an increase or decrease, if one looks back over the figures it is clear that they fluctuate over the years. My personal commitment, the commitment of the Government and the commitment of the Oireachtas to education is front and centre stage at all times. It is the third biggest departmental spend and €10.8 billion will be spent in 2019. There is always an issue with extra resources, but as an economy grows and improves and as demographics in counties such as Dublin, Wicklow, Louth, Meath and Kildare change, the pressures change. I have asked for figures on the growth in those places where populations are growing. We have to respond to that. We are not, however, just looking at what is happening next year or in 2020. This must fit into the ten-year capital plan and how we gauge population growth in those areas. The officials in the Department and I are committed to ensuring that we continue to fight for our fair share of the distribution of funding at budget time. That will continue to be the focus. Cross-collaboration between Departments must also be pointed out. Each Department must look after its own funding but much work is taking place on a cross-collaborative basis as well. Education does not work in a silo and never has. It has always worked with industry. Even in the projects I have visited in my capacity as Minister in recent months, including the IBM project at Larkin community college or the work being done with Microsoft at Dublin City University, there is much cross-cutting work going on in the education sector. It is a creative space. I certainly will be focusing on keeping up with technological advancement as well, but that is a discussion for another day.

Deputy Tony McLoughlin: The Minister and his officials are welcome. The Minister mentioned that the figures have increased from 42,500 in 2014 to 49,000 at present. Does he have projected figures for the coming years? He has said that it is difficult to predict with absolute certainty the number of teachers retiring in any particular year but perhaps he could give us some indication.

Chairman: Does Deputy Funchion wish to add anything?

Deputy Kathleen Funchion: No.

Chairman: I will comment briefly and repeat what my colleague said. The fact the number of retirees was 63% more than what was estimated is incredible. The figure was underestimated by over two thirds. The bigger issue, which touches on what Deputy Jan O'Sullivan said, is whether we have a significant number of teachers retiring early. If it is the case, we need to try to understand why they are doing so. Is the job so onerous that people feel they have to retire early? I completely understand it in the case of teaching principals. I attended their conference last Saturday week. Quite a significant number - I think one third - of teaching principals are retiring early. If there is a problem, we need to be able to try to get to the root of it. There has been an additional Supplementary Estimate every year since 2014. It seems it is being continually underfunded which does not make sense. The Department of Defence has put a measure in place to make sure it does not happen with Army pensions. It could possibly be looked at. The Minister is saying it will not happen again. How confident is the Department on its projected figures for next year?

Deputy Joe McHugh: I will address Deputy McLoughlin's questions first. He asked about the numbers of projected pensioners and additional retirees. There is an actuarial estimation of 703 in the primary sector and 450 in the secondary, community and comprehensive sector. The figure will increase over time. There will be resource challenges in the future and decisions will have to be made in that regard.

With regard to the Chairman's question about why teachers retire and why some retire

young, some do not. Some do a specific number of years and then decide to stay on for one reason or another. There is a question around - let us call a spade a spade - the pressures of the job and the stresses that go with it. The committee has done a lot of work in terms of well-being and anxiety focused on pupils and students but it has also focused on the teachers. It is an all-school well-being model. There are extra pressures and demands. On the creative side, there is more flexibility, even within the junior certificate curriculum, to allow more bottom-up, locally-led projects empowering teachers and students to have more control over the curriculum. It is an addition. It is a changed world. It has changed since when I taught in 1993, 1994 and 1995. The classroom is not just a room of instruction any more. There are many aspects to it in terms of looking after and caring for students, motivation and dealing with wider issues, including family issues.

The Chairman also asked what we have done about pensions and she compared it with the Army. The Department has carried out a similar exercise as that carried out with the Army pensions. Conversations have gone on within the Department and with the Department of Public Expenditure and Reform. There have also been conversations at a cross-departmental level. The Chairman asked how confident we are that we will not be in the same position again next year looking for another Supplementary Estimate. I see the former Minister, Deputy Jan O'Sullivan, smiling. Perhaps she has been in the same position as me. The commitment I have been given is that because of the intense work that took place with the Department of Public Expenditure and Reform, the Department wants to get into a position where it is not under-calculating it.

I have just been handed a note that says €147 million in additional funding has been provided for superannuation costs in the education sector in 2019. It has been calculated with reference to actuarial forecasts and it will mitigate the need for Supplementary Estimates on pension costs in 2019. We are all working together in terms of the information we are being provided with. I am confident the information I have been provided with will ensure we are not back in this position in 2019.

Chairman: Does Deputy Thomas Byrne want to come in at this point?

Deputy Thomas Byrne: In the next round.

Chairman: We are moving to subhead C10.

Deputy Thomas Byrne: May I ask a supplementary question?

Chairman: Yes.

Deputy Thomas Byrne: The one thing that strikes me on looking at the figures for superannuation for teachers and non-teaching staff is that the number was estimated at 2,092 but originally it was 773. The number has almost increased threefold. For university and IT staff, it was estimated at 76 but it is expected to be 219. That is nearly three times the estimated number. The Minister cannot tell me it is a coincidence that somehow the Department only estimated one third of the people who would retire. I do not buy it. Every year we come in here and it is a huge amount of money. It has real implications in the classroom. That is the problem. The school does not know if the geography teacher or maths teacher is retiring. Kids around the country are left without teachers because the Department does not know who will retire or how many will retire. It is a real worry. It is a financial concern. It is much more of a concern to the child in the classroom who is losing out in their education because the Department is not

able to predict what teachers will be in the classroom.

Deputy Joe McHugh: The Deputy asked how these figures are arrived at. The Department cannot guess exactly how many retirees there will be at the end of June. They cannot make that estimate. The fact it has bounced to three times the projected figure tells me there was a question of trying to ensure the Department worked within an overall figure. This is where they fit in. I have asked my officials to ensure that whatever the figure is when we arrive at it pre-budget that it is evidence-based. There is confidence amongst my officials that they will know exactly and will have narrowed it down in order that we do not come back here every year. I am not making excuses for the accounting practices within which the Department of Education and Skills must work because it is an annual thing. It is the same as other Departments. We are constitutionally bound and so on but we are looking at the budget from year to year for the school year from September to June, that is, in the middle of that cycle. The information and advice I have been given on this is we will not be back in this situation again next year.

Chairman: I will move on to chart 6, programme C, non-administration allocations and subhead C10, superannuation costs of former staff of universities and institutes of technology, ITs. What questions do we have on that?

Deputy Thomas Byrne: I thought we were on that when I asked the question. I mentioned it the last time. The same issue applies.

Chairman: There is cross-over. Are there any specific questions on it?

Deputy Thomas Byrne: Are there any sectors in ITs or universities where this is a problem or is it across the board? Has the Minister noticed particular ITs or universities where there is a problem?

Deputy Joe McHugh: No. It is general.

Chairman: As it was significantly underestimated, there will be the same issue again.

I will move on to subhead E, appropriations-in-aid. We have notes. Do any members wish to contribute?

Deputy Thomas Byrne: I mentioned it previously.

Chairman: The Deputy mentioned it.

Deputy Jan O'Sullivan: It is the same question I had thought of asking. Why does the Department wait until November?

Deputy Thomas Byrne: Did the Minister answer the question?

Deputy Joe McHugh: The committee will have information on the range of programmes provided through the ESF in areas like upskilling, labour market mobility, social inclusion, combatting discrimination, youth employment initiatives, education and training, and lifelong learning. I worked in a Youthreach centre a good while ago. These programmes are ongoing. Youthreach programmes that are funded under the ESF need to have receipts of expenditure. Many of these programmes involve programme expenditure. They are not necessarily about paying regular items from week to week. Obviously, there are items and budgets that need to be spent towards the end of the year. My consideration of this is the same as that of the committee. It will be good to get it in as early as possible. There is confidence here that the money will be

paid. It is a question of timing. If there is a way of making that easier next year, for example, by trying to get the receipts in at as early a stage as possible, we can consider it. It is difficult to do that because of the *ad hoc* nature of many of these programmes. Many involve one-off events and many programme costs require receipts. Obviously, that has to be factored in. My officials would prefer to be in a position in which this could be done earlier than November, but there are constraints around that.

Chairman: When does the Minister envisage that this will be paid? Is there a risk that the commitment will not be met? In such circumstances, the Department would have paid out money that is not going to be recouped. Are there opportunities to claim ESF moneys on a quarterly basis?

Deputy Joe McHugh: I can state categorically that we are confident this will be paid before the end of the year. The Chair also asked about risk. There are no risks because this involves programme work that has happened. Obviously, there is buy-in. The nature of the funding mechanism that is done through Europe means that we have to ensure everything is in line and is done properly. I believe there is no risk. It will be paid before the end of the year.

Chairman: Deputy Jan O’Sullivan has a supplementary question.

Deputy Jan O’Sullivan: It might not exactly be a financial question. Would the upskilling of people in the workplace come in under the ESF funding? I think programmes within the workplace are partially funded from ESF funding. When I met representatives of the National Adult Literacy Agency recently, they told me they are concerned that as we reach so-called full employment, many people with literacy and numeracy issues who are in the workplace need upskilling to make progress with their incomes, etc. It is probably not appropriate for us to have a lengthy debate on this issue because we are simply dealing with finances here. I am bringing this issue to the Minister’s attention in the hope that there will be a concentration on ensuring this particular sector of the workforce has an opportunity to upskill. As far as I know, these programmes are largely funded under the ESF.

Deputy Joe McHugh: The question of upskilling certainly comes partially under the ESF, which is used to promote the attainment of sustainable and quality employment through relevant upskilling measures and to support labour mobility, etc. I have read out the list. I believe that if we are looking at the progression and professional development of the workforce and the labour force, adult literacy has to be an important component of that. When 3,000 workers in my own county lost their jobs as a result of the closure of Fruit of the Loom, and when Unifi in Letterkenny closed a few years after that, we faced the massive challenge of getting the local workforce reskilled and reinvented. Adult literacy was a big part of our approach to personal development. Our adult education sector took a hand-in-glove approach to that. In this specific example, people in a particular sector were able to retrain and regroup. There was an emphasis on adult literacy as part of that regrouping and redirection.

Chairman: That concludes our consideration of the Supplementary Estimate for Vote 26. I thank the Minister and his officials for attending this afternoon’s meeting.

Message to Dáil

Chairman: In accordance with Standing Order 90, the following message will be sent to

the Dáil:

The Select Committee on Education and Skills has completed its consideration of the following Supplementary Estimate for public services for the year ending 31 December 2018: Vote 26 - Education and Skills.

Business of Select Committee

Chairman: Before we conclude, I would like to note that the closure of Grafton College is concerning for the students and teachers. It is an individual case. The committee cannot engage in individual cases. The matter is obviously of particular concern for the employees, who are covered by a contract with a private entity as opposed to a contract with the Department. Therefore, this issue does not come within the committee's remit.

Deputy Thomas Byrne: Are we still in public session?

Chairman: Yes.

Deputy Thomas Byrne: When we discussed this privately, it received support across the board. I intend to seek stakeholder engagement or pre-legislative scrutiny on the Qualifications and Quality Assurance (Education and Training) (Amendment) Bill 2018, which is currently going through the Seanad, when it comes to the Dáil. There are certain issues that need to be teased out and considered and we, as a committee, have not had an opportunity to do that. I will certainly be putting a motion to that effect before the Dáil.

Chairman: That is fair enough.

Deputy Thomas Byrne: I will do whatever is required.

Chairman: Yes.

Deputy Thomas Byrne: I hope the Minister will support that.

Chairman: Absolutely. That is fair enough.

The select committee adjourned at 4.16 p.m. *sine die*.