



## **Dáil Éireann**

### **An Coiste um Chuntais Phoiblí**

**An tOchtú Tuarascáil Eatramhach maidir le Tuarascáil  
2003 ón Ard-Reachtair Cuntas agus Ciste**

**(Éisteachtaí an Choiste,  
Deireadh Fómhair 2004 go dtí Iúil 2005)**

**An Roinn Oideachais and Eolaíochta**

*Deireadh Fómhair, 2006*

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## **Dáil Éireann**

### **Committee of Public Accounts**

**Eighth Interim Report on the 2003 Report of the  
Comptroller and Auditor General  
(Committee Hearings October 2004 to July 2005)**

**Department of Education and Science**

*October, 2006*



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## *Chairman's Preface*

This interim report of the Committee of Public Accounts continues the process of the Committee, which commenced last year, of reporting periodically on a thematical basis. The subject matter of this report details the Committee's meetings in relation to various matters associated with the Department of Education and Science. These meetings took place as part of the Committee's consideration of the 2003 Annual Report of the Comptroller and Auditor General.

This report specifically examines psychological services for school children, the provision of schools through public private partnerships, the cost and organisation of detention centres for young offenders and it details an error in the preparation of the Department's Appropriation Account.

The Committee has already, in 2006, published a number of interim reports on the 2003 Report of the Comptroller and Auditor General, on such matters as the Office of the Revenue Commissioners and the NTMA; Department of Health and Children and Department of Social and Family Affairs; Department of Agriculture and Food and Department of Community, Rural and Gaeltacht Affairs; Civil Service Commission, Office of the Ombudsman, Department of Finance and Department of the Environment, Heritage and Local Government; and the Department of Justice, Equality and Law Reform, Department of Foreign Affairs and Department of Defence. The final interim report of the Committee in respect of 2003 will be published in the next couple of months and will relate to the Department of Communications, Marine and Natural Resources, Office of Public Works, Department of Transport and the Department of Enterprise, Trade and Employment.

As Chairman, I want to thank the relevant State agencies for their co-operation in making the compilation of this report possible. I also want to compliment the members of the Committee for their diligent work throughout the year.

We recommend this report to the Houses of the Oireachtas.

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Michael Noonan, T.D.,  
Chairman.

October, 2006



## ***Members of the Committee of Public Accounts***

### ***FIANNA FÁIL***

Seán Ardagh T.D.	Dublin South-Central
John Curran T.D.	Dublin Mid-West
John Dennehy T.D.	Cork South-Central
Seán Fleming T.D.	Laois-Offaly
John McGuinness T.D. (Vice-Chairman)	Carlow-Kilkenny
Michael Smith T.D. <sup>4</sup>	Tipperary North

### ***FINE GAEL***

John Deasy T.D. <sup>2</sup>	Waterford
Tom Hayes T.D. <sup>3</sup>	Tipperary South
Michael Noonan T.D. <sup>1</sup> (Chairman)	Limerick East

### ***LABOUR***

Joan Burton T.D. <sup>5</sup>	Dublin West
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### ***GREEN PARTY***

Dan Boyle T.D.	Cork South-Central
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### ***SOCIALIST PARTY***

Joe Higgins T.D.	Dublin West
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**1** Deputy Michael Noonan replaced Deputy Padraic McCormack by order of the House on 18<sup>th</sup> June, 2003.

**2** Deputy John Deasy replaced Deputy Paul Connaughton by order of the House on 20<sup>th</sup> October, 2004.

**3** Deputy Tom Hayes replaced Deputy John Perry by order of the House on 20<sup>th</sup> October, 2004

Deputy Michael Noonan elected as new Chairman on 21<sup>st</sup> October 2004

**4** Deputy Michael Smith replaced Deputy Batt O'Keeffe by order of the House on 16<sup>th</sup> November, 2004.

**5** Deputy Joan Burton replaced Deputy Pat Rabbitte by order of the house on 29<sup>th</sup> November, 2005.



## Orders of Reference of the Committee of Public Accounts

156. (1) There shall stand established, following the reassembly of the Dáil subsequent to a General Election, a Standing Committee, to be known as the Committee of Public Accounts, to examine and report to the Dáil upon—
- (a) the accounts showing the appropriation of the sums granted by the Dáil to meet the public expenditure and such other accounts as they see fit (not being accounts of persons included in the Second Schedule of the Comptroller and Auditor General (Amendment) Act, 1993) which are audited by the Comptroller and Auditor General and presented to the Dáil, together with any reports by the Comptroller and Auditor General thereon:  

Provided that in relation to accounts other than Appropriation Accounts, only accounts for a financial year beginning not earlier than 1 January, 1994, shall be examined by the Committee;
  - (b) the Comptroller and Auditor General's reports on his or her examinations of economy, efficiency, effectiveness evaluation systems, procedures and practices; and
  - (c) other reports carried out by the Comptroller and Auditor General under the Act.
- (2) The Committee may suggest alterations and improvements in the form of the Estimates submitted to the Dáil.
- (3) The Committee may proceed with its examination of an account or a report of the Comptroller and Auditor General at any time after that account or report is presented to Dáil Éireann.
- (4) The Committee shall have the following powers:
- (a) power to send for persons, papers and records as defined in Standing Order 83;
  - (b) power to take oral and written evidence as defined in Standing Order 81(1);
  - (c) power to appoint sub-Committees as defined in Standing Order 81(3);
  - (d) power to engage consultants as defined in Standing Order 81(8); and
  - (e) power to travel as defined in Standing Order 81(9).
- (5) Every report which the Committee proposes to make shall, on adoption by the Committee, be laid before the Dáil forthwith whereupon the Committee shall be empowered to print and publish such report together with such related documents as it thinks fit.

- (6) The Committee shall present an annual progress report to Dáil Éireann on its activities and plans.
- (7) The Committee shall refrain from—
  - (a) enquiring into in public session, or publishing, confidential information regarding the activities and plans of a Government Department or office, or of a body which is subject to audit, examination or inspection by the Comptroller and Auditor General, if so requested either by a member of the Government, or the body concerned; and
  - (b) enquiring into the merits of a policy or policies of the Government or a member of the Government or the merits of the objectives of such policies.
- (8) The Committee may, without prejudice to the independence of the Comptroller and Auditor General in determining the work to be carried out by his or her Office or the manner in which it is carried out, in private communication, make such suggestions to the Comptroller and Auditor General regarding that work as it sees fit.
- (9) The Committee shall consist of twelve members, none of whom shall be a member of the Government or a Minister of State, and four of whom shall constitute a quorum. The Committee and any sub-Committee which it may appoint shall be constituted so as to be impartially representative of the Dáil.

## **The Report**



## **1. National Educational Psychological Service**

### **1. Proceedings of the Committee**

1.1. The Committee heard evidence from Mr. John Dennehy, Secretary General, Department of Education and Science (the Department), and his officials; from officials of Department of Finance; and from the Comptroller and Auditor General (C&AG) on 4 November 2004.

### **2. The Background**

2.1. The National Educational Psychological Service (NEPS) was set up in September 1999 as an executive agency to provide psychological services for all primary and post-primary schools. The plan for the NEPS involved building on the number of psychologists already working in the education sector and to move to a position by the end of August 2004 of having one psychologist for every 5,000 pupils, a ratio based on international experience. This equates to a NEPS staffing level of around 184 professional psychologists. However only 129 psychologists had been employed by November 2004 resulting in a failure to provide a nationwide service of the requisite quality. The current number employed is 122 with a further six to be taken on by December of this year.

2.2. To partly counteract the effects of the gap in coverage, primary schools with no access to its psychologists were allowed to commission a psychological assessment for individual pupils from an approved panel of private practitioners. The scheme of commissioned assessments (SCPA) was considered successful when viewed in isolation but it did not meet the overall thrust of the organisation's strategy.

2.3. Given the workload and in the interests of equity and transparency, it was proposed that newly appointed psychologists would be shared among the regions on a *pro rata* basis until each region had reached its target staffing quota. Some regions have higher numbers of psychologists and a more satisfactory coverage of schools than others. This is related to the difficulty in recruiting staff to certain regions, most notably the mid-western region.

### **3 The Accountability Issues**

3.1. The accountability questions examined by the Committee were:

- Shortfall in the number of psychologists
- Allocation of work time
- Special Needs Provision
- Assessing the outcomes of the NEPS

### **4. Examination of the Issues**

#### **Shortfall in the number of psychologists**

4.1. The earlier that a child's special educational needs are discovered the better. The proportion of students covered by the scheme in April 2003 and August 2004 was 79% and 74%, respectively. The service was available to 1,790 primary schools and 670 post-primary schools in August 2003 and to 1,728 primary and 659 post primary schools in 2004.

Currently, 1,611 out of 3,282 primary schools and 580 out of 749 post primary schools are covered by a dedicated NEPS service. In addition, all schools that do not have access to psychological assessments through NEPS have access through the Scheme for Commissioning Psychological Assessments (SCPA). The discrepancy in coverage of psychologists between regions is significant. Coverage in the eastern region is between 75% and 80%, depending on which subdivision of Dublin or the east one takes, whereas coverage in the mid-west region is 45%. Problems arose through the Department's recruitment policy as it suggested that NEPS should hire people into a national agency and then assign them to a location to which they can refuse to go. Regional panels should have been established to enable recruitment for the priority regions. These regional panels have recently been established following a competition organised by the Public Appointments Service.

### **Allocation of work time**

4.2. NEPS has a target of spending 65% of time on individual case work and 35% on support and development. The support and development aspect requires a greater weighting because a systemic approach is often needed in a school in cases of emotional and behavioural disorder where an individual psychological assessment would do very little towards ameliorating the situation that the child is in. It is necessary to work also with parents and teachers and other agencies.

4.3. The question of optimum deployment of psychologists is very important. The Department's primary and post-primary databases are used as an aid to determining a school's need for psychological services weighted according to a number of factors:

- Enrolment: a larger school will need a higher level of service.
- A higher weighting is given to primary schools.
- Period with NEP service: Schools getting a NEP service for the first year often have a backlog of work and thus a higher points weighting.

Under the terms of the Department's general policy on inclusion, priority is given to the school completion programme in very disadvantaged areas.

### **Special Needs Provision**

4.4. In November, 2004 there were more than 11,000 adults providing services to children with special needs in classrooms. These are resource teachers, special needs assistants and other adults working with children in the classroom. This figure had further increased to more than 14,500 by the 2005/'06 school year. There were more than 1,400 resource teachers in the system in 2005/'06 whilst in 1998 the figure was a little more than 100. There are more than 7,000 special needs assistants in the system, compared to 300 in 1998. There are an additional 1,000 teachers teaching in special schools, more than 600 teachers employed in special classes and 3,700 learning support teachers. The regional discrepancies for psychologists do not extend to the provision of special needs teachers. The Committee acknowledge the additional resources that have been allocated to special education. However, it further recognises the need to quantify the problems that exist and to address them in a planned way so as to improve the overall position in the future.

## **Assessing the outcomes of the NEPS**

4.5. The NEPS does not have a managerial structure to measure outcomes. The Department indicated that there has been some measuring of outcomes through its inspectorate and through school visits by its psychologists. A number of internal reports have been produced in respect of individual schools or clusters of schools. The Committee felt that outcomes cannot be assessed by inspectors visiting schools. Initially, the children identified should be benchmarked and their progress tracked. A system must be put in place for this. If progress could be made with the 20% of school children classed as underachievers, it would have huge individual benefits to the children as well as massive positive social and economic consequences for the country. To achieve these fine ideals, outcomes must be measured. Large sums in extra resources were allocated to this area and the Department has fallen behind in putting systems in place to measure outcomes.

## **5. Adoption of Reports**

5.1 The Committee disposed of Chapter 7.4 of the 2003 Report of the Comptroller and Auditor General.

## **6. Findings and recommendations**

### **The Committee of Public Accounts:**

#### **Finds specifically that:**

1. Special needs provision, having started from a low base in 1998, received major investment in the intervening years. This is reflected by the fact that whilst there were only 100 resource teachers in the system in 1998 this figure had risen to more than 1,400 for the most recent school year.
2. The process for appointing psychologists was ineffective. This led to no appointments being made in certain regions, resulting in vacancies being allowed to remain and hence no service was provided in some areas. A regional based recruitment competition has recently been concluded.
3. The outcome of the National Educational Psychological Service has not been evaluated.
4. The Committee acknowledges the fact that resources are aimed at reducing class sizes as this is often considered the best way of tackling problems that may arise.

#### **And recommends in general that**

1. Regional based recruitment panels should be used to increase the effectiveness of filling vacancies in regional areas.
2. A more flexible use of access to the private service, due to the NEPS not totally meeting the thrust of its original purpose, needs to be adopted.

3. An adequate mechanism of quantifying the overall problem at a national level should be put in place so as to identify the steps that need to be taken and implement the necessary measures on an ongoing basis.
4. There is a need, given the sums of public money spent on the service, to develop performance indicators that will measure outcomes in terms of levels of numeracy, literacy and attendance.
5. Extra school rooms should be provided where necessary to meet requirements arising from reductions in class sizes.

## **2. VFM Report No. 48 – The Grouped Schools Pilot Partnership Project**

### **1. Proceedings of the Committee**

1.1. The Committee heard evidence from Ms Brigid McManus, Secretary General, Department of Education and Science (the Department); from officials of Department of Finance; and from the Comptroller and Auditor General (C&AG) on 21 April 2005.

### **2. The Background**

2.1. In June 1999, the Government decided to undertake a pilot programme to test public private partnership (PPPs) procurement. The decision to use the PPP approach for any project should focus primarily on whether it is likely to deliver the best value for money in procuring the required facilities or services. In the context of capital projects, value for money is a combination of whole-life cost and quality to meet the user's requirement and does not always mean choosing the lowest price.

2.2. The group schools PPP deal required Jarvis Projects Limited — the selected private sector partner — to secure the finance, to design and build and equip five schools on State-owned green-field sites and then to maintain and manage the school facilities over a 25-year period. In return, the Department committed itself to making payments over the contract life, totalling an estimated €283 million, which is approximately €150 million in net present-value terms. That was on condition that Jarvis met the agreed availability and service levels. The form of the project forced the Department to take a life-cycle costing approach to the assessment of the procurement options. Previously, the Department had been primarily concerned with the capital costs of construction. Signing up for the PPP deal also involved a fixed commitment to proper maintenance of the school facilities over the long term.

2.3. The Department's enthusiasm for participating in the PPP pilot programme arose primarily for a number of reasons: to take school principals away from managing buildings in order to allow them to concentrate on their core educational management functions; to test value for money of school provision over a longer period than just the construction time; and to acquire new ideas for school designs through an output based competitive approach. Another reason was to see better usage of buildings outside of school hours.

2.4. The overarching objective was achieved and delivered five excellent schools in counties Cork (2), Monaghan, Sligo and Clare which have a capacity to serve almost 3,500 students daily. The schools meet the Government's high level objectives for undertaking the pilots — speedy delivery and handover at the agreed contract price. The lessons learned were applied in the procurement process to the subsequent National Maritime College of Ireland PPP project. These were that a detailed business case was undertaken and approval was sought from the sanctioning authority before the

procurement process commenced. A full life-cycle analysis of the costs of providing the project outputs through conventional means was conducted. The result of this analysis was a public sector benchmark for the project which was used to set an affordability cap for the project before formal procurement commenced. The cap may be set in terms of capital cost, unitary cost and the associated net present value, NPV.

### **3. The Accountability Issues**

3.1. The accountability issues considered by the Committee were:

- PPP Approach – Estimated Savings
- Risks
- Assessing the benefits of the PPP model
- Use of buildings outside of school hours

### **4. Examination of the Issues**

#### **PPP Approach – Estimated Savings**

4.1 The main benefit is that five, well designed, schools are now providing education. In addition, the schools were completed earlier than they would have been under the traditional method of school provision. The schools built under PPP were about 15% bigger in area than would be conventionally provided and catered for both class space and circulation / social areas. This was allowed for in the contract. The Department originally calculated an expected saving of 6% overall on the PPP projects, whereas it actually cost between 8% and 13% more to deliver the PPP projects in comparison with the conventional method of delivering the schools. The additional space provided was factored into the estimated cost of providing the new schools.

4.2 The Department did not set a spending limit for the project at any stage. As a result, it had no reliable benchmark against which to judge the affordability of what the bidders were offering including the provision of bigger schools. The Department of Finance has since issued guidelines that require the setting of such affordability limits for all proposed PPP projects before the tender competitions are launched. The affordability cap is closely related to the estimated cost of direct public service provision. The main difference between the figures used by the Department and by the C&AG in computing the comparative cost of public and private provision relates to the residual value of the schools. The Department assumed a longer life for the schools that were procured under the public private partnership methodology than for those procured using the traditional process.

#### **Risks**

4.3 The Department set down four tender criteria with equal weighting. The four criteria related to design, financial, legal and service issues. Each of three bids received was evaluated with regard to the four criteria. The transferred risks were appropriate for

the type of project and similar to PPPs in the UK. The main risks which the operator took on were those associated with construction and availability.

#### *Procurement Risk*

4.4 The Department retains a procurement risk when it follows traditional procurement. UK experience is that most PPP projects come in on time and on budget as compared to only 30% of the conventionally procured school projects. That is a real risk.

#### *Availability risk*

4.5 The availability risk is a significant risk in schools. For example, in the school that was replaced in Shannon, there was fungus in the roof and people had to move out immediately. The PPP provider has an obligation to provide a functioning school. That is a risk the State is transferring.

#### *Maintenance risk*

4.6 The experience in respect of any of the serious maintenance issues that have so far arisen has been positive. Problems that arose with buildings have been dealt with by Jarvis. Significant financial penalties are included in the contract in the event that Jarvis does not deliver on its service obligations. In a situation where the contracted return is 13.7% over the entire life of the project, the company will lose out if significant penalties are imposed because of its failure to deliver on maintenance commitments. The Department owns the schools and utilised non-recourse loan financing. Ultimately, therefore, if Jarvis does not perform, the Department will have the schools but the company will not receive its unitary payments.

#### *Demand Risk*

4.7 While design risk and the operational risk were transferred to the contractor, the demand risk stayed with the State. Ballincollig School, which was designed to cater for 1000 pupils, illustrates the impact of demand risk. Enrolment for the first year was 650 pupils and demand risk materialises if low capacity utilisation continues into the future. Similarly, there is a risk to the State if pupil numbers halved in the next five to ten years in one of the schools that currently has full numbers. If, as happens in many schools, the schools managed to accommodate an extra 50 or 100 pupils, there would be a benefit to the State. The general view was that the transfer of demand risk to a private sector promoter would make it a very expensive process. However, increasing pupil numbers reduce the potential for demand risk. Numbers are increasing and the target is expected to be reached over the period.

#### **Assessing the benefits of the PPP model**

4.8 The principal benefit is that five new schools have been provided within an earlier timeframe. Also, the Department felt that the experiment was justified on the basis that

some of its procedures in relation to school provision have changed for the better as a result of the project. In addition, the Department of Finance has also learned from the experience.

4.9 A PPP experiment should allow for a strict comparison between building five schools through PPPs and doing so in the traditional manner – the “public sector comparator”. It would be important that the Department’s proposition to the private investors would be exactly in line with its traditional methodological practices. The Department began with a pilot project of three schools, the total cost of which seemed sufficient to be a pilot project. It then increased the project size to five schools without making a projection of the costs under the PPP for the maintenance and running of the schools. Moreover, in the construction of the schools, it also allowed an increase in the number of square metres per pupil. On these points, the Department ended up with schools that were significantly larger than it would have built itself by its traditional methods. The approach was to ensure that enough schools were included to make it a viable process.

4.10 The Committee felt that in order to test whether the new system gave better value for money it would be necessary to keep all other conditions as they were. However, the Department agreed to the altering of the design of the school, the size of the school changed in terms of square metres per pupil and this introduced too many variables. The Department felt that value for money in the longer term could only be tested afterwards. Much of what the Department is examining relates to matters like the availability of the buildings over a period.

4.11 The Department of Finance does not have a rule of thumb for the return allowable to investors in response to the risks transferred. The entire deal for each project must be examined on its merits. The rate of return to investors is one of the criteria to be used, but the overriding factor is the public sector comparator.

#### **Use of schools outside hours**

4.12 Another objective is that schools are used outside of core school hours. The contract provides for a return on income to both Jarvis and the management of schools on a 50: 50 basis after expenses have been deducted. The research conducted on the PPP process in the UK indicated that there is a large amount of third-party usage of schools, much wider than anything in Ireland. Location or the way the management of the PPP is structured may cause problems. It may also be an issue of pricing relative to other prices locally.

### **5. Adoption of Reports**

The Committee noted Value for Money Report No. 48.

## **6 Findings and recommendations**

### **The Committee of Public Accounts**

#### **Finds specifically that:**

1. The construction and commissioning of the five schools was completed in good time.
2. Many important lessons were learned from the schools bundle PPP experiment. The lessons have been applied in subsequent PPP projects. Some lessons also apply to aspects of traditionally built schools.
3. The apportionment of risk was appropriate.
4. The PPP experiment did not allow for a true financial comparison with traditional build as the space provided was increased. The proper calculations needed to use the public service comparator were not made.
5. The schools built under the pilot scheme were about 15% bigger in area than those provided by the conventional method.
6. The schools built under the pilot scheme were intended to cost 6% less than those built by conventional means whereas they actually cost, even when the additional space provided is taken account of, between 8% and 13% more to deliver.
7. The PPP process has forced the Department to think in terms of whole-of-life costs and benefits. This has been a positive development.
8. The use of PPP schools outside of school hours has fallen short of expectations particularly given the fact that schools are considered to be an integral part of a community.
9. The main lessons learned were technical aspects of design and build and the importance of balancing capital cost with down stream maintenance costs.
10. Schools built under the PPP pilot scheme have possibly had an educational advantage as the principals of these schools should not have to devote time to maintenance matters.

**And recommends in general that**

1. The Department should undertake an evaluation of the cost, after five years and at regular intervals thereafter, of constructing and maintaining the pilot schools with a comparative group of schools subject to the conventional regime. This would help to ensure that approaches to construction and maintenance of schools that are likely to deliver better value over the long term are applied in procurement of all schools, irrespective of the procurement approach taken. A similar evaluation should be undertaken in relation to the impact of the tasks that have to be carried out by principals of these schools.
2. There could be some leeway in respect of the public sector comparator in setting an affordability cap on a project to take account of the sensitivities of the financial modelling and risk assessment process.
3. The Department should report on the educational and operational value of the higher level of accommodation it agreed to fund in the grouped schools PPP project and any related changes it proposes to make to the area and cost norms for future school developments.
4. The Department should apply a comprehensive whole of life approach in evaluating all its major capital projects.
5. The Department should report on the level of funding provided for maintenance of schools whether or not this is resulting in good value outcomes.
6. For each PPP project, an affordability limit based on the estimated cost of conventional procurement should be set before engaging in the search for private sector partners, as required in the guidelines of the Department of Finance.
7. Clear guidelines should be established on the use of schools by community groups outside of regular school hours, given that schools are an integral part of a local area, so that community based organisations can benefit.

### **3. Votes 26, 27, 28, 29 – Education and Science**

#### **1. Proceedings of the Committee**

1.1. The Committee heard evidence from Ms. Brigid McManus Secretary General, Department of Education and Science (the Department), and her officials; from Department of Finance officials; and from the Comptroller and Auditor General on 16 June 2005.

#### **2. The Background**

##### *Qualified Audit Certificate*

2.1. The C&AG qualified the 2003 Appropriation Account for Vote 26 because the account presented for audit did not balance. The practical effect of this was an inability to determine the proper charge to the Vote for the purpose of establishing a correct surrender figure to the Exchequer.

2.2. The first formal indication to the Department of Finance that there was a problem with the preparation of the Appropriation Account was in May 2004. The account was eventually reconciled in November 2004. The end result was a lower outturn for the year than was included in the appropriation account by an amount of some €70,000. This additional surrender figure was paid over to the Exchequer and the C&AG confirmed the accuracy of the revised figures.

2.3. The accounting officer put the failure to present a balanced account down to a number of factors, the main ones being the introduction of a new computer system, the amalgamation of four education Votes into one Vote and subsequent pressure on the finance unit. These factors, combined with software problems and human error, were compounded by a lack of advanced accounting expertise in the sections concerned.

2.4. The Committee stated that it is fundamental to the accountability exercised by Dáil Éireann that the statutory dates are met and in the event that this does not occur it is absolutely essential that the accounts are reconciled.

##### *Costs of custodial care for young offenders*

2.5. In the five year period 2001-2005, €155.6 million (€131 million in operational costs and €24.6 million in capital expenditure) was spent on five centres for young offenders operated under the aegis of the Department. The Committee was informed that as the average occupancy during 2004 were 84, the 2004 average cost per available place for this sector (operational capacity), was approximately €250,000 (2003: €113,000). The 2004 average cost per place based on actual average occupancy in the sector was €68,000 (2003: €305,000). The average cost per available place and the average cost per place based on actual occupancy in 2005 were €267,119 and €99,237 respectively. The average occupancy during last year was 79. These costs vary from centre to centre.

2.6. There has been little or no attempt by the Department to devise performance measures for the centres, which would enable comparisons to be made across the sector and to facilitate the development of standard staffing ratios, while taking account of the different categories of offender at each centre. This exercise would give an indication of the relative efficiency of the centres, with the possibility of benchmarking against similar centres in other jurisdictions.

### **3. The Accountability issues**

3.1. In addition to the problems outlined in relation to the Appropriation Account the accountability issues considered by the Committee were:

- Unit Costs of places in detention centres
- Occupancy rates and referrals
- Finglas Centre
- Post release monitoring
- Performance measures for detention centres
- Unused Capacity
- Inter-Departmental co-ordination
- Commencement of Section 88 and Part 10 of the Act

### **4. Examination of the Issues**

#### **Unit Costs of places in detention centres**

4.1 The cost of maintaining a detention place for a young person at Finglas Child and Adolescent Centre in 2004, was €373,879 based on average operational capacity, and €507,407 based on its lower level of average occupancy. At the other end of the scale, the cost of maintaining a young person at St. Joseph's School in Clonmel, was €151,000 based on average operational capacity, and €233,000 when determined on the basis of average occupancy. The school has a high proportion of HSE detentions, which are not as serious as court detentions. The cost of maintaining a detention place for a young person at Trinity House in Lusk in 2004, based on average operational capacity, was €241,000, and €362,000 when determined on the basis of average occupancy. The comparative figures for 2005 for these three centres were €114,966 and €197,960 in respect of Finglas; €150,104 and €222,377 for St. Joseph's, Clonmel; and €248,851 and €335,949 in respect of Trinity House, Lusk.

4.2 The centres are to provide care, education and training programmes for the young people involved with a view to their rehabilitation. A report from Focus Ireland in 2000 found that two-thirds of the people in the centres were either in prison or in detention centres within two years. The Department's tracking system found that of 57 people released from one centre, 47% are in prison, 5% are in the care of health authorities, one was back in the centre and two could not be found. More than half of the 57 people appeared to gain no benefit from their experience. The whole thrust of the policy has been to deal with all of the difficult cases in different ways. Detention is the last resort.

It is difficult to ensure that the children, who have ended up in these situations, will not reoffend.

### **Occupancy rates and Referrals**

4.3 The occupancy rate was decreasing in the three to four years prior to mid 2005. A study was carried out in University College Cork of 1,000 cases in the Children's Court. Obviously, some of the subjects of the study would not involve the centres under discussion but the finding was that there had been a 10% to 20% increase in the number of young offenders placed in detention centres. With the exception of the centre in Clonmel, which receives health board placements, schools which receive referrals from the courts are regarded as detention centres. Children are now being referred by the courts to health authority high support units. The lack of places in such units was one of the reasons the system was under such pressure but the level of provision in such units has improved. Some of the youth diversion programmes run by the Department of Justice, Equality and Law Reform are also having a positive impact on the number of children coming before the courts.

### **Finglas Centre**

4.4 The most expensive centre is Finglas Child and Adolescent Centre. This is a reflection of the fact that the centre's operational capacity has been reduced in recognition of its problems. In comparison, the average cost per detention place at a similar centre in Scotland is just over €210,000. The operational cost per capita is reduced in larger facilities. The average cost at Trinity House and the centres in Oberstown is in line with the cost in Scotland. That is not true in the case of the Finglas centre.

4.5 The Committee noted that when the Finglas Centre was examined in 2002, the first inspection by an external body found that basic requirements were not being met. There was a lack of direction and it was an organisation in crisis with internal conflicts undermining the centre. This is an indictment of management, not of the young people. The Department accepted that Finglas was badly managed and as a result the management structure changed in 2004. The 2004 review reported the view of the staff and management of the centre as being that they had lost their capacity to deliver day-to-day care to young people and that the centre could not continue to operate in its then state. In 2004, the Department obtained a detailed operational report which has been published. This report was critical of the way the centre was run and a lot of remedial work has taken place to improve it. Reports on two other centres in 2004 were positive.

4.6 The Committee asserted that the findings of the 2002 examination should have triggered immediate and emergency action for the sake of the young people. This was not done. One outcome of this crisis was the downsizing of the centre from three units catering for 26 persons to two units catering for 12 persons. However, the Department explained that for child safety issues, the reviewing consultant's recommendation was that the centre should ensure that it is operating satisfactorily for 12 persons prior to

putting new structures in place. The more difficult the children in a centre, the more difficult it will be to manage. The Department stated that it would not be happy to increase the operation's scale without being confident that the centre had the capacity to deal with its problems.

### **Post Release Monitoring**

4.7 In the region of €300,000 to €500,000 is spent on each young offender. However it is only recently that a monitoring system has been put in place for children committed to detention schools by the courts. This standardised monitoring system has been developed so that the Department can track the progress, under a number of categories, of those discharged from the schools.

4.8 There are concerns regarding the results achieved for the large amounts of money that have been spent. The substantive issue is the rate of recidivism for these students. The figure for recidivism for Mountjoy Prison is approximately 70% as compared to a rate of 50% for Trinity House. The relative expenditure is approximately €80,000 per prisoner in Mountjoy compared to up to €500,000 for young offenders. The money is considered to have been well spent if even a small number of offenders do not return to the prison system. All clients are in the system. The subject of a wider inter-departmental monitoring system across the entire inter-departmental spectrum was raised through a process of public consultation. However, the Committee noted that the Irish Youth Justice Service (IYJS) has no plans at this time to develop such a system.

### **Performance measures for detention centres**

4.9 Progress has been made recently on the development of performance indicators for this sector. It is envisaged that feedback from the monitoring system, referred to previously, will be used by detention schools for children to evaluate the effectiveness of the rehabilitation process and the reintegration of children back into the community. In addition it will also assist in highlighting where further development of linkages between various agencies involved in this sector is required. Information on reoffending rates is available for Trinity House. The other schools do not yet have similar type information to give the Department. However, this issue will be addressed by the standardised monitoring system.

### **Unused Capacity**

4.10 The Committee was informed that a new unit at Lusk was not being used in the summer of 2005 and is still not being used. The fourth unit for Trinity House was constructed in 2003 at a construction cost of €4.7 million. In planning for the redevelopment of the facilities on the Lusk Campus, the Department has identified the potential for a saving of about €5m by reducing the requirement for new residential accommodation through the utilisation of the 4<sup>th</sup> Unit at Trinity House, either fully or partly to provide general places. The redevelopment of facilities on the Lusk Campus is currently at draft master plan stage. The recently established cross-departmental expert

steering group is examining the role of the 4<sup>th</sup> Unit in the context of the optimum use of the entire Lusk campus.

4.11 The Committee felt that members of the public find it difficult to understand why the centres operated by Department, the Department of Justice, Equality and Law Reform and the HSE all cost a great deal of money despite being empty. At the same time, district justices inform offenders that, but for a lack of available places, they would be sent to detention centres. The opinion of the Department is that the need for detention places is diminishing because its statistics suggest that average numbers are decreasing. However, gardaí and district justices say that the numbers are decreasing because there are no places for offenders.

### **Inter-Departmental co-ordination**

4.12 The Committee considered whether the Department of Justice, Equality and Law Reform rather than the Department should respond to the needs of the children, obviously with the educational service provided by the Department. While the issue of the lead Department is a policy choice, the Department's perspective is that whatever the structure there must be a good relationship between the services that come under the Department of Justice, Equality and Law Reform, Department of Education and Science and Department of Health and Children. In the past there was significant pressure on facilities and children were coming into the detention system who should have been picked up in high support health units at a certain point. One of the reasons the numbers have been declining is that the system has improved on the Department of Health and Children side, in terms of some of the high support health units.

4.13 The Special Services Residential Board (SRSB) was put in place to address such co-ordination difficulties. The SRSB proposed to develop an integrated management information system covering the five detention schools. Again, due to the changes that will take place in the youth justice area as a result of the Report of the Youth Justice Review 2005 the project is currently on hold. In the interim the SRSB are considering the establishment of an in-house access database to assist with the provision of statistical data on the schools required by the Department and the SRSB. In addition, the Irish Youth Justice Service (IYJS) is looking at improvements in research and data collection within the justice sector to further fill the data gap identified. The IYJS will further consider its information requirements once it assumes responsibility for the children detention schools.

### **Commencement of Section 88 and Part 10 of the Act**

4.14 The necessary commencement orders for Section 88, as far as it relates to the junior remand centres and Part 10 of the Act, which provides for the establishment of children's detention centres, have not yet been made. Once the section is commenced, 16 and 17 year old offenders cannot be in the education system. For the Department to commence section 88 and Part 10, Part 9 of the Act has to be commenced by the Department of Justice, Equality and Law Reform, to provide detention centres under the justice system.

The Department is waiting for the Department of Justice, Equality and Law Reform to provide separate detention facilities for 16 and 17 year olds. Discussions were held with the Department of Justice, Equality and Law Reform. This is one of the issues that gave rise to the decision to put a youth justice team in place to examine the entire institutional structure. The Department of Justice, Equality and Law Reform is addressing the question of how best it can deliver detention centres.

4.15 Four of the five centres are primarily detention facilities but each of the centres has a school. The Department considers them as special schools within its system. They have teachers assigned to them on that basis. All of the children must attend the school within the centre. If children cause difficulties, they may be withdrawn from the school but the obligation remains that they all attend. The majority are at post-primary ages but a recent survey revealed that the average literacy level is approximately 11 years. The attainment is not necessarily at the level expected for a normal post-primary school. Some follow a junior certificate programme and others are at a more basic level. Many follow FETAC-type programmes.

## **5 Adoption of Reports**

5.1. The Committee noted Votes 26 – 29 inclusive and disposed of Chapters 9.2 and 9.3.

### **Findings and recommendations**

#### **The Committee of Public Accounts:**

##### **Finds specifically that:**

1. The preparation of the Appropriation Account for 2003 was delayed by up to eight months due to the failure to finalise the reconciliation of the account. When eventually completed this led to the further surrender of €670,000 to the exchequer.
2. The cost of custodial care for young offenders is very high. Average costs per young person at individual centres, in 2005, varied between €150,104 and €114,966.
3. Problems at the Finglas Centre in the period up to 2004 led to a reduction in places from 26 to 12 with a corresponding increase in the unit cost per occupied place to more than €500,000 per person per year. Between 2002 and 2004, the Department was slow to act to deal with this matter.
4. New facilities developed at Lusk, at a capital cost of €4.7 million in 2003, remain unopened.
5. Efforts to put a performance monitoring and evaluation system in place for dealing with young offenders have not been adequate.

6. There is no inter-departmental monitoring of young offenders on their release from detention centres.

**and recommends in general that**

1. With the introduction of new financial management information systems across the civil service, the timelines for the production of the Appropriation Accounts should be reviewed with a view to reducing the time taken to prepare them and to publish the audited Appropriation Accounts.
2. The construction of new facilities should not commence without a clear plan for when they will be put into use.
3. The Department should accelerate the development of a proper performance indicator based monitoring and evaluation system for the centres of young offenders.
4. A post release inter departmental monitoring system should be put in place so as to maximise the opportunity of integrating young offenders back into society.
5. A true value for money approach should be taken to tackling the problem of young offenders by providing an adequate number of places on a long term basis for all young persons found to have been convicted by the courts of anti social or criminal behaviour and these centres should be properly equipped and staffed.
6. There needs to be a regular reporting system put in place to quantify the amount of unused facilities.