

Minute of the Minister for Finance
on the Committee of Public Accounts - Eighth Interim Report on the 2003 Report of
the Comptroller and Auditor General - Department of Education and Science

The Minister for Finance has examined the Committee's 2003 Eighth Interim Report and has taken account of its findings. In relation to the Committee's recommendations, his response is as follows:

1. National Educational Psychological Service

i. Regional based recruitment panels should be used to increase the effectiveness of filling vacancies in regional areas.

The Minister for Finance is informed by the Department of Education and Science that this recommendation is accepted. In the most recent recruitment competition for psychologists (2005), candidates were asked to prioritise regions to which they might wish to be assigned. As a result of this procedure seven newly appointed psychologists were assigned to regions where there had been difficulties in attracting psychologists to work therein. This regional focus continues and will continue as a core focus of the recruitment process going forward.

ii. 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.

The Minister for Finance is informed by the Department of Education and Science that it is considering this recommendation in the context of a review of the Scheme for the Commissioning of Psychological Assessments (SCPA).

iii. 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.

In regard to the national quantification of special education requirements, the Minister for Finance is informed by the Department of Education and Science that this recommendation is accepted. The National Council for Special Education (NCSE) was set up to improve the delivery of education services to persons with special educational needs arising from disabilities with particular emphasis on children.

With effect from 1 October 2005, the Council has been formally established under the Education for Persons with Special Educational Needs Act 2004 (EPSEN Act).

The EPSEN Act provides a comprehensive framework for the delivery of education services to children with Special Education Needs. A report on the steps to be taken in implementing the EPSEN ACT, prepared by the NCSE, is currently under examination.

iv. 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.

The Minister for Finance is informed by the Department of Education and Science that this recommendation is accepted in the context that literacy, numeracy and attendance targets are influenced by a range of factors: curriculum, teaching and learning practices in schools, interventions such as targeting disadvantage and special needs supports and the work of the National Education Welfare Board. The Department of Education and Science has informed the Minister for Finance that aggregate outcomes will be captured periodically through exercises such as the international PISA studies.

Performance indicators for the outcomes of the work of the National Educational Psychological Service are in place. A report on the work of NEPS for 2001-2004 was published in 2005.

Central to the success of action plans for educational inclusion programmes, such as DEIS, will be an increased emphasis on planning, target setting and measurement of progress and outcomes to ensure that increased investment is matched by an improvement in educational outcomes.

v. Extra school rooms should be provided where necessary to meet requirements arising from reductions in class sizes.

The Minister for Finance is informed by the Department of Education and Science that the recommendation that extra school rooms should be provided where necessary to meet requirements arising from reductions in class sizes is accepted. This recommendation is being implemented as part of the school building programme which between 2000 and 2006 involved the delivery of over 7,800 building projects in schools with an investment of €2.6 billion. The new NDP will see a further €4.5 billion invested in school building projects between 2007 and 2013 with a particular focus on delivering for an additional 100,000 permanent school places at primary level. The Department of Education and Science's streamlined delivery systems, with an emphasis on devolved delivery at local school level, help facilitate the implementation of this recommendation.

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

- i. 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.**

The Minister for Finance is informed by the Department of Education and Science that this recommendation is accepted and that the Department of Education and Science is preparing for a five year review and evaluation of the Schools Bundle pilot PPP project. This review will encompass an audit of the schools, a five yearly review and adjustment of the running costs and an evaluation of the project to date. The rolling programme of Whole-School Evaluation reports will include the pilot schools in order to assess, inter alia, the impact of the PPP contract on the work of the school principal.

- ii. 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.**

The Minister for Finance notes that in the *Interim Guidelines for the Provision of Infrastructure and Capital Investments through Public Private Partnerships: Procedures for the Assessment, Approval, Audit and Procurement of Projects*, published by the Department of Finance in July 2003, the “affordability cap” was identified as a supplementary tool to the Public Sector Benchmark to establish limits within which a Public Private Partnership (PPP) project could be procured. (The Public Sector Benchmark (PSB) is the key tool in the PPP procurement process, particularly in the assessment of value for money.)

The Minister for Finance would also point out that his department reviewed these guidelines in light of developments including:

- the multi-annual Capital Investment Framework;

- the revised Guidelines for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector (February 2005);
- the Government Decision of July 2005 to establish a Centre of Expertise for PPP Procurement in the National Development Finance Agency.

On foot of that review, the Department of Finance issued an updated set of PPP guidance entitled *Guidelines for the Provision of Infrastructure and Capital Investments through Public Private Partnerships: Procedures for the Assessment, Approval, Audit and Procurement of Projects* (July 2006).

More detailed technical guidelines on the compilation of a Public Sector Benchmark (PSB) were published in 2007. The Minister for Finance is satisfied that the guidelines allow for an appropriate degree of leeway in setting the affordability cap.

iii. 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.

The Minister for Finance is informed by the Department of Education and Science that this recommendation is accepted. In the pilot project it was decided to increase the social and circulation space in each of the schools in order to test the benefits on the five schools. As Public Private Partnership has now become an integrated part of procurement policy, the Department of Education and Science has decided that all future school bundles will be standardised and the same area norms will apply to all second level schools, regardless of method of procurement.

The PPP operator provided fitness suites in each of the schools, the impact of which has been identified by the Department of Education and Science as being hugely positive. A decision was made by the Department of Education and Science that fitness suites would be provided as standard in all new post- primary schools. The Department of Education and Science will also examine the results of the Whole-School Evaluation reports produced in relation to these schools. These evaluation reports will provide the Department of Education and Science with information on the longer term impact of the higher level of social and circulation space provided.

iv. The Department should apply a comprehensive whole of life approach in evaluating all its major capital projects.

The Minister for Finance is informed by the Department of Education and Science that this recommendation is accepted and the Department of Education and Science has already commenced this approach. The process of formulating the Output Specification for the PPP schools has informed the review of the Design Guidelines and the Department of Education and Science is now formulating a single document for use in traditional projects and Design & Build.

v. The Department should report on the level of funding provided for maintenance of schools whether or not this is resulting in good value outcomes.

The Minister for Finance is informed by the Department of Education and Science that it understands that the Committee is referring to the issue of the inclusion of maintenance over 25 years in the contract. The Minister for Finance is informed by the Department of Education and Science that it does not accept that the cost of maintenance should have been separated from the PPP project. One of the Department of Education and Science's clear intentions when entering into the PPP process was to test the value for money of the Design/Build/Finance/Operate option.

On schools generally, including PPP schools, the Department of Education and Science has scheduled a value for money review of grants paid to both first and second level schools to commence in 2008.

vi. 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.

The Minister for Finance agrees that affordability should be explicitly considered before bids from private sector partners are sought and would like to outline the current position in guidance for the information of the Committee.

He would point out that the Department of Finance's *Guidelines for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector* issued in 2005 require that the expenditure limits for a project be determined during the project appraisal stage (carried out before "approval in principle" is sought to proceed with a project). This requirement applies to all capital investment projects, regardless of whether procured using a PPP arrangement or more conventional procurement.

The *Guidelines for the Provision of Infrastructure and Capital Investments through Public Private Partnerships: Procedures for the Assessment, Approval, Audit and Procurement of Projects* outline, as set out under recommendation ii above, how the issue of affordability in PPP procurement is addressed.

vii. 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.

The Minister for Finance is informed by the Department of Education and Science that this recommendation is accepted. The Department of Education and Science has issued a

circular to the management authorities of all schools on the sharing of school facilities with the community. As part of the latest bundle of schools being tendered, there will be a requirement on the PPP operator to provide a guide to schools on all matters agreed under the contract including the use of schools outside normal teaching hours.

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

- i. 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.**

Section 3 (9) of the Comptroller and Auditor General (Amendment) Act, 1993 requires departments and offices to present an Appropriation Account to the Comptroller and Auditor General (C&AG) before 1st April in the year following the financial year to which they relate. Section 3 (11) of the Act requires the C&AG to subsequently lay the audited Appropriation Accounts before the Dáil not later than 30th September in the year following the financial year to which they relate.

In addition to providing the Appropriation Account to the Office of the Comptroller and Auditor General by 31 March each year, Accounting Officers must also provide subsidiary notes with the Appropriation Account, as well as a high level of supporting information. Many of these notes cannot be derived from departments' financial management systems. In view of the work involved in producing some of these subsidiary notes, particularly in large departments, such as the Department of Education and Science, the existing deadline for the presentation of the Appropriation Accounts has been necessary to ensure that the Appropriation Account and the supporting information required by the Office of the Comptroller and Auditor General is accurate and complete.

The Minister for Finance would point out that in addition to discharging these requirements he has now arranged that Ministers and Departments will present significant new information to the Oireachtas with their Estimates each year. This co-incides with the accounting requirements. When the new reporting requirements have bedded down, the Minister will review the question of revised deadlines for the Appropriation Accounts and the associated audits.

Information Note which relates to Recommendations 3.ii – 3.vi inclusive

The Minister for Finance is informed by the Department of Justice, Equality and Law Reform that the children detention schools transferred from the Department of Education and Science following commencement of the relevant provisions of the Children Act 2001, as amended, on 1 March 2007. An executive office of the Department of Justice, Equality and Law Reform, the Irish Youth Justice Service, has been established to manage and develop all aspects of youth justice and the implementation of the remaining provisions of the Children Act 2001.

- ii. The construction of new facilities should not commence without a clear plan for when they will be put into use.**

The Minister for Finance has been informed by the Department of Justice, Equality and Law Reform that the recommendation is accepted. A cross-departmental expert group has been set up, by the Minister for Children, to carry out the effective planning for the development of existing and new facilities in the detention schools. The Group made its first report the Minister at the end of 2006 with recommendations for the redevelopment of the existing facilities. A project manager for the redevelopment work has been appointed by the Office of Public Works.

iii. The Department should accelerate the development of a proper performance indicator based monitoring and evaluation system for the centres of young offenders.

The Minister for Finance is informed by the Department of Justice, Equality and Law Reform that the development of monitoring and evaluation systems for the children detention schools will be considered in the context of the development of the national youth justice strategy, which is being prepared by the Irish Youth Justice Service (IYJS) for publication in 2007. The IYJS has appointed a National Manager of Detention School Services who will oversee the operation of the schools on a daily basis.

iv. 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.

The Minister for Finance is informed by the Department of Justice, Equality and Law Reform that the integration of young offenders back into society, following release from detention is one of the objectives of the Irish Youth Justice Service and this will be reflected in the national youth justice strategy. A national youth justice oversight board will be put in place to monitor progress of the strategy and its objectives.

v. 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.

The Minister for Finance is informed by the Department of Justice, Equality and Law Reform that the general point regarding value for money is accepted. The Department of Justice, Equality and Law Reform also accepts that it is necessary to have adequate capacity to accommodate the numbers sent to detention by the Courts. However, the Department notes that the Children Act 2001 specifically provides that the use of detention for children who offend should be a last resort. In addition, the commencement in March 2007 of the detention and community sanction provisions of the Act will need to be monitored to assess their impact on the use of existing capacity in the children detention schools.

The Minister for Finance is further informed by the Department of Justice, Equality and Law Reform that it will be necessary to redevelop the existing children detention schools to improve the quality of the existing accommodation and to create the places necessary

to accommodate 16 and 17 year olds in the children detention schools (this group is currently accommodated in St. Patrick's Institution, Dublin, operated by the Irish Prison Service), to extend the detention school model to them as provided for by the Children Act 2001, as amended.

A transitional arrangement for the accommodation of 16 and 17 year old boys in St. Patrick's Institution pending the provision of new children detention facilities is included in the 2001 Act. In addition, the Irish Youth Justice Service (IYJS) is actively pursuing the adaptation of the unused "4th Unit" in Oberstown so that it can be used to relieve the unacceptable accommodation for girls on remand in Oberstown Girls School.

A cross departmental expert group has been set up, which will make recommendations to the Minister for Children, to carry out the effective planning of children detention facilities in the State. The staffing position in these centres will be kept under review.

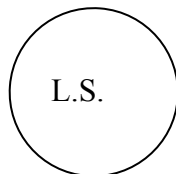
vi. There needs to be a regular reporting system put in place to quantify the amount of unused facilities.

The Minister for Finance is informed by the Department of Justice, Equality and Law Reform, that this recommendation has been accepted.

Up to 1 January 2007, the Department of Education & Science reviewed bed utilisation in the Children Detention Schools based on weekly returns provided by the school authorities. In addition, until 1 January 2007, all requests made by the Courts for bed places were channelled through a single contact point in the Special Residential Services Board. The monitoring of bed utilisation in the schools has been the responsibility of the Irish Youth Justice Service (IYJS) since 1 January 2007.

The establishment of the dedicated IYJS with full responsibility for the management of child detention schools will facilitate proactive management of resources and allow the Irish Youth Justice Service to optimise the use of the facilities on an ongoing basis.

Given under the Official Seal of
the Minister for Finance on this the
fifth day of April, 2007



David Doyle
Secretary General
Department of Finance