

# **CAPITAL INVESTMENT PROGRAMME 2012–2016**

## **Department of Education and Skills**

### **1 INTRODUCTION**

#### ***Approach in Submission***

This submission has been compiled in accordance with the guidelines set out.

This submission sets out the background to the capital investment programme of the Department and sets out the priority of the Department in relation to capital investment in the period 2012 to 2016. In suggesting the prioritisation of capital for school accommodation, the Department is indicating that we are not prioritising schools ICT or higher education infrastructure. This approach has been taken not because of the lack of importance of investment in schools ICT and higher education infrastructure, but because of the overwhelming demographic demands for schools capital.

One particular aspect of the guidelines was to indicate which programmes/projects the Department would prioritise if the allocation were reduced by 30%. The Department has set out a number of scenarios in the conclusion of this submission and these include a scenario with a reduction to an average of €400m capital per year (which is just under a 15% reduction) as well as a number of other scenarios. The €400m scenario would involve schools capital funding provided only to cater for limited demographic growth and for emergency works. Nothing other than capital contractual commitments would be advanced in higher education. All higher education PPPs, including Grangegorman, would be stopped. Given that this scenario would not enable all children to have a school place, a scenario with a bigger reduction has not been set out in the submission.

#### ***Background***

Capital expenditure in the Department of Education and Skills is concentrated mainly on primary and post-primary education and higher education.

The education capital budget in recent years is as follows:

<b>DEPARTMENT OF EDUCATION AND SKILLS</b>	
<b>CAPITAL EXPENDITURE 2005 – 2014</b>	
2005	€602m
2006	€617m
2007	€813m
2008	€810m
2009	€767m
2010	€786m
2011	€501m*
2012	€459m**
2013	€462m**
2014	€467m**

*Note: Note: Expenditure in 2005 and 2010 includes a carryforward from the previous year.*

*\*The 2011 figure is an allocation*

*\*\*The 2012 to 2014 figures are the existing capital allocation applicable to the Department of Education and Skills.*

The Department allocates capital funding to five main sub-programmes as follows:

- Schools – school building and school furniture and equipment
- Higher education – higher education buildings and infrastructure generally
- PPPs – these are mainly the VAT payments arising from the completion of PPP buildings as well as costs of local authority contributions and advisors fees for the delivery of the projects.
- ICT programme for schools – this is general ICT investment in schools
- Other programmes – this includes IT services within the Department, capital funding for educational disadvantage and FÁS

Expenditure in recent years and projected future expenditures have been broken down as follows:

<b>DEPARTMENT OF EDUCATION AND SKILLS</b>						
<b>CAPITAL EXPENDITURE 2005 – 2014</b>						
	<i>Schools</i>	<i>Higher Education</i>	<i>PPPs</i>	<i>ICT for schools</i>	<i>other</i>	<i>Total</i>
2005	€501m	€91m	0	€6m	€4m	€602m
2006	€494m	€116m	0	€4m	€3m	€617m
2007	€646m	€147m	€8m	€2m	€10m	€813m
2008	€644m	€155m	€2m	€1m	€5m	€810m
2009	€526m	€200m	€11m	€23m	€7m	€767m
2010	€526m	€169m	€14m	€70m	€7m	€786m
2011	€418m*	€57.5m*	€15.5m*	€1.5m*	€8.5m*	€501m*
2012	€357m**	€80.5m**	€10.9m**	€1.5m**	€9.1m**	€459m**
2013	€355m**	€72.5m**	€23.0m**	€1.5m**	€10m**	€462m**
2014	€375m**	€70.5m**	€9.0m**	€1.5m**	€11m**	€467m**

*\*The 2011 figure is an allocation*

*\*\*The 2012 to 2014 figures are the existing capital allocation applicable to the Department of Education and Skills and the initial indicative allocations for these.*

These indicative allocations demonstrate a prioritisation of expenditure on schools capital, while maintaining a limited allocation for higher education capital. Also, the allocations were tentative in relation to the timing of VAT payments arising under PPPs.

### ***Overall Objective***

The high level objective over the next number of years is to meet demand for school places. This is achieved through the provision of new schools, the refurbishing and/or extending of existing school buildings, the purchase of sites, the delivery of smaller scale capital works including a summer works scheme and emergency works, the provision of furniture and equipment, the delivery of the remediation programmes such as asbestos and radon and the minor works grant.

The objective in the Higher Education sector is focused on the improvement of infrastructure in the Universities, Institutes of Technology and other colleges with the emphasis on targeted investment where there is a robust economic case.

### ***An outline of the rationale for Government intervention.***

There are immense social and economic benefits that accrue to society at large of having a better educated population. The benefits of education are not just enjoyed by individuals, but by wider society. In addition, education usually precedes employment in an individual's life, and the inability to pay for education could act as a barrier in the absence of government funding. Governments therefore have a central role to play in supporting educational investment.

***An assessment of the consistency of the investment programme with the Programme for Government.***

The Programme for Government states that it will prioritise school building projects in a revised national development plan.

Further the Programme states “This Government’s ambition is to build a knowledge society. Education is at the heart of a more cohesive, more equal and more successful society, and it will be the engine of sustainable economic growth”. To meet this ambition, capital investment for all levels of the education system is needed and this has particular relevance for the Higher education Sector and the need for its development.

***Details of how your investment programme will support economic recovery.***

The economic recovery needs to be based on human capital. If sufficient schooling and higher education places are not provided, this will impact in a serious way on Ireland’s economic recovery.

The investment in the construction of new schools, large scale extensions and additional accommodation in the primary/post-primary sector together with the construction of large scale projects in the Higher education sector will be a very significant boost to the construction industry.

The investment will support economic recovery through the engagement of professionals in the design of projects, such as architects, structural engineers, mechanical and electrical engineers, quantity surveyors, as well as contractors and their teams, which include skilled tradespeople and craftspeople, in the construction phase of projects. School and higher education projects create a demand for building materials and equipment and such demand will sustain indirect employment in the wider building industry.

The additional benefit of building projects particularly in the construction phase which can range from nine months to two years is to create certainty in the workforce and generate additional spending in the local community.

***Details of how your investment programme will support sustainable employment as well as employment in the immediate delivery phase.***

Long term sustainable employment results from investment in the education system. For example, if there are not sufficient schooling and higher education places, these will impact very negatively on future sustainable employment. The provision of education at all levels is a key requirement of the knowledge economy.

In addition, in terms of direct employment, work undertaken by Forfas and by the Construction Industry Council suggests that there are 10 direct jobs and 2 indirect

ones for every €1m capital spend. This would apply for the vast majority of education capital expenditure, other than sites and equipment.

The School Building Programme and the Higher education Building Programme have supported sustainable employment both at Design Stage through the engagement of architects, structural engineers, mechanical and electrical engineers and quantity surveyors and other professionals and at Construction Stage with the employment of contractors, sub-contractors and their teams in the various disciplines.

***Details of how your investment programme will meet critical economic and social infrastructure deficits.***

Due to the increased birth rate there is an expected increase of over 45,000 school pupils in the primary school system between now and 2018. This level of increase cannot be accommodated in the existing school stock and the deficit can only be addressed through the provision of new schools and extensions to existing schools as appropriate.

At post-primary level, the number of pupils (excluding PLC students) is projected to increase by 24,900 pupils by year 2017. The projections indicate that pupil numbers will continue to rise until 2024 when it is expected there will be in the region of 383,100 pupils in the post-primary system. That is an increase of 65,700 pupils over the current levels. The accommodation available in existing schools is insufficient to meet this demand and the deficit can only be satisfied through the provision of new schools and extensions to existing schools as appropriate. It is not a realistic option not to have a school place for every primary and second level child.

The provision of new schools will give a timely boost to the social infrastructure in areas of rapid population growth where in some instances the provision of new homes has not yet been matched with completion of developments, play and sporting areas and sufficient facilities to meet the demands of everyday living standards.

The provision of education at all levels is a key requirement of the knowledge economy and a shortage of places in schools would be a critical deficit in the economic infrastructure of the state which would have serious consequences for long term economic growth. In practice, given the demographic demands a large proportion of schools capital expenditure is unavoidable given Constitutional and legal requirements.

In relation to undergraduate enrolments – as with primary and second-level enrolments - demand for places will increase. While there will be a lag in demographic trends influencing demand for capacity, broader economic conditions – specifically the unemployment rate – are likely to mean that more school-leavers will remain in education than find employment as compared to recent years. In addition, increasing part-time enrolments will put pressure on the existing level of capacity.

### ***Contractual Commitments***

The following table sets out the Department's legally binding contractual commitment (i.e. commitments that would be enforceable by the Courts as opposed to projects in which design teams are engaged but where a contractor has yet to be appointed or projects where there has been an announcement has been made following a political decision ) for each year up to 2016.

#### **CONTRACTUAL COMMITMENTS - POSITION AT 30 JUNE 11**

CONTRACTUAL CAPITAL COMMITMENTS*	2012 (€m)	2013 (€m)	2014 (€m)	2015 (€m)	2016 (€m)
PRIMARY AND POST-PRIMARY	140.00	13.00	2.00	-	-
HIGHER EDUCATION	62.00	48.00	7.00	-	-
TOTAL	202.00	61.00	9.00	-	-

\* As contractors are appointed to various projects over the coming months the level of contractual commitments will increase from 2012 onwards.

Projects costing in excess of €4m are listed at Appendix 3.

#### ***Details of delivery arrangements for the programme***

All projects require the approval of the Department prior to commencing the design process and thereafter at the significant stages of project advancement and delivery. In many cases the need particularly for new schools is identified by the Department in the first instance.

The large scale projects at primary/post primary level are delivered by the Department where the Minister is the client (schools on sites in the ownership of the Department which is now the standard way for most newly established schools, as well as older Community and Comprehensive schools) and by Boards of Management where the school (primary schools not in the ownership of the Department and secondary schools) is the client or through the VEC sector. Even in the case where Boards of Management are the client there is still significant work in supporting them in this work for the Department. The National Development Finance Agency procures the projects delivered by PPP.

The smaller scale projects (Additional Accommodation, Summer Works Scheme and Emergency Works) are devolved to schools or the VEC sector as appropriate for delivery

Higher education projects funded by the Department are delivered by the Universities and Institutes of Technology.

## 2. SCHOOLS

Within the Department's capital allocation the concentration of resources is very much concentrated on schools. Expenditure under this sector is focused on the delivery of large scale projects (new schools and large scale extensions/refurbishments), site acquisitions, additional accommodation, emergency works, summer works scheme, furniture and equipment provision, a minor works grant for primary schools and miscellaneous items.

The changing demographics at primary and post-primary levels over the next number of years will impact significantly on the level of capital investment needed to satisfy accommodation requirements and provide sufficient additional school places.

### *Background - Changing demographics and increased demand for pupil places*

In 2000 there were 54,789 births in Ireland, while the 2008 figure was 75,065, a 37% increase over the period. The rate for 2009 was 74,728 births and the recently published birth rate figure for 2010 of 73,724 is on a par with those recorded in 2009. The 2008 figure is the highest number recorded since 1896.

The Department recently published the latest set of projections of full-time enrolments in schools and colleges aided by it.

The Department is forecasting an increase of over 45,050 primary pupils and 24,900 post-primary pupils by the start of the 2017/18 school year. The projections are consistent with the recent initial Census findings.

Details on the changing demographics and the impact on demand for schools places are in appendix 1.

In order to cater for the increased numbers of pupils over 20 new schools will have to be established at primary level and another 20 new schools will have to be established at post-primary level between now and 2017. These were announced by the Minister for Education and Skills on 27 June 2011. Over 140 existing primary schools and over 45 existing post-primary schools will need major extensions between now and 2017 to cater for the increased demand for pupil places. If these extensions are not implemented, more new schools will be needed. There will also be a need for a large number of smaller extensions to schools, particularly post-primary schools.

The Department has looked at options for delivering this programme. One option considered would be to use temporary accommodation for a large element of the programme. However, such accommodation would still cost approximately two thirds of the cost of permanent buildings and would need to be replaced after a number of years leading to further costs in the medium term in any case. A related option would be to change the use of existing non-school accommodation, such as properties in which NAMA has an interest, to a greater extent. The Department's experience is that this option is also very costly in the short term (due to significant

costs in conversion and refurbishment) and does not provide a medium term solution. A further option would be to consider providing transport to other locations where there may be capacity. The scope for this is not significant given the nature of schools infrastructure. However, in the limited cases where this may be an option this would involve lengthy journeys for some of the pupils in an area and would be very costly as well as being divisive in the local community where some pupils would be educated locally and others would not. The preferred approach is to build as much permanent accommodation as possible to cater for these increases, while noting that, in some cases, interim solutions will need to be put in place in the short term. Also, while changes in the pupil teacher ration may be considered in the context of the recurrent funding review, such changes will not have a significant impact on the demands for school accommodation to address demographic pressures.

The Department already achieves high quality energy efficient buildings meeting our educational requirements at a very low cost compared to international norms. For cost reasons however, it may be necessary, to limit the provision of physical education and sports facilities in the short term for newly built schools. The current standards for such schools include such provision which is important to the school curriculum and to the general public infrastructure of developing areas.

An indicative outline of the expenditure to ensure the implementation of this programme is as follows:

2012	€110m
2013	€150m
2014	€400m
2015	€300m
2016	€150m
2017	€60m

The work on addressing the school accommodation needs of the additional numbers in schools is the most urgent capital challenge facing the Department.

### ***Introduction***

Schools capital can be broken down across a number of areas as follows:

- Large scale projects
- Site acquisition
- Additional accommodation
- Emergency works
- Summer works
- Minor works
- Furniture and equipment

There has also been a limited scheme to purchase rented prefabs in recent years.

The extent of expenditure on each of these areas depends on the availability of funding. The priority for expenditure is to meet the accommodation needs arising from the demographic increases as well as to provide minimal emergency works. Expenditure to meet demographic needs arises under large scale projects, site acquisition and additional accommodation.

If the allocation is significantly reduced, only some of the school places required due to demographic growth could be provided and a contingency fund put in place to meet emergency work applications. Consequently, it will not be possible to provide accommodation for all primary and post-primary pupils from 2014.

### ***Large Scale Projects***

The capital implications arising from the changing demographics impact to the greatest extent on the provision of new schools and large scale extensions. A total of 230 large scale projects have been identified as necessary to address the demand for school places arising from demographic change. Within the existing large scale programme in excess of 300 projects are at various stages of progression from the appointment of design teams to actual construction

The timescales for the delivery of these 230 projects are very challenging. Typically major projects take 4 to 5 years from the appointment of a design team and many of the new projects will need to be delivered in 3 years or less. The challenges being faced by the Department are compounded by the difficulties in the construction industry and the increasing complexity of the regulatory environment has made the procurement of Design Teams and Contractors for construction projects more difficult. A background note on these issues and how the Department is addressing them is attached at Appendix 2.

At the start of 2011 a total of 51 large scale school building projects were on site and under construction. A further 48 large scale school building projects are expected to award contracts throughout 2011 and commence on site as soon as possible thereafter. At the end of June there were 81 large scale school building projects on site whilst a further 8 projects had reached substantial completion – the target for substantial completions by end 2011 is 48 projects.

At the start of 2012 it is expected that in the region of 50 projects will be under construction and throughout 2012 as many as possible of the 83 large scale school projects that are securing planning permission and progressing through the tender process during 2011 will advance to site and commence construction.

The progress in bringing large scale projects to site in 2012 will result in excess of 70 projects being under construction at the beginning of 2013 with a further 60 projects planned to commence construction throughout the year. During 2013 significant progress on moving projects through architectural planning onto tendering will be necessary in order that the higher levels of construction can be met in 2014 and 2015.

2014 and 2015 will be the years in which the greatest number of large scale projects must be under construction to ensure adequate school places to meet the demographic

demand. During the course of each year the number of projects on site will be in the 130 to 150 region annually. While the demand in 2016 should not be of the scale of the two previous years, nevertheless the 2016 school building programme is envisaged to be substantial.

Prioritisation decisions will be needed in relation to the progression of large scale projects having regard to the budget available.

Diverse delivery methods are being put in place for the delivery of major projects. The Department is planning to devolve a number of the new post-primary schools and all VEC extensions to VECs. It is also planned to devolve the construction of a new post-primary school in Drogheda to Louth County Council.

The Department will be appointing design teams to a number of projects (up to 3 projects per design team) to ensure that there is increased co-ordination and synergies in the work of design teams with a view to speeding up delivery times. The design briefs for new post-primary schools and for post-primary extensions will also be simplified.

Also, the Planning and Building Unit will identify some initial post-primary start-ups and a number of new primary schools and primary school extensions as modular-build delivery projects which can be speedily delivered.

(Text redacted here)

### ***Site Acquisition***

In relation to site acquisitions, a co-ordinated approach with the local authorities and the Department of the Environment is being implemented. An oversight committee involving the two Departments and the City and County Managers Association is being established with a view to co-ordinating and expediting the identification and acquisition of suitable sites. Furthermore, the Chief State Solicitor's Office is supporting this work by advising on the speedy transfer of land to the Minister's ownership.

An annual site purchase programme is in place to ensure that sites are available in the appropriate locations to meet the demand for new school facilities and increasingly this process involves close interaction with local authorities to secure such sites. To prepare adequately to meet the demand for additional school places over the next number of years, it is essential that the site acquisition programme is expanded to allow the preparatory work on large scale projects to commence at the earliest opportunity. It is envisaged that the site acquisition programme will cost €60m in 2012; €50m in 2013; €30m in 2014 and €20m each year thereafter. If the sites are not acquired on time, it will not be possible to develop permanent solutions for schools for the expanding population.

### ***Additional Accommodation***

Additional accommodation is provided through the provision of permanent classrooms or by purchased prefabricated structures. Schools are given the option to

build permanent accommodation or to purchase prefabs and the trend is very much in favour of the permanent build option.

The effort to meet demand for additional places cannot be just confined to the provision yielded by large scale projects. Schools throughout the country where the population increase is impacting on available places will typically be in a position to deliver additional classrooms under this devolved scheme. Where a school applies for an extension in an area of strong demographic growth an analysis of the application is carried out to ensure that the amount of additional accommodation being provided will cater for the school into the medium term. This analysis takes into account enrolment patterns in the school in context of the overall enrolments of the area and is informed by the projected continued increase in overall enrolments to 2018 and beyond. Expenditure on additional accommodation amounted to €60m in 2010 with a similar spend envisaged in 2011. Continued expenditure on additional accommodation will be necessary to cater for growing numbers.

Many existing schools also have a high proportion of their existing accommodation in rented prefabs or prefabs owned by schools which are over ten years old. If there is a possibility of developing a scheme over a number of years to devolve grant-aid to schools to replace such temporary accommodation, this would both provide savings in the long term and improve the condition of the schools infrastructure.

### ***Scheme to eliminate rented and old prefabs***

There has been a limited scheme in recent years through which the Department has moved to buy out long term rental contracts in order to reduce the ongoing cost to the Department of rent and to date, 200 prefab units have been purchased by the Department.

Subject to the availability of funding, the Department is seeking to introduce a revised scheme to selected schools who have prefabs on site for a minimum period of years where they are unlikely to have a major project completed in the short to medium term. The option would be that the Department would either purchase the prefabs (if rented) already on site or provide grant aid for replacement with a permanent build. While some prefabs are likely to be as a result of works ongoing or planned at the schools the vast majority are in schools where projects are unlikely to be commenced in the medium to long term. Eligible schools would be selected and approached by the Department depending on the level of available funding in any year. It will not be possible to significantly reduce the number of prefabs unless such a scheme can be introduced.

Of the 1,430 units being rented that are not involved in a major capital project, a total of 748 have been rented for over 5 years. The majority of units would be single 80m<sup>2</sup> classrooms but 25m<sup>2</sup> and 16m<sup>2</sup> are also provided. The maximum grant assistance for these would be €100,000, €45,000 and €30,000. Taking as an estimate the likely breakdown to be 75% mainstream classrooms and 25% smaller rooms the estimated cost of this scheme could be €125m to purchase the majority of the prefabs currently being rented. These estimates do not take account of prefabs that are not rented.

### ***Emergency Works***

Throughout the year schools apply to the Department for funding to carry out emergency works such as leaking roofs, boiler failures and electrical problems that have the real potential to disrupt the smooth running of schools. The Department has strict guidelines and schools are aware that only the most genuine of cases will receive consideration. In that context an annual sum of €10m is deemed sufficient to meet demand.

### ***Summer Works Scheme***

The Summer Works Scheme allows schools to carry out small-scale projects such as gas, electrical and mechanical works, roof replacements and repairs, window replacement, toilet upgrades, structural improvements and access works. Most of the work is carried when the schools are closed for the summer holiday period. Typically, when the Department seeks applications for a Summer Works Scheme in excess of 2,000 applications can be expected. In circumstances where the demand for additional school places is the driver, it is only proposed to include the Summer Works Scheme as part of the School Building Programme every second year from 2011 onwards. While expenditure on the Summer Works Scheme in 2009 and 2010 was in excess of €100m annually, and the 2011 scheme is valued in excess of €80m (including Jobs Initiative), a typical annual scheme should cost in the region of €50m.

While it is not suggested that this expenditure will have the same priority as additional numbers, there is a need for continued support for such small scale projects as such expenditure ensures that the existing building stock is maintained at an acceptable standard and thus that higher costs emergency works and major works do not arise. Furthermore, new requirements, such as in relation to septic tanks and energy efficiency will require investment under summer works.

### ***Minor Works Grant***

The Minor Works Grant has issued to all primary schools with full recognition and provides a basic grant of €5,500 plus €18.50 per mainstream pupil and €74 per special needs pupil, resulting in a total cost of €28m annually. The grant allows schools to address improvements to the physical infrastructure of the school and to provide furniture and equipment including IT equipment. The grant was first introduced in 1997 and last issued in November 2010 for the 2010/2011 academic year. As the grant has issued annually since 1997 primary schools have an expectation that the payment of this grant will continue on an annual basis. The Department originally introduced this grant to facilitate on-going improvements to the physical infrastructure of primary schools and while such improvements must continue to prevent schools falling into disrepair and dilapidation, the issue of the Minor Works Grant every second or third year should be sufficient to maintain facilities.

### ***Furniture and Equipment***

Schools apply throughout the year for funding to address loose furniture and equipment requirements. A growing demand in this area is from schools with special needs pupils who have specific furniture and equipment requirements.

A number of Leaving Certificate reforms have been completed by the NCCA, but have not yet been rolled out. In part, this is due to the cost and staffing of related in-service, but in the case of Leaving Certificate Art, Leaving Certificate Engineering Technology and Leaving Certificate Architectural Technology a capital cost (Data redacted here) also arises. (Text redacted here)

In addition and coterminus with the introduction of two new Leaving Certificate subjects, Technology and Design and Communication, some 11,000 high specification CAD computers went into schools in 2007/08. (Text redacted here)

There will also be other smaller requirements for equipment renewal.

### ***Miscellaneous***

Under this heading are such programmes as remediation (asbestos, mould and dust), contributions to the VEC head offices, subject health and safety grants and other matters.

### ***Overall Schools Allocation***

The allocation for schools capital in the existing envelope is between €355m and €375m. per annum for the years 2012 to 2014.

While recognising that the primary purpose of the capital review is to provide for prioritisation within the limited capital resources available, the scale of the demographic challenge facing the schooling system means that if the allocation is significantly reduced, the only expenditure provided for would be to cater for some of the demographic growth and to have emergency works. Nevertheless, it will not be possible to provide accommodation for all primary and post-primary pupils from 2014. If the additional numbers cannot be accommodated, previously unthinkable policy options would need to be considered (such as delaying entry to primary schools, limiting places in senior cycle of second-level schools or having two staggered schools days in some locations – e.g. from 7am to 1pm and from 1.30pm to 7.30pm) and these would all be very negative for national social and economic development.

It is also recognised that it will be very difficult in the present economic circumstances to continue with the existing level of schools allocation and even if this is the case, it will not be possible to have any summer works grants or primary minor works grants. Many of the existing major schools works which are currently in

design would need to be postponed to focus on the school projects needed to allow for demographic growth. Furthermore, a large proportion of the school projects needed for demographic growth would need to be delayed and rented temporary solutions would need to be found. These would all need to be temporary solutions and the permanent solutions would still need to be advanced as soon as possible.

If it is possible to increase the school allocation, the first call would be to provide permanent rather than temporary solutions for the additional numbers. If there is sufficient funding available following this, some of the existing major projects that are currently planned would not need to be delayed. Depending on the extent of the availability of capital, summer works and minor works could be considered.

Given the scale of activity needed to meet the additional accommodation requirements, there will be particularly significant pressures on the schools capital budget in 2014 and 2015.

An indicative schools allocation which would enable all of the additional accommodation to be provided as well as a limited amount of other major projects, minor works and summer works is as follows:

	<b>2012 (€m)</b>	<b>2013 (€m)</b>	<b>2014 (€m)</b>	<b>2015 (€m)</b>	<b>2016 (€m)</b>
Large Scale Projects	250	300	400	400	350
(Text redacted here)	Data	Redacted	here		
Site Acquisition	60	50	30	20	20
Additional Accommodation	70	80	90	70	60
Prefab Replacement	25	25	25	25	25
Emergency Works	10	10	10	10	10
Summer Works Scheme	20	50	0	50	0
Minor Works Grant	28	0	28	0	28
Furniture and Equipment	4	4	4	13	4
Miscellaneous	3	3	3	3	3
(Text redacted here)	Data	Redacted	here		

Even with funding of this magnitude, there would still be many schools fully or partially in temporary accommodation and there would be demands to provide PE halls for schools that do not have them and hundreds of major refurbishment projects which could not be funded.

Overall options for all education expenditure are analysed in the conclusions section.

### **3 HIGHER EDUCATION**

Over the past decade of investments the programme in higher education has targeted the elimination of substandard facilities, developing the research capacity of the sector and, as far as resources have permitted, providing new provision to meet skills needs while also planning for a growing student cohort.

#### ***Addressing Infrastructural Deficits***

The case for sustained investment in addressing infrastructural deficits remains compelling as evidenced by a recent space survey carried out by the Higher Education Authority.

- The HE property portfolio comprises 28 institutions, 1,023 buildings covering in the region of 2.1 million square metres with an insurance replacement value of circa €8 billion. Roughly 65% of the space is located in the universities, 29% in the institutes of technology and the remainder in the other HEA-funded institutions such as colleges of education. Of the 2.1 million square metres of gross space in the system, about 1.8 million square metres gross relates to core academic and research activities.
- Over 41% of the space is more than 25 years old, of which 18% is more than 50 years old. In the universities, almost 130,000 square metres of building space is over 100 years old.
- 46,000 square metres (2%) and 97,000 square metres (4%) of space comprises temporary buildings (prefabs) and rented space, respectively.
- Net usable space per day student FTE for the sector is 7.95 square metres which compares with 10 square metres internationally.
- Property requiring ‘major repair’ and ‘replacement’ representing in total around 39% of the portfolio is estimated to cost just over €1 billion and just under €270 million respectively to make the existing resources fit-for-purpose. This is particularly the case in science and engineering where a number of demands arise and where some courses may need to be stopped if facilities are not refurbished and in other cases where the facilities are not fit for purpose there may be an impact on the attraction of students and on the competences of students when they complete their courses.
- Compounding these difficulties is the prospect that future funding levels will not be adequate to provide for a continuous programme of equipment renewal and minor works.

#### ***Growing Participation Levels***

Alongside the challenges posed in tackling historic infrastructural deficits, the Department is also confronted with the challenge of having to plan and provide for rapid growth in participation levels. Full-time enrolment in third and fourth level has grown by 30% over the past 9 years. The projection by the DES is for an increase of

approximately 55,000 full-time student enrolments in the higher education system over the coming decade.

The 2009/10 academic year saw the largest jump ever in numbers accepting places through the Central Applications Office in higher education institutions, of 8.3%, to bring first year numbers to 45,582. In addition, growing numbers are also returning to, or accessing, higher education through routes other than the CAO. For the first time ever, the most recently calculated Leaving Certificate Entry Rate has risen to just over 70% in 2008/09, which compares to 66% in 2007/08 and 67% in 2006/07.

The position for the 2009/2010 academic year is as follows.

<b>Course Type</b>	<b>IOTs</b>	<b>Rest</b>	<b>Total</b>
Full time u/ grads	56,893	76,956	133,849
Full time post grads	2,939	19,480	22,419
<b>Totals</b>	<b>59,832</b>	<b>96,436</b>	<b>156,268</b>
Part time u/grads	12,921	6,176	19,097
Part time p/grads	2,529	10,272	12,801
<b>Totals</b>	<b>15,450</b>	<b>16,448</b>	<b>31,898</b>

(Data quoted from the HEA annual report).

The demographic figures set out above estimate an increase of just under 30,000 places by 2014/15. Increases of around 75% are estimated by 2030.

Delivering additional capacity within the system constitutes one of the key components of this Department's capital requirements. Potentially delivering close to 35,000 places over the period 2011 to 2016 will cost in the region of €1bn. Longer term having to deliver potentially 80,000 further places is likely to similarly entail substantial investment. It is recognised that a number of factors could assist in the containment of these costs.

The Department of Education & Skills Higher Education Public Private Partnership Programme was announced in 2005 and includes 16 higher education projects in 9 institutions that would be delivered via Public Private Partnership. The Department is progressing these projects through the procurement process. The anticipated delivery dates for these projects are:

- 6 higher education projects to be delivered in 2013,
- 6 higher education projects in late 2013/early 2014
- 4 higher education projects to be delivered in late in 2014.

In addition there is a major PPP element in the Grangegorman project.

There is some uncertainty in relation to the availability of funding for higher education PPPs. It is anticipated that the availability of funding for the first higher education bundle will be confirmed by the end of September 2011.

These projects all remain priority projects and institutions have been admitting students on the estimation that the projects will be completed.

(Text redacted here)	(Text redacted here)	(Text redacted here)
(Text redacted here)	(Data redacted here)	(Text redacted here)
(Text redacted here)	(Data redacted here)	(Text redacted here)
(Text redacted here)	(Data redacted here)	(Text redacted here)
(Text redacted here)	(Data redacted here)	(Text redacted here)

There are also significant commitments within the existing higher education capital budget as a number of major projects are now retendering where the initial contractor was unable to complete the work. Furthermore, the contract for the UCD Science Centre has just been signed and this involves a €61m commitment. The Grangegorman project is also commencing and the investment in this project has been proven to be less than the required refurbishments to the existing DIT stock would be.

As well as a space utilisation survey, referred to above, the Department has sought the advices of the Higher Education Authority in relation to ensuring the most efficient use of higher education infrastructure through out the calendar year. While it is likely that there can be some efficiencies gained from improved usage, it is not going to provide a major input into the ability of higher education institutions to expand to meet demand.

The allocation for higher education capital in the existing envelope decreases from €80.5m in 2012 to €70.5m in 2014.

It is considered that the level to which the allocation is to decline is a minimal level for support of the existing higher education infrastructure that will barely allow for refurbishments related to health and safety and investment to maintain IT networks. Facilities needing health and safety investment may be closed by institutions.

If the level is reduced further there will be no option but only to continue with contractual commitments and funding for other projects could not be considered. Also, there is a high level of contractual commitments for the next 3 years.

If it is not possible to advance with the PPPs due to the financial markets, the existing projects would need to be prioritised for funding within whatever level of higher education capital budget is available.

It is likely that, having regard to the recurrent funding arrangements and the lack of additional capital investment, some institutions may limit their future enrolments.

Overall options for all education expenditure are analysed in the conclusions section.

#### **4 PUBLIC PRIVATE PARTNERSHIPS (PPP)**

The Department has two PPP Programmes progressing through the various stages of procurement and construction. The 5 Pilot Schools, the National Maritime College and the Cork School of Music were completed as part of the Pilot programme for PPPs. Two further programmes of schools and higher education projects were announced in 2005. Four schools in Bundle 1 were completed in 2010 and 6 schools in Bundle 2 are in construction. A further 8 are in procurement at present with tenders due back to the National Development Finance Agency (NDFA) in July 2011. (Text redacted here)

Three Bundles of higher education projects are being progressed by the Department. The 1<sup>st</sup> Bundle is nearing completion of the procurement stage with a funding competition which commenced recently. The second bundle is at the early stages of a funding competition and the third bundle is ready to be handed over to the National Development Finance Agency to commence procurement. However, this handover has been paused by the Department of Finance. In the past the EIB have indicated that it was not interested in funding higher education projects and the Department has recently asked the National Development Finance Agency to explore this matter further with the EIB.

(Text redacted here)

The NDFA have continued to take market soundings on the availability of funding for the Department's PPP Programme and are confident that Financial Close can be achieved within budgets for the schools projects currently in procurement. They are of the view that funding will be more challenging for the higher education projects but are reasonably confident that this can be achieved.

In addition to the two PPP programmes the Department is also advancing with PPP projects in Grangegorman and, arising from the Jobs Initiative 2011, planning is underway for two further schools bundles for delivery in 2016/17. The anticipated delivery dates for the planned projects are:

- 6 schools to become operational by November 2011
- 8 schools to become operational in September 2013.
- 6 higher education projects to be delivered in 2013,
- 6 higher education projects in late 2013/early 2014
- 4 higher education projects to be delivered in late in 2014.
- 10 schools in two bundles to become operational in 2016/17
- Grangegorman project to be delivered in 2016/17

#### ***Affordability from Capital Envelopes***

Affordability issues arose in 2010 for any future bundles due to a stipulation by the Department of Finance in May 2010 that annual unitary payments must in future be serviced from the Department's annual capital envelopes or the capital reserve with

no additional funding being made available to service the Unitary payments for these projects.

Issues in relation to unitary payments for bundles are set out above in the schools and higher education sections.

The expenditure allocated directly to PPPs under the PPP heading in the capital envelope is mainly for VAT payments. It is anticipated that these VAT payments will arise as follows:

8 schools to become operational in September 2013 – (Data redacted here)

6 higher education projects to be delivered in 2013 - (Data redacted here)

6 higher education projects in late 2013/early 2014 – (Data redacted here)

4 higher education projects to be delivered in 2015 - (Data redacted here)

10 schools in two bundles to become operation in 2016/17 - (Data redacted here)

Grangegorman project to be delivered in 2016/17 - (Data redacted here)

## 5 SCHOOLS ICT PROGRAMME

The Schools ICT Programme supports high quality teaching and learning and feeds into building a knowledge economy. The objective is to ensure that all schools are provided with a broadband service, and that this service delivers centrally managed network monitoring, firewall, content filtering and virus protection to nearly 4,000 schools, as well as access to online content; web hosting; and blog hosting for schools. As a result of central procurement various savings accrue due to economies of scale. Under the schools broadband programme the network requires on going capital expenditure to maintain the network for schools and ongoing investment in the programme will support increased broadband usage by schools in teaching and learning. The allocation of €0.5m assigned to Schools ICT from 2012 is the minimum capital required for each of the years to 2016 in order to ensure that the existing schools broadband access continues.

Pressures for additional capital expenditure in this regard exist. The *ICT Strategy* and *Smart Schools* report recommended increased investment across all areas of the Programme. In particular, the *Smart Schools* report was accompanied by a funding indication of €150m over the period 2010-2012, of which €92m has been distributed and industry has voiced concern in relation to the balance. The new Programme for Government also prioritises the development of collaborative online platforms. In this context, the development of a national virtual learning environment may require in the region of €5m initial investment, not provided for in the ICT in Schools allocation.

As stated above, since October 2009, some €92m has been invested computer hardware and related equipment in schools. Much of this was expended in the 2010/11 school year and given an average life span of 5 years (at the outside) this will give rise to demands to renew stock in 2016/2017.

However, no other ICT capital investments are envisaged given the other capital demands on the Department.

## 6 OTHER PROGRAMMES

### *IT Services within the Department (Admin Budget)*

Within the Department's Admin Budget under subhead A.5.1 is a provision for the expenditure necessary to maintain and develop a range of IT services for use by the staff of the Department for administrative purposes and to provide online services to schools. The capital element of this subhead includes provision for expenditure on the purchase of hardware, software licences, communications equipment, data circuits and other items of equipment.

### *Educational Disadvantage*

The strategic objective of the Dormant Accounts Educational Disadvantage programme is to assist programmes or projects which overcome the impediments arising from social or economic disadvantage and which prevent learners from deriving appropriate benefit from education. Dormant accounts funded schemes are typically once-off in nature, however, individual schemes can last for more than one year.

The Dormant Accounts (Amendment) Act 2005 provides for a scheme to disburse unclaimed monies for projects and programmes designed to alleviate poverty and social deprivation. The Act targets three broad categories of persons for support from the fund: those affected by (i) economic and social disadvantage; (ii) educational disadvantage; and (iii) disability.

In November 2009, the Government approved the drafting of a new Dormant Accounts Bill. The Department secured a commitment that educational disadvantage will remain an explicit funding category under the new Bill which is currently being drafted.

There are too many variables outside of this Department's control to project the total level of Dormant Account funding allocated by Government to counteract educational disadvantage between 2012 and 2016, with any confidence. Further, the split between current and capital funding in any given year will be determined by the mix of schemes approved by Government, if any, in that year. However, it is understood that there is in the region of €45 million of un-allocated funds in the Dormant Accounts Fund. In the past circa 40% of funding was allocated to educational disadvantage. Therefore, it can be estimated that €5.0 million is allocated annually to educational disadvantage and that the split between current and capital is €2.0 million and €3.0 million respectively.

As the actual expenditure incurred by the Department on educational disadvantage is recouped from the dormant accounts fund, the impact on the capital allocation is exchequer neutral. It is intended to reflect a capital allocation of €3m annually in respect of educational disadvantage in the capital envelope both on the gross and net vote to achieve the exchequer neutral position.

## ***FÁS***

Funding is provided to FÁS annually for its capital expenditure. The funding is allocated to the development and maintenance of buildings and offices, and the maintenance and upgrading of equipment. €5.5m annually will allow a basic minimum level of maintenance on buildings, and replacement of essential equipment for training / trainee use.

Between 2004 and 2009 FÁS carried out substantial work to upgrade essential facilities in its buildings across the country, in particular to comply with requirements under disability and health and safety legislation. There is however still an ongoing need for maintenance and upgrading of facilities and equipment.

## 7 CONCLUSION

The existing capital envelope provides for €467m in 2014.

Recognising that the primary purpose of the capital review is to provide for prioritisation within the limited capital resources available, this submission sets out the background to the capital investment programme of the Department and the priorities of the Department in relation to capital investment in the period 2012 to 2016. In suggesting the prioritisation of capital for school accommodation, the Department is indicating that we are not prioritising schools ICT or higher education infrastructure. It is also recognised that it will be very difficult in the present economic circumstances to provide the continuation of the existing level of capital allocation for the education sector.

The Department has set out a number of scenarios below and these include a scenario with a reduction to an average of €400m capital per year (which is just under a 15% reduction) as well as a number of other scenarios. In the context of the scale of the demographic challenge facing the schooling system, the €400m average allocation scenario would involve schools capital funding provided only to cater for some demographic growth and for emergency works. Nothing other than capital contractual commitments will be advanced in higher education. All PPPs, including Grangegorman will be stopped. Given that this scenario would not enable all children to have a school place, a scenario with a bigger reduction has not been set out in the submission.

Subsequently, scenarios providing for the existing level of funding to continue and for increases in funding are set out. These scenarios are designed to inform the funding allocations that are to be made and to clearly set out the implication of such decisions.

The following 5 overall scenarios are analysed in turn on the basis of the existing costs:

- Scenario 1 - Average of €400m per year - €67m less than initial allocation, with the highest allocations in 2014 and 2015
- Scenario 2 - Average of €467m per year – existing allocation, with the highest allocations in 2014 and 2015
- Scenario 3 - Average of €550m per year – increase of approx €80m annually on existing allocation, with the highest allocations in 2014 and 2015
- Scenario 4 - Average of €600m per year – increase of approx €130m annually on existing allocation, with the highest allocations in 2014 and 2015
- Scenario 5 - Average of €640m per year – increase of approx €170m annually on existing allocation, with the highest allocations in 2014 and 2015

***Scenario 1 – Average of €400m per year - €67m less than initial allocation, with the highest allocations in 2014 and 2015***

There will only be schools capital funding provided to cater for some demographic growth and for emergency works. Not all projects for demographic growth will be funded while all other major capital projects would have to be stopped. Projects planned for 2012 and 2013 will have incurred substantial costs on site acquisitions, design team fees, planning permissions and other miscellaneous outlays. While some costly temporary solutions may be advanced, it will not be possible to provide accommodation for all primary and post-primary pupils. It will be necessary to seek to delay entry to primary schools for children in certain areas and to place limits on the numbers permitted to remain in second-level after the junior cycle. Such developments would run counter to all public policy in recent years and would be very negatively received in society.

Nothing other than capital contractual commitments will be advanced in higher education. All PPPs, including Grangegormán will be stopped. Facilities needing health and safety investment will be closed and IT networks will not be supported. Many institutions are likely to limit their future enrolments.

***Scenario 2 – Average of €467m per year – existing allocation, with the highest allocations in 2014 and 2015***

There will only be schools capital funding provided for demographic growth and for emergency works. Many of the existing major schools works which are currently in design would need to be postponed to focus on the school projects required to allow for demographic growth. Furthermore, a large proportion of the school projects required for demographic growth would have to be delayed and rented temporary solutions would need to be found. These would all be temporary solutions and the permanent solutions would still need to be advanced as soon as possible.

Nothing other than capital contractual commitments will be advanced in higher education. All PPPs, including Grangegormán will be stopped. Facilities needing health and safety investment will be closed and IT networks will not be supported. Many institutions are likely to limit their future enrolments.

***Scenario 3 – Average of €550m per year – increase of approx €80m annually on existing allocation, with the highest allocations in 2014 and 2015***

Schools capital funding would be provided for demographic growth and for emergency works. Furthermore, many of the existing major schools works which are currently in design would need to be postponed to focus on the school projects needed to allow for demographic growth.

Permanent rather than temporary solutions will be provided for the additional numbers in schools in most cases.

In 2012, some funding might be made available for summer works grants or minor works grants but there would be no funding in subsequent years.

Nothing other than capital contractual commitments will be advanced in higher education. All PPPs, including Grangegormán will be stopped. Facilities needing health and safety investment will be closed. Many institutions are likely to limit their future enrolments.

***Scenario 4 – Average of €600m per year – increase of approx €130m annually on existing allocation, with the highest allocations in 2014 and 2015***

Schools capital funding would be provided for demographic growth and for emergency works. Furthermore, some of the existing major schools works which are currently in design would need to be postponed to focus on the school projects needed to allow for demographic growth.

Permanent rather than temporary solutions will be provided for the additional numbers in schools wherever possible.

In 2012, some funding might be made available for summer works grants or minor works grants but there would be no funding in subsequent years.

Higher education capital commitments will be advanced. Some of the PPPs would be advanced, including Grangegormán. There would be limited investment in facilities needing health and safety investment. Some institutions may limit their future enrolments.

***Scenario 5 – Average of €640m per year – increase of approx €170m annually on existing allocation, with the highest allocations in 2014 and 2015***

This would provide for schools capital funding for demographic growth and for emergency works. Furthermore, the existing major schools works which are currently in design would be advanced.

Permanent rather than temporary solutions will be provided for the additional numbers in schools wherever possible.

In 2012, some funding might be made available for summer works grants or minor works grants. Funding will be made available in occasional other years. Some funding would be made available to replace old prefabs in schools.

Higher education capital commitments will be advanced. The PPPs would be advanced, including Grangegormán. Some institutions may limit their future enrolments.

Even with funding of this magnitude, there would still be many schools fully or partially in temporary accommodation and there would be demands to provide PE halls for schools that do not have them and hundreds of major refurbishment projects which could not be funded. Furthermore, there would be no new higher education projects commenced other than those already planned.

Should funding under this scenario be made available, the table below sets out the putative allocation.

<b>SECTOR</b>	<b>2012 (€m)</b>	<b>2013 (€m)</b>	<b>2014 (€m)</b>	<b>2015 (€m)</b>	<b>2016 (€m)</b>
Schools	470	526	603	604	513
Higher Education*	80.5	72.5	70.5	70.5	70.5
PPPs	2	34.5	15	12.5	2.5
ICT Programme for Schools	0.5	0.5	0.5	0.5	0.5
Other Programmes	10.8	10.2	10.2	10.2	10.2
<b>TOTAL</b>	<b>563.8</b>	<b>643.7</b>	<b>699.2</b>	<b>697.7</b>	<b>596.7</b>

(Text redacted here)

### ***The current expenditure implications of your proposed future capital investment***

There are no recurrent expenditure implications that are not covered in the submissions of the Department for the recurrent expenditure review. These implications all relate to additional numbers arising from demographic increases.

If sufficient capital is not made available for increased school places, the temporary solutions will increase recurrent expenditure as there will be an increase in rental payments for interim solutions. The lack of maintenance in existing buildings will result in increased running costs

### ***The broad outputs and outcomes expected from your proposed capital investment.***

The 2011 output target envisages a total of 48 large scale projects (new schools and large scale extensions) and a further 200 additional accommodation projects reaching substantial completion by year end. These completions will deliver over 12,000 additional permanent school places.

For the years 2012 to 2016 the precise outcomes will depend on the investment agreed.

### ***Potential of Construction Inflation***

There is also the need to consider possible inflation in construction costs. Construction costs are already 30-40% below their peak of recent years. Indications from recent tenders are that prices are still low, but that some tenders are showing small increases in prices. It is unclear at this stage whether it is a trend. If construction inflation does arise this will impact on what can be delivered within the capital allocation.

### **Background - Changing demographics and increased demand for pupil places**

In 2000 there were 54,789 births in Ireland, while the 2008 figure was 75,065, a 37% increase over the period. The rate for 2009 was 74,728 births and the recently published birth rate figure for 2010 of 73,724 is on a par with those recorded in 2009. The 2008 figure is the highest number recorded since 1896.

The Department recently published the latest set of projections of full-time enrolments in schools and colleges aided by it.

The Department is forecasting an increase of over 45,050 primary pupils and 24,900 post-primary pupils by the start of the 2017/18 school year.

The latest projections cover all years from 2011 to 2031 for all levels of education from Primary to Higher. As enrolment figures are projected out into the future there is, obviously, greater uncertainty about possible or likely outcomes in terms of enrolment in 10 or 20 years than is the case for the next five years.

Most children born four to five years ago are entering primary school this coming school year while most children born one to three years ago will enter primary level in the coming four years. There is no evidence, to date, that these children have emigrated or will emigrate with their families in large numbers. All the evidence available, so far, from various data sources suggests that emigration is heavily concentrated in the 20-30 age-group. Consequently, projections of enrolment for the coming four and a half years (to end 2015) may be viewed as being less subject to uncertainty and variation (depending on participation and migration) than is the case for projections over a longer time period (when factors such as fertility and migration impact more significantly on outcomes).

A range of possible outcomes is considered depending on how many people leave or enter the country and how many children are born over the coming two decades. These are anchored on a combination of migration and fertility assumptions that fall in the middle of a wide range of possible developments in these areas. The particular scenario which is considered the most likely outcomes is referred to as M4F4. This corresponds to a gradual decline in the level of estimated net outwards migration coupled with a small fall in the rate of fertility.

**Table I Overview of likely trends in enrolment 2011-14**

<i>Year beginning</i>	<b>First Level</b>	<b>Second Level</b>	<b>PLCs</b>	<b>Higher Education</b>
<i>Using Scenario M4F4 for 2011-2014</i>				
2009/10 actual				
2010/11	509,652	317,432	38,680	161,089
2011/12	514,600	322,500	40,000	170,300
2012/13	523,100	326,900	40,000	176,600
2013/14	532,900	330,700	40,000	183,200
2014/15	540,500	334,600	40,000	190,400
2015/16	546,800	337,200	40,000	198,300
2016/17	550,000	340,200	40,000	206,300
2017/18	552,800	342,300	40,000	213,500

Previous experience of such projections have shown that short-term trends in both migration and fertility remain volatile and difficult to predict – not least because of uncertainties about the direction of future economic and social change as well as their relationship to patterns of social behaviour.

Nevertheless, even if future births and migration patterns are at variance from those projected, the high level of actual births recorded in recent years will continue to impact significantly on enrolment at Primary Level for the coming 5 years and at Post-Primary level for at least 13 years.

### ***Primary enrolments***

Enrolment at Primary Level has fluctuated – with a time lag – in response to changes in births. Hence, total enrolment at this level declined from a high of 567,600 in 1986 to a low of 439,600 in 2001 after which it has been increasing to reach an estimated level of 509,650 in September 2010. The increase in births has been the result of a combination of (i) rising fertility, (ii) increasing numbers of women born in Ireland in the 1970s and giving birth in the last decade, and (iii) rising numbers of women who immigrated to Ireland in the last decade. While inward migration of women in the last decade had some impact, the vast majority of the increase in births between the mid-1990s and 2010 was due to (i) a higher Total Period Fertility Rate (TPFR) and (ii) more Irish-born women in the 15-49 age-group than before.

The consequence of the increases in births means that the total enrolments in primary schools is expected to grow from 509,650 pupils in the current school year to 540,500 pupils by 2014 and further increase to 554,700 pupils by year 2018. This increase in primary pupil numbers means an additional 30,850 pupils will have to be accommodated between now and 2014. An additional 14,200 primary school pupils will have to be accommodated between 2014 and 2018 meaning an overall increase of 45,050 pupils between now and 2018.

Meeting this level of significant increased demand for education services will be a major challenge. For example, the expected increase of c45,050 primary school pupils could necessitate the provision of up to 1,608 additional classrooms. This would equate to the provision of over 100 new 16 classroom schools at a pupil teacher ratio of 28:1 if none of the additional pupils could be accommodated through extensions to existing schools.

### ***Post-Primary enrolments***

Enrolment has been increasing at post-primary level (excluding PLCs) since 2006 in line with increasing births coupled with the impact of immigration over the last 15 years. The main drivers of increasing enrolment into the future will be:

- Rising births since the mid-1990s
- Increased participation and retention to Leaving Certificate

Net inward migration, to date, has had relatively little impact on enrolment at post-primary level. There has been a noticeable increase in retention in recent years reflecting reduced job opportunities for early school leavers.

Analysis of retention at second level shows that approximately 85% of entrants to first year of Junior Cycle are likely to complete Leaving Certificate. It is assumed that, on the basis of increases in retention, the rate will increase slightly over time to reach 88% by the year 2020. It is important to note that all scenarios considered in the projections recently published by the Department imply continuing enrolment growth at post-primary level up to years 2023 or 2025.

The number of pupils at post-primary level (excluding PLC students) is projected to increase by 24,900 pupils from the current level of circa 317,400 pupils to 342,300 by year 2017. The projections indicate that pupil numbers will continue to rise until 2024 when it is expected there will be in the region of 383,100 pupils in the post-primary system. That is an increase of 65,700 pupils over the current levels.

### ***Identification of additional school accommodation requirements throughout the country***

Detailed work has been undertaken by the Department in relation to the provision of the required additional school capacity at both primary and post-primary levels. Most schools at both levels that are under pressure for places are in the greater Dublin area and its outer rim. This pressure extends out to the wider Dublin commuter belt stretching across the area from Gorey in the south, over to towns such as Carlow, Portlaoise, Tullamore, Mullingar and Navan up to Dundalk on the north and the bulk of the towns in between. There are also areas of significant growth and pressure for school places in many parts of Cork city and Galway city and equally in towns such as Letterkenny where a significant population increase was experienced. The bulk of the additional pupil places that will be required over the next decade will arise in the areas mentioned. It is also of note that the rate of increases in these areas are higher than the overall rate of increases in school-going population as there are other areas where the school-going population is declining.

The analysis of all areas of the country to determine where the additional pupils will present in greatest numbers was undertaken so as to ensure that sufficient school accommodation will be in place. The Department has examined whether increased places can be provided by extending existing schools or establishing new ones. Many areas will see significant growth in pupil numbers and if it does not prove possible to provide an adequate number of extension projects in these areas it will be necessary to establish new schools. It is planned to provide the required additional school capacity at both primary and post-primary levels through a combination of the use of any existing spare classroom capacity, by extensions and expansions to existing schools and by the establishment and provision of new schools where necessary.

Consideration has also been given to the possible impact of increases to pupil teacher ratios on school buildings. This is a complex matter and one which is difficult to predict with any great certainty not least because of the uneven spread of the increase in pupil numbers across the country. It is also further complicated by the fact that different considerations and factors apply to the potential impact of PTR change between the primary and post-primary sectors. The uneven distribution of the increase in pupil numbers across the country militates against widespread capital savings from an increase in the pupil teacher ratio. For example, a general increase in the pupil teacher ratio would, in theory, mean that all schools throughout the country would be able to accept a certain level of additional pupils into existing classes without the need for any additional teachers or the provision of additional classrooms. However, due to the uneven distribution of the increasing demographics the benefit of such an increase would be somewhat limited. Increasing the capacity of schools located in areas of little or no demographic growth would not address the demand for additional pupil places in areas of high demographic growth owing to the distance between them. It is considered that a one or two point increase in PTR rates would not impact to any great extent. However, a larger increase than this would delay to a certain extent the need for additional accommodation. However, it would not obviate the need to any great extent.

### **Procurement and Construction Industry Challenges**

The challenges being faced by the Department are compounded by the difficulties in the construction industry and the increasing complexity of the regulatory environment has made the procurement of Design Teams and Contractors for construction projects more difficult.

#### ***Procurement***

All State bodies are subject to EU procurement directives. The applicable directives are Directive 2004/18/EC, and the Remedies Directive 2007/66/EC. In addition the national (GCCC) guidance also applies. The relevant documents are the Capital Management Works Framework guidance and associated Department of Finance [DoF] circulars.

In particular DoF Circular 10/10 deals with facilitating participation of Small to Medium Enterprises. It provides for the advertising on eTenders of all projects where the appointment value (Consultants or Contractors) is > €50,000. It also advocates the increased use of “Open” Tendering

#### ***Appointment of Design Teams***

To ensure the orderly progression of projects and to meet the need for additional accommodation in the coming years the Department has a requirement to appoint circa 100 Design teams this year and a similar number for the next few years.

Each Design Team consists of 4 members. As a result of the current down-turn in the economy, for each project, the Contracting Authority is receiving between 100 and 250 tenders or requests for inclusion on the tender lists. This means that to appoint 100 Design teams the Department and Contracting Authorities must issue between 10,000 and 25,000 letters i.e. up to 400 to the successful bidders and up to 24,600 letters of regret identifying the reasons why that tenderer was unsuccessful.

To deal with this huge administrative burden the Department has streamlined, simplified and automated the appointment system as much as possible.

For Consultancy appointments for projects with a construction value less than €2.5m a single stage Open Procedure is used. All consultants (being suitably qualified) are at liberty to submit a tender. For larger and more complex projects a Restricted Procedure (with a self-assessment spreadsheet at pre-qualification stage) is used.

In all cases the consultants declare their suitability and competency (measured against published minimum standards) but are not required to submit supporting evidence at pre-qualification or tender stage. Only the suitability and competency of the apparently successful tenderer is checked.

Bundling two or more schools together as one project helps reduce the workload, but the number that can be bundled is limited by the capacity of consultancy firms to deliver within the timeframe required. (Bundling large groups of projects as lots with a single Contract Notice but individual appointments does not significantly reduce the workload and creates a greater risk of delays as a challenge to one appointment will hold up the appointments for all those projects)

Notwithstanding the above efficiencies, the appointment process takes between 4 and 6 months and still requires substantial administrative and technical input not least because of the high number of queries and appeals.

### ***Appointment of Contractors***

As with the consultants, for projects less than €2.5m a single stage Open Procedure is used for the appointment of Contractors. All Contractors are at liberty to submit a tender. For larger and more complex projects a Restricted Procedure is used. The only award criterion is the lowest comparative cost of tender.

Again, the contractors declare their suitability and competency (measured against published minimum standards) but are not required to submit supporting evidence at pre-qualification or tender stage. Only the suitability and competency of the apparently successful tenderer is checked.

It is noted that contractors cannot be excluded from tender or award because of an apparent slow-down in performance on current projects once they have met the qualification standard required in the Open procedure or have been short-listed under Restricted Procedure. Such exclusion is only possible if the circumstances under which they were qualified materially changed (e.g. liquidation)

In Design and Build projects (e.g. the RAPID programme), quality does form part of the award criteria. While necessary for such projects there is a greater risk of challenge and delays in consequence.

### ***Contract award***

The above advertisement, pre-qualification (if required) and tender process is carried out by the project design team. The actual tender period is generally a month, but the time lag between going to tender and contractor on site is closer to 6 months. This arises because of the need to check “abnormally low tenders”; difficulties in obtaining bonds, checking Tax clearance, Pension contributions and insurances; and the withdrawal of contractors due to any of the above reasons.

### ***Design and Construction delays***

During the Design Stage delays can occur for a number of reasons. Firstly (as a consequence of the current downturn) consultancy practices have limited numbers of qualified personnel. In many cases this is exacerbated by the loss of senior personnel experienced in the delivery of schools. This creates resource pressures at times of heavy workload such as during the preparation of the Tender Documents and a resultant slow-down in performance.

Delays (substantially outside the control of the Design Team) in obtaining Planning Permission, a Fire Safety Certificate and a Disability Access Certificate can also occur due either to adverse decisions of the Local Authorities or 3<sup>rd</sup> party appeals

In addition to the above delays both at the design stage and in the appointment of Contractors, further delays can be experienced due to Contractors having cash-flow difficulties, and going into liquidation.

In the former, the project(s) slow down dramatically and the value of the monthly certificates reduces accordingly. In some cases this may be a pre-cursor to receivership or liquidation.

Where a Contractor does go into receivership or liquidation and the Contract is terminated, it is necessary to determine the scope of work outstanding, re-advertise the residual project, re-tender and appoint a replacement contractor all agreement with the bonding company. A delay here of up to 6 months can be expected.

**APPENDIX 3**

**PRIMARY AND POST-PRIMARY SCHOOL CAPITAL PROJECTS  
CONTRACTUALLY COMMITTED AND CONTRACTS VALUED IN EXCESS OF €4m**

<b>COUNTY</b>	<b>ROLL NO</b>	<b>SCHOOL</b>
Cavan	61060M	St Patrick's College, Cavan
Cork	13450F	Rushbrooke NS, Cobh
Donegal	71240U	Stranorlar Vocational School (Finn Valley College)
Dublin	70030E	Senior College, Eblana Avenue, Dún Laoghaire
Dublin	00697S	St. Brigid's NS, Castleknock, Dublin 15
Dublin	20201V	Tyrrelstown Educate Together
Dublin	20252P	GS Bhaile Brigín, Castlelands, Balbriggan
Dublin	60010P	Loreto Secondary School, Balbriggan
Dublin	76098W	Pobail Scoil Setanta, Phibblestown
Dublin	76104O	Donabate Community College
Galway	62970K	Coláiste Iognáid SJ Bothar na Mara
Kildare	16705E	Scoil Phadraig Naofa, Athy
Kildare	17662R	Scoil Bhríde NS, Kill
Kildare	61710C	Meánscoil Iognáid Ris, Naas
Kilkenny	61580P	Loreto Secondary School, Granges Road
Limerick	64201T	Ardcoil Ris, North Circular Rd, Limerick
Louth	20205G	St Mary's Parish School, Drogheda
Meath	20215J	St. Paul's NS, Ratoath
Meath	76103M	Colaiste Na hInse, Laytown
Offaly	65610S	Colaiste Choilm, O'Moore Street, Tullamore
Sligo	65170Q	Summerhill College, Sligo
Tipperary	72370P	Borrisokane Community College, Tipperary
Tipperary	72440K	Nenagh VS, Nenagh
Waterford	64970U	Coláiste na Maighdine, Presentation Secondary School
Westmeath	63290Q	Loreto College, Mullingar
Wexford	76127D	Gorey Community College
Wicklow	61800D	Presentation College, Bray

**HIGHER EDUCATION CAPITAL PROJECTS  
CONTRACTUALLY COMMITTED AND CONTRACTS VALUED IN EXCESS OF €4m**

St Patricks Drumcondra	Campus Development
UCD	Science Centre
NUI Maynooth	Library
Dunlaoghaire	
LIADT	Quadrangle Building Extension
UCC	Medical School
UL	Medical School
TCD	Medical School