

## **Review of the Consultation Process on a proposed Exchequer-Employer Investment Mechanism for Higher Education and Further Education and Skills**

On foot of recommendations contained in the report of the [Expert Group on Future Funding For Higher Education](#) a commitment was made in Budget 2017 by the Ministers for Education and Skills and Public Expenditure and Reform to undertake a consultation process on the design and operation of an Exchequer-Employer Investment mechanism to operate from 2018 onwards.

On 10 March 2017 Ministers Bruton and Donohoe launched a [public consultation paper](#) seeking responses from employer organisations and other bodies and individuals to a proposed mechanism which sought to increase the National Training Fund (NTF) levy (collected as part of Employers PRSI) from the current level of 0.7% by 0.1% in each of the years, 2018, 2019 and 2020. It is estimated that such an increase could result in an additional €200m per annum over the 2015 base year yield from the NTF. Funding raised would be invested in the expanded delivery of a broad range of higher education and further education and training provision, both in terms of core funding and additional skills provision, subject to reforms of the NTF being undertaken to ensure greater transparency, accountability and employer input.

The Government in its final-decision making on the introduction of an Exchequer-Employer mechanism, taking into account the outcome of the consultation process, will also consider the scope for a multi-annual Exchequer investment commitment subject to overall budgetary and expenditure considerations, including compliance with EU Fiscal Rules.

In total, 28 submissions were received in response to the consultation paper. The full set of submissions is available [here](#) .

Following the completion of this element of the consultation process, a further phase was undertaken with the holding of a consultative forum to which all consultation respondents were invited to share their views and discuss the main themes and issues arising in greater detail with the Ministers for Education and Skills and Public Expenditure and Reform. At the forum Peter Cassells, Chair of the Expert Group on Future Funding For Higher Education outlined the funding needs and pressures on the sector over the coming years as set out in the Expert Group report and both Ministers Bruton and Donohoe addressed the forum directly. The event was also attended by the Chairperson of the Oireachtas Committee on Education and Skills, Deputy Fiona O'Loughlin. The Oireachtas Committee is currently considering the report of the Expert Group with a view to making recommendations on a future funding model.

A [presentation on the consultation process made by the Department of Education and Skills](#) at the forum, together with an [overview report](#) of the forum proceedings is available.

On 11 July 2017 the Government noted the outcome of the public consultation process and the proposed response by the Department of Education and Skill to the issues raised through the consultation process.

The Department of Education and Skills is committing to:

- Facilitating greater employer input into the NTF through the utilisation of new structures such as the National Skills Council on which employers are represented and which has an important role to play in advising on the prioritisation of identified skills needs and how to meet those needs.
- The commissioning of a comprehensive independent review of the NTF which will be overseen by a Steering Group comprised of relevant Government Departments as well as employer and other stakeholder representatives.
- The Terms of Reference for the review will be published once they are agreed by the Department in conjunction with the National Skills Council. The indicative Terms of Reference include requirements to:
  - Examine the effectiveness and efficiency of the Fund to date in meeting its objectives;
  - Assess the targets and performance criteria associated with programmes supported through the Fund;
  - Examine the adequacy of the evidence base and performance criteria on which expenditure decisions are taken;
  - Assess the monitoring and evaluation arrangements in place;
  - Assess the responsiveness of the Fund to the needs of the economy and wider society in terms of the type and method of programme delivery;
  - Assess the continued relevance of the core objectives of the Fund and the future strategic direction of the Fund;
  - Identify the most appropriate governance and oversight structure of the Fund in optimising employer engagement and input into strategic priorities;
  - Consider the role of the Fund, alongside the Exchequer and student sources, in future funding arrangements of the HE and FET sectors;
  - Make recommendations on how to improve the efficiency, effectiveness, relevance and impact of expenditure from the Fund and responsiveness of the Fund to the needs, inter alia, of the economy.

It is expected that an update on the review will be published as part of the Budget 2018 process with the comprehensive review to be fully completed in early 2018.

- The publication by the Department of improved annual data in relation to:
  - The overall allocation under the NTF and a breakdown of expenditure by programme area;
  - The performance criteria that underpin expenditure decisions;
  - Evidence of engagement with employers;
  - The outputs and targets associated with each programme, in terms of number of programmes supported, number of participants, completion rates; and
  - The impact of the Fund, in terms of participant outcomes, progression to employment, upskilling within employment, etc.

A final decision on whether there will be an increase in the NTF levy will be taken by the Government in the context of the 2018 estimates process.