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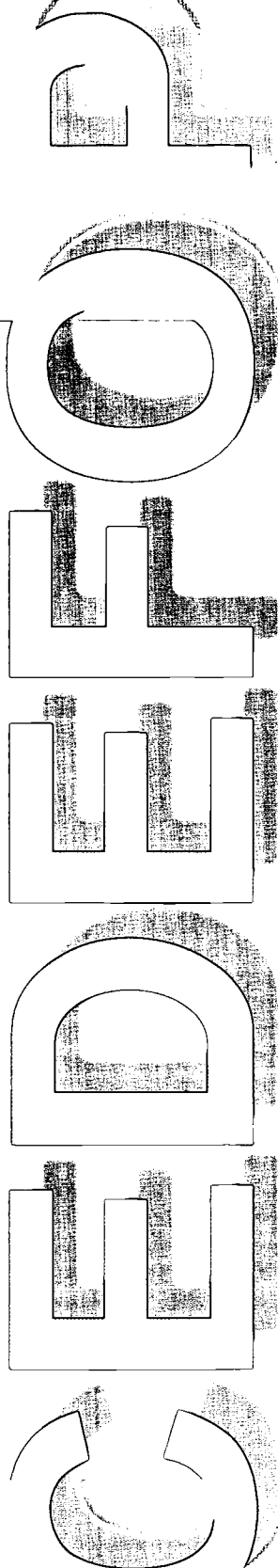
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## ABSTRACT

In Ireland, funding of vocational education and training (VET) has been affected by economic change, changes in government vocational training policy, and legislation. Expenditure on initial VET is considerable and has been growing as young people stay longer at second-level school and a greater proportion attend post-school training. Apprenticeship expenditure has risen with the rapid increase in number of employer-recruited apprentices. The majority of funding for continuing training comes from the private sector. Both in employee training and adult education, the role of state funding is relatively small, in contrast to the preeminent role of state funding in training for unemployed people and initial training, a reflection of both national priorities and public policy. Six programs for unemployed people can be grouped into these two broad categories of training: continuing training for unemployed people and reintegration training and training for the socially disadvantaged. The vast majority of funding for VET for the unemployed is public. Three future trends are increased level of payments to training participants, additional incentives for training, and reduction of European Funding support. (Appendixes include acronyms and abbreviations; list of legislation; and 11-item bibliography.) (YLB)



European Centre for the Development of Vocational Training

The financing of vocational education and training in Ireland

Financing portrait

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# **The financing of vocational education and training in Ireland**

## **Financing portrait**

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# Foreword

At the end of 1997, Cedefop launched a project to produce financing portraits of the vocational education and training (VET) systems within the individual Member States of the European Union. The portraits combine a qualitative description of the flow of funding through the VET structures, identifying the funding sources and allocation mechanisms, with quantitative data on expenditure for different training types. The reports are structured around initial vocational training, continuing vocational training and training for unemployed people. In recognition of the increasing overlap among these training types, some of the reports include an extra section on combined forms of training.

At the outset of the project, Cedefop asked the individual national authors to follow a uniform structure for the presentation of their financing training systems. This structure centred on the following issues with regard to initial and continuing vocational training and training for unemployed people:

- (a) outlining the economic, political, legal and administrative background to the financing of the VET system;
- (b) defining the different types of training according to the national context;
- (c) identifying the funding sources (e.g. central government, regional/local government, employers, individuals, etc.);
- (d) explaining the mechanisms for the distribution of funding;
- (e) identifying the expenditure levels over 10 years (1986-96 or the most recently available years);
- (f) concluding and discussing the trends and perspectives of the financing VET system.

The authors were requested, where possible, to distinguish between private/public and direct/indirect funding sources and to identify capital and revenue funding. They were also asked to provide a breakdown of expenditure according to the different sources of funding for each training type over a 10-year period.

While defining a common structure for each report allows for broad comparisons between the different systems and easier cross-referencing between the reports, it does not allow for detailed trans-national comparisons. It was acknowledged at the outset of this project that creating comparable reports would not be possible for a number of reasons, including:

- (a) training definitions: initial vocational training, continuing vocational training and training for unemployed people means something different within individual national contexts. While creating a 'standard' definition of each training type would have facilitated comparability, it would have complicated the process of gathering and presenting data. For this reason, each author was requested to use a nationally-based definition;
- (b) data: there are a number of general obstacles to obtaining comparable data, for example: the lack of common definitions, different national accounting procedures and the problems of identifying expenditure where funding sources are diverse and estimates are based on surveys. More specific obstacles include the difficulty of

aggregating data where funding is decentralised and estimating indirect sources of expenditure.

A number of barriers to achieving even basic common parameters arose as the work developed. Among others, these included:

- (a) the lack of training definitions and the increasing overlap between the traditional training categories in general. In some countries the division between the different training types is not as strict as in others. This means that some artificial divisions have had to be drawn by some of the authors, for example, between academic and vocational training. While this overlap may be, in part, the result of a general policy aim to level parity of esteem, it creates challenges in disaggregating data to identify expenditure on the vocational element. The notion of lifelong learning also has implications for creating more coherent training structures which include a wider range of learning activities. It is often difficult to identify and measure expenditure data on training which takes place outside of the formal structure;
- (b) the complexity of financing training structures in terms of the number of different funding sources and mechanisms for financing VET. For example, levels of expenditure on indirect demand-side incentive mechanisms such as tax incentives are often difficult to identify. More fundamentally, this general complexity is enhanced in those countries where there is no national structure for training, i.e. where local governments have autonomy with regard to financing training;
- (c) the number of recent reforms to the financing VET system blur data comparability over time within individual Member States. In addition, the newness of many of these reforms mean that there is often a lack of stringent evaluation according to efficiency, effectiveness and equity criteria.

There was no ideal way to create common criteria for the structure of this series of reports. There is a certain trade-off between attaining a common structure and reflecting the nuances of the individual national training systems. Nevertheless, this first set of portraits does serve to highlight many of the complexities involved with the financing of vocational education and training across the European Union. We hope you find the portraits informative and welcome your comments.

We would like to thank Roger Fox and Kathy McGinn of FÁS, the Training & Employment Authority, who prepared this portrait on the financing of vocational education and training in Ireland.

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# Preface by the authors

This report has been prepared as part of a series on the financing of vocational education and training in the EU in accordance with Cedefop guidelines. The report draws on a range of sources of information including published information, the Cedefop monograph on vocational training in Ireland <sup>(1)</sup>, and statistics on expenditure obtained, principally, from the Department of Enterprise, Trade and Employment ESF section. We would like to thank staff from the organisations from which we obtained material, including the Department of Education and Science and the National Rehabilitation Board (NRB) and Sheena Stewart who provided secretarial services for the report.

There is no legal definition of vocational training in Ireland. For the purpose of this report, vocational training has been taken to include programmes taken after the end of compulsory schooling which have a 'vocational' emphasis. This report follows, in practice, the classification of vocational training programmes as in Ireland's human resources development operational programmes 1994-99 established under the community support framework agreed between the European Commission and the Irish government. These include programmes taken while in school, at third-level education levels, at work, as well as those for unemployed people or those out of the labour force. Programmes at degree-level or higher (ISCED 6 or above) are not included.

The report presents statistics for 1998 and earlier years as feasible. The text presents the situation at the end of 1999. Figures within the report have been shown in Irish pounds (IEP) and euro. The rates of conversion are as follows:

IEP 1 =	1986	1991	1996	1997	1998
EUR/ECU	1.36555	1.30239	1.26076	1.33818	1.27197

Source: Central Bank of Ireland, Spring 1999 report.

## Data sources

No comprehensive, unambiguous source of data on vocational education and training exists in Ireland. This is due to two main reasons: (a) the large number of different funders and providers, and (b) the lack of an agreed definition of the term 'vocational education and training'. Thus, what is recorded in this report is that part of VET which is measured, which in practice is that which is provided or part-funded by public organisations. Information about enterprise expenditure on VET is rather limited and not available on a regular (e.g. annual) basis. Equally, information about expenditure by individuals on privately provided training is not available.

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<sup>(1)</sup> Cedefop - European Centre for the Development of Vocational Training; Harper, D; Fox, R. *Vocational training in Ireland*. (to be published in 2000 as part of Cedefop's monograph series of country reports).

In relation to the definition of vocational education and training, the difficulty arises at the border with non-vocational education. In Ireland, this border has been set subjectively at different times to reflect changing attitudes and policy views. There has been a trend over the last two decades to regard what has been previously considered as general education as vocational education. Not all data sources, however, have adapted to this change.

A further difficulty for this report has been the need to categorise VET into three broad types used by Cedefop in all the reports on the financing of training. These three types are not used for data classification in Ireland. While data for these categories has been collected for all current expenditure, it is not possible to use this classification for capital investment and other infrastructural expenditure such as training of trainers and certification.

The principal source of data for the report is the EU monitoring committee reports in respect of 1996, 1997 and 1998. These are produced by the Department of Enterprise, Trade and Employment, which is responsible for all expenditure under the human resources development operational programme and, indeed, all European Social Fund expenditure. The ESF section in the Department gathers the relevant claims and expenditure data for each publicly funded organisation in receipt of ESF funds and collates them in the form of annual reports to the monitoring committees. The advantage of these reports is that they are produced in a central, coordinated, manner within clear definitions. Information on all ESF-supported programmes under each operational programme was extracted from this source. This information shows total expenditure, EU funding and private funding for each of over 50 measures. For 1991, a different operational programme structure was in place, and the records for that period are less complete. However, information was extracted from various files held in the Department of Enterprise, Trade and Employment, and this was supplemented by information obtained directly from the Department of Education and Science ESF section, the FÁS EU finance section and the Council for Education, Recruitment, Training (CERT).

Data for training employees were available from the continuing vocational training survey undertaken throughout the EU in 1994. The annual report and accounts of some other training organisations were also utilised.

In summary, it must be emphasised that the data given in this report are not comprehensive for all vocational education and training funding in Ireland. However, it does provide information on the vast majority of expenditure on training for unemployed people and on initial training, as nearly all of these receive public funding.

**Roger Fox**  
**Kathy McGinn**  
FÁS

April 2000

# Part I Background to the funding of vocational training

## 1.1. Economic background

Irish vocational training policy reflects the changing economic situation of the country. Some of the key features of these changes over the past 15 years are presented in the tables in this section. In the 1980s and early 1990s, the Irish economy was in a serious situation. Economic growth was low, gross national product (GNP) per capita was significantly below EU average levels (about two thirds) and unemployment rates were high (15%-17%). Government efforts to deal with the situation were constrained by high levels of national debt (100% or more of gross domestic product - GDP) and a high current account deficit within the balance of payments. This meant that a policy of fiscal expansion was not possible. Equally, as a member of the exchange rate mechanism, and as a small open economy within the EU, Ireland had limited possibilities for using monetary or exchange rate policy. This led the government to concentrate on economic and social policies that could create a suitable environment for development. These policies were based on a tripartite approach with the social partners which emphasised the need to both increase competitiveness and address the social consequences of high unemployment (see political background below). The result was a high level of public investment in initial vocational training to respond to the demand from individuals for higher levels of qualifications, and the demand from employers for skilled recruits. It also led to considerable public investment in training (and employment) programmes for unemployed people. Given the high priority accorded to these groups, less attention was given to continuing training of employees.

In recent years the economic situation has changed dramatically. There has been rapid economic growth since 1995 resulting in large increases in per capita incomes and a significant narrowing of the gap between Irish and average EU living standards.

Table 1: *Economic growth*

	GDP at current market prices		GDP per capita at market prices		Index of GDP at constant prices
	IEP million	EUR million	IEP million	EUR million	1986 = 100
1986	19 703	26 905	5 565	7 599	100
1991	29 583	38 529	8 390	10 927	126
1996	45 210	56 999	12 468	15 719	167
1997	51 823	69 349	14 155	18 941	185
1998	59 637	75 856	16 096	20 474	202

Sources: 1986-96 Central Statistics Office; 1996-98 ESRI quarterly economic commentary.

The level of national debt has reduced to 50% of GDP and inflation has remained very low.

*Table 2: Public debt*

	National debt	National debt	% of GDP
	IEP million	EUR million	
1986	21 611	29 521	110
1991	25 378	33 042	86
1996	29 912	40 710	66
1997	30 689	41 062	59
1998	29 540	37 575	50

Source: Revenue commissioners.

*Table 3: Inflation<sup>(1)</sup>*

	1986	1991	1996	1997	1998
Consumer price index (1986=100)	100	116	130	132	135

<sup>(1)</sup> Based on first quarter of year for 1986-91, then annual average.

Source: Central Statistics Office, Economic series, December 1998.

Employment levels reached nearly one and a half million in 1998, an increase of over 30% since 1991. There has been a corresponding fall in the unemployment rate which halved to 7.8% in 1998, and fell again to 5.7% in Spring 1999. Further reductions in unemployment are forecast for 2000.

*Table 4: Employment and unemployment levels*

	Employed	Unemployed	Unemployed
	('000s)	('000s)	(%)
1986	1 081	227.0	17.3
1991	1 134	209.0	15.6
1996	1 329	179.0	11.9
1997	1 380	159.0	10.3
1998	1 495	126.6	7.8
1999	1 591	97.0	5.7

Source: Central Statistics Office, Economic series, December 1998; Quarterly national household survey, second quarter 1999.

The changed economic situation is leading to a review of vocational training policies. The increasingly 'tight' labour market has led to efforts to ensure that labour and skill shortages do not act as barriers to further economic growth. The need for general training programmes for unemployed people has reduced, and there is now a greater focus on those groups of the unemployed at most risk in the labour market (e.g. early school leavers and the long-term unemployed). The importance of training and retraining of those already employed is increasingly recognised, as enterprises are less able to meet their skill needs through the recruitment of recently trained graduates.

## 1.2. Political background

The previous section has indicated some of the economic factors guiding vocational training policy in Ireland during recent years. However, policy is also responsive to more general societal and national policy aims. During the last decades, Ireland has been governed by a number of different coalitions, including parties from both the right and the left. Although, there have not been fundamental changes in government vocational training policy during this period due to the lack of large differences between the different parties. Even where some differences exist, the likelihood of radical change would have been moderated by the need for agreement between coalition partners, and with the social partners in general.

In relation to funding, the principal issues have concerned the extent to which employers and individuals should pay for training that benefits them. There have also been differing views in relation to the amount of financial support that individuals should receive while in training. There has been widespread support for the principle that vocational training should be provided by the State, at no cost to students and unemployed people. Whether participants should also receive some form of income payment while undergoing vocational training, and the extent of such a payment, are issues about which differing views are expressed. As will be seen later in the report, there has been a move in recent years to extend the eligibility criteria for income maintenance payments to further groups of people participating in initial vocational training after school. For unemployed people, the basic level of payment has remained linked to the unemployment benefit payment system, but additional benefits have become payable in an attempt to encourage more unemployed people to attend training programmes.

For funding continuing vocational training activities for employed people, there is more disagreement between the government, social partners and outside commentators. As Part III will show, there are at present a number of different systems in place including full or partial State subsidies and a levy system. As might be anticipated, some employers are sceptical of the levy system but feel that State financial support, especially to SMEs, is needed. Union representatives have been more likely to argue that State funds should be concentrated on training for unemployed people. In general, the arguments have been more about the relative level of State funding for different activities rather than the absolute principles involved.

A major factor in funding policy for training in Ireland has been the support provided by the European Social Fund. The Fund has contributed a large amount of money in absolute terms, and has helped to shape Irish vocational training policy. It has enabled governments to spend at significantly higher levels than they otherwise would have done. It is, of course, difficult to speculate as to what would have happened in the absence of the Fund. However, it seems likely that total training activities, both initial and for unemployed people would have been lower and the pressure for cost-recovery from training beneficiaries may have been greater. The Fund has also played an important

policy-influencing role in recent years emphasising the need for more efforts to train special groups such as early school leavers, the long-term unemployed and women.

As in most countries, much of vocational training is delivered by public sector organisations. There have been some efforts to make such organisations more 'business-like'. There has been no move, unlike some countries, to privatise the vocational training system. Rather, the aim is to improve efficiency within the public system. An examination is currently underway of how further competition could be encouraged.

Finally, it should be emphasised that vocational training policy in Ireland recognises that there are multiple objectives and benefits that accrue to different groups and localities. This makes objective analysis of costs and benefits difficult. As in many spheres of policy, the public demand is for more spending and, so far, the spending trend has been upward.

### **1.3. Legal background**

Legislation is important in respect of vocational training in Ireland: through the creation of publicly funded organisations to manage, advise on, or deliver vocational training; through providing the policy framework for public expenditure on vocational training; through establishing funding systems; and through creating regulations and certification. Legislation is the responsibility of the Irish parliament. In general, Ireland has followed the model of the United Kingdom whereby legislation provides the broad operational framework. This is then implemented through secondary legislation (detailed statutory instruments and ministerial orders.) A list of legislation is presented in Annex 2.

In respect of vocational training within the education system, the most important piece of legislation is the Vocational Education Act, 1930. This led to the establishment of vocational education committees (VECs) and 'vocational schools'. The development of the system since that time has been largely based on ministerial orders, until the introduction of a range of legislation in the current decade.

In respect of other vocational training, the most significant pieces of legislation relate to the establishment of a number of public bodies in the 1960s and early 1970s including AnCO (the Industrial Training Authority), CERT in respect of hotels and catering, *An Foras Taluntais* in respect of agriculture and other bodies relating to fishing and nursing. At that time, as part of the establishment of AnCO in 1967, the first legislation requiring employers to be subject to a levy was made. In 1988 FÁS, the national training and employment authority, was established. More recently, legislation in 1994 introduced a levy system to fund apprenticeship.

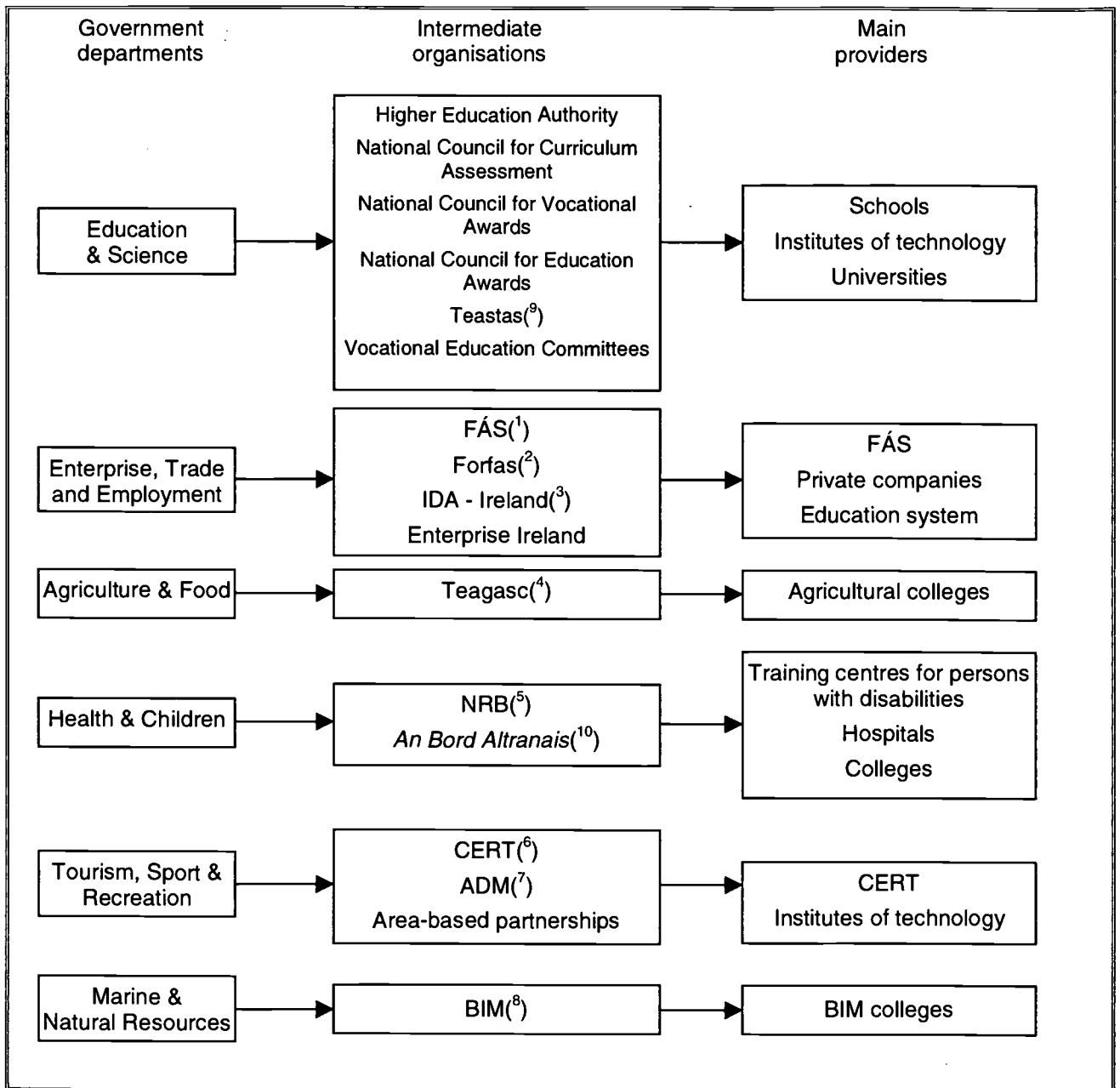


## 1.4. Administrative background

Ireland is a parliamentary democracy. All laws passed by the parliament must conform to the Irish Constitution. Responsibility for publicly funded education and training lies with government ministries (known as departments). These act directly, or through publicly owned intermediaries. Most public vocational training is the responsibility of central government. However, there is a local government system that has authority in relation to a small amount of vocational training. There are many advisory structures in place at national and local levels which influence vocational training activities.

Figure 1 summarises the position in respect of the main public VET bodies. The diagram indicates three levels: government departments which set policy and overall direction; intermediate organisations which may be involved in channelling funds, certifying training or in other ways helping to implement government policy; and VET provider bodies.

Figure 1: Vocational education and training: administrative structure



Legend:

- (<sup>1</sup>) The Training & Employment Authority.
- (<sup>2</sup>) The National Policy and Advisory Board for Enterprise, Trade, Science, Technology and Innovation.
- (<sup>3</sup>) Industrial Development Authority-Ireland.
- (<sup>4</sup>) Agriculture and Food Development Authority.
- (<sup>5</sup>) National Rehabilitation Board.
- (<sup>6</sup>) Council for Education, Recruitment, Training (Hotels, Catering and Tourism Industry).
- (<sup>7</sup>) Area Development Management.
- (<sup>8</sup>) The Sea Fisheries Board.
- (<sup>9</sup>) Interim authority advising government on national qualification framework.
- (<sup>10</sup>) The Nursing Board.

It is important to note that the intermediate organisations play a variety of different roles. For example, the Higher Education Authority has responsibility as a funder and adviser to

the Minister for Education and Science in relation to the third-level system. However, it does not directly provide any education or training. FÁS, on the other hand, both acts as a funding channel and allocator, and also as a provider of VET. The Department of Education and Science directly provides funds to the majority of schools and colleges, while other Departments use their agencies as channels for funding. Another difference is that schools and colleges within the education system, and the majority of training providers for those with disabilities, are independent, non-profit, bodies run by management boards or voluntary committees, whilst FÁS training centres are publicly owned and managed institutions.

State-sponsored bodies are publicly funded and ultimately accountable to the relevant minister. However, they are permitted autonomy in implementing government policy. In general, they are directed by a board, appointed by the relevant minister, who will often seek to ensure that the board is representative of the various interests involved. Further information on the organisations responsible for, or delivering, vocational training in Ireland is given in *Vocational training in Ireland*, Harper D and Fox R, FÁS, 1999 (to be published by Cedefop in 2000 as part of its monograph series of country reports).

As Ireland is not a large country, it does not in general have strong regional authorities. The vast majority of public decisions about VET, and the funding of public VET, are made through national bodies such as the Department of Education and Science, the Council for Education, Recruitment, Training (CERT), FÁS or the National Rehabilitation Board (NRB). Vocational education committees (VECs) have statutorily defined autonomy to identify and meet local needs for vocational education. However, they also are reliant on national exchequer funding for the majority of their expenditure.

The major bodies in respect of the delivery of vocational training in Ireland are the VECs, the institutes of technology, FÁS and CERT (as well as enterprises themselves). For a more detailed explanation of the institutions the reader is referred to the Cedefop monograph on Ireland. A brief outline is presented here.

**VECs** (vocational education committees) are statutory committees of county councils and other local authorities. There is a VEC for each county and county borough in Ireland - 38 in total. They are responsible for technical and continuing education in their area and run vocational schools to meet their objectives. They are also involved with adult education and vocational training for unemployed people.

**Institutes of technology** are third-level institutions run by independent boards of management with a large element of funding and direction from the Ministry of Education. There are 13 institutes; their main function is the provision of initial vocational training for young persons.

**FÁS** is the national training and employment authority. It has 20 training centres and also delivers training through subcontracting training providers. It provides initial vocational training, training for unemployed people and continuing vocational training.

**CERT** is responsible for training and recruitment in the tourism industry. It provides either directly, or in cooperation with institutes of technology, initial vocational training, training for unemployed people and support for continuing training in the tourism sector. It has a small number of training centres but most training takes place in institutes of technology or at the workplace.

As will be explained in later parts, the majority of publicly supported vocational training in Ireland relates to initial vocational training and training for unemployed people. However, different institutions have different levels of emphasis between the three main types of training; initial, unemployed and continuing. Figure 2 presents an indicative overview of the relative importance of these types for different institutions. It also indicates whether the institutions deliver training directly or on a subcontracted basis.

*Figure 2: Indicative overview of training institutions and types of training*

Institution	Types			Delivery	
	Initial	Continuing	Unemployed	Direct	Contract
Secondary schools	XXX	X		*	
Vocational schools	XXX	X	X	*	
Institutes of technology	XXX	X		*	
FÁS	XX	X	XXX	*	*
Agricultural colleges	XXX	X		*	
Training centres for disabilities	XX	X	XX	*	
CERT	XX	X	XX	*	*
BIM	XX	X	X	*	
Enterprises	X	XX		*	*
Private training bodies	X	XX			

Note: The 'Xs' show the relative concentration on different types of training by the organisations listed. The number of 'Xs' reflect the relative concentration within the organisation - not volumes between organisations. The asterisks indicate whether the activity is conducted through institutions directly, or through subcontracted facilities.

#### 1.4.1. Role of the social partners

The social partners have been involved in vocational training for a long time. In general, their role as providers has been concentrated in training in industrial relations/human resources matters. In more recent years they have developed a role in the provision of vocational training on a pilot basis. This work is generally undertaken in order to popularise the idea of training in the workplace and is exemplified by the 'training awareness campaign' run jointly by ICTU (Irish Congress of Trade Unions) and IBEC (Irish Business and Employers Confederation) under the ADAPT <sup>(2)</sup> programme.

<sup>(2)</sup> European Community initiative on adaptation of the workforce to industrial change (European Union).

The social partners have an established place in their representative capacity within those structures established by the State to meet the country's training needs. Specifically, the social partners have seats on the board of FÁS and on its advisory bodies - the 'industrial training committees.' It has been a major principle of the FÁS board and its committees that the social partners (employers and unions) have equal representation on them. The social partners are also members of the board of CERT, responsible for training in the catering/tourism industry and Teagasc, in relation to training for agriculture. They also play an important role in relation to certification bodies such as Teastas (interim authority advising government on national qualification framework) and the National Council for Vocational Awards. Representation from the social partners is set down in the new (1999) legislation establishing a national qualifications structure.

Since 1987, Ireland has had a series of three-year 'national partnership agreements' covering a range of economic and social policy issues. These agreements have been negotiated by government and the social partners and provide overall policy objectives in a range of areas including vocational training. They do not have any legal standing but are nevertheless important in guiding policy development. Such agreements have included, for example, policies in relation to apprenticeship, the needs of early school leavers, persons with disabilities and long-term unemployed people. The latest agreement includes a specific section on lifelong learning.

#### **1.4.2. Role of the EU in training in Ireland**

The EU plays a major role in training in Ireland. The European Commission supported Ireland's investment in human resources during the period 1994-99 within the framework of the community support framework. This set out the planned expenditure by the Irish government, and the agreed support to be provided by the European Commission, across the range of activities to be supported by Structural Funds. A number of operational programmes were developed which covered the main areas of activity. Within the operational programmes, specific measures were described and programmed.

In broad terms, the provisions of the operational programmes were implemented over the period 1994 to 1999. However, revisions were made, in the light of changing circumstances, with the agreement of the monitoring committees established for each operational programme. While final expenditure figures are not yet available, it is expected that total expenditure will amount to IEP 8.7 billion (EUR 11 billion) of which the Structural Funds will provide just over IEP 4.6 billion (EUR 5.8 billion).

Expenditure on human resources development (HRD) included training, education and employment supports. The majority of this expenditure formed part of the HRD operational programme. The remaining expenditure was associated with other programmes such as agriculture, tourism and industrial development. Table 5 presents the main items of planned expenditure over the period. In total, planned expenditure was about

IEP 3.6 billion (EUR 4.5 billion)<sup>(3)</sup>. The EU contribution, including both European Social Fund and European Regional Development Fund (for capital) was projected at IEP 1.7 billion (EUR 2.1 billion).

*Table 5: Planned expenditure on HRD under operational programmes, 1994-99 (in millions)*

<b>Operational programmes</b>	<b>Total IEP</b>	<b>Total EUR</b>	<b>EU funds IEP</b>	<b>EU funds EUR</b>
Human resources				
Initial education/training	1 215	1 502	667	825
Continuing training for unemployed	319	395	159	197
Social exclusion	1 265	1 564	331	409
Adaptation to industrial change	73	91	54	67
Improvements in quality	307	380	218	269
<b>Total HRD</b>	<b>3 180</b>	<b>3 933</b>	<b>1 429</b>	<b>1 767</b>
Agriculture, rural development, forestry				
Farming, equine	72	90	43	53
Forestry	10	12	7	9
Local, urban, rural development	50	62	38	47
Tourism	110	136	82	102
Industrial development				
HR capability, indigenous industry	63	78	47	58
HRD inward investment	89	110	49	60
HRD R&D	15	19	10	12
Food industry	14	18	9	11
Gaeltacht (Irish-speaking areas)	16	20	9	12
<b>Total industrial development</b>	<b>197</b>	<b>245</b>	<b>124</b>	<b>153</b>
Fishing	7	9	5	6
<b>Total</b>	<b>3 626</b>	<b>4 487</b>	<b>1 728</b>	<b>2 137</b>

Source: Operational programmes 1994-99 for various sectors, Government publications, 1994/1995.

The EU has also contributed to the funding of training and employment programmes in Ireland through the community initiatives. These provide a mechanism to assist the development of new pilot programmes and services across a range of different areas. Table 6 summarises the principal initiatives and the expenditure on them during the most recent year available (it is important to emphasise that these initiatives are not confined to training but include employment support measures.). Annual expenditure in 1998 amounted to about IEP 27 million (EUR 34 million), of which the ESF contributed about IEP 20 million (EUR 25 million).

<sup>(3)</sup> Note that expenditure is not just on training, but also on education and employment support.

Table 6: Community initiatives expenditure, 1998 (in millions)

Initiative	Total IEP	Total EUR	ESF IEP	ESF EUR
Interreg north-south	1.5	1.9	1.1	1.4
Interreg maritime	0.9	1.1	0.6	0.8
Adapt	5.3	6.7	4.0	5.1
Youthstart	4.2	5.4	3.1	3.9
Horizon	9.3	11.8	6.8	8.6
NOW	4.7	6.0	3.5	4.4
Employment technical support	1.0	1.3	0.9	1.2
<b>Total</b>	<b>26.9</b>	<b>34.2</b>	<b>20.0</b>	<b>25.4</b>

Note: Figures refer to 1998 final claims except Interreg which refers to 1999 provisional returns.

Source: Department of Enterprise, Trade and Employment, ESF section.

The very important role of the EU in providing financial support for vocational training in Ireland has had an important impact on the administration of training. It has led to the establishment of formal monitoring committees to oversee expenditure which include representatives of the social partners and other interested groups as well as the European Commission and government departments. The EU has also prompted the establishment of regional committees which have an advisory role in respect of European-supported activities in all areas including training. The European Commission has also established, in conjunction with the Department of Enterprise, Trade and Employment, a specialist ESF Evaluation Unit to evaluate all ESF-funded programmes in Ireland. These structures have led to a much-increased emphasis on quality and certification and improvements in systems of administrative monitoring and control. The need to develop five-year plans for ESF support has also helped develop the strategic planning process and this has been complemented by the Irish government's own strategic management initiative for the public service. There is now a much greater emphasis on setting the objectives, and measures the outcomes, of publicly funded vocational training than before.

## 2.1. Background

There is not one system of initial vocational training in Ireland, but rather a series of different organisations providing programmes for young persons after the completion of compulsory schooling. These programmes have been divided into three broad categories for the purposes of this report:

- (a) programmes at school or third-level colleges under the responsibility of the Ministry of Education and Science (see 2.1.1.);
- (b) apprenticeships, under the responsibility of FÁS, in cooperation with the Ministry of Education and Science and the social partners (see 2.1.2.);
- (c) other initial vocational training programmes under the responsibility of other government ministries (see 2.1.3.).

Responsibility for all these programmes rests with the relevant ministry which either delegates authority for their operation to an intermediate organisation, or directly funds the provider organisations. Figure 3 provides a summary of the different types of initial training as described in the text below.

Figure 3: Different types of initial training

<b>Within the education system (see 2.1.1.)</b>		
	Training pursued	Training providers
Second level	Leaving certificate vocational programme Leaving certificate applied programme Post-leaving certificate courses	Secondary schools Vocational schools Community/comprehensive schools
Third level	Middle-level technician programme Higher technical and business skills programme	Institutes of technology Other specialised third-level colleges
<b>Apprenticeship (see 2.1.2.)</b>		
	25 craft trades	FÁS training centres, institutes of technology and enterprises
<b>Other initial vocational training (see 2.1.3.)</b>		
Youthreach	Foundation and progression training	Community training workshops Youthreach centres, other FÁS training provisions
Agriculture	Certificate in farming – general agriculture	Agricultural colleges, Teagasc training centres
People with disabilities	Four training levels	55 specialist training organisations
Hotels, catering	Hotels, catering and tourism	Institutes of technology, CERT hotel schools
Other training		E.g. fishing training centres, prison training centres



### 2.1.1. Initial vocational training in the education system

Initial vocational training within the normal education system comprises three main types which can be categorised further as second-level training and third-level training:

(a) second-level training in the education system:

- (i) leaving certificate vocational programme and leaving certificate applied programme: these programmes provide alternatives to the traditional, academic, leaving certificate. They are two-year programmes taken by ordinary school students at ages 16 to 18 in schools. The leaving certificate vocational programme comprises normal school subjects plus three 'link modules': work experience, enterprise education and preparation for work. It provides access to third-level education in the same way as the academic leaving certificate. There were 26 080 persons in the programme in 1998/99.

The leaving certificate applied programme is a specially designed programme targeted at school students who would not be suited to the learning styles of the traditional leaving certificate. It is a new programme which started in 1995 with a small number of participants at present (6 270 in 1998/99). It does not provide direct access to third-level education;

(ii) post-leaving certificate courses:

these courses are provided in second-level schools for persons who have completed the leaving certificate programme. They are normally of one year's duration, but an increasing number extend to two or three years. They provide a range of vocational training possibilities for young persons who are not entering third-level education. The courses include technical knowledge, personal/core skills and work experience. Over 23 800 trainees attended courses in 1998/99.

Figure 4: Providers of training within the second-level education system

Secondary schools	These are privately owned and managed often by religious communities. 95% receive the bulk of their funding from the State and are subject to State supervision and do not charge fees. The remaining 5% charge fees.
Vocational schools	These are funded by the State and run under the responsibility of statutory vocational education committees (VECs), consisting of elected public representatives and other experienced people with educational and industrial backgrounds.
Community/comprehensive schools	These are funded by the State and managed by boards, which provide a full range of practical, academic and vocational subjects. They are directly responsible to the Department of Education and Science.

All types of schools can provide all types of leaving certificate. Nearly all of the post-leaving certificate courses are provided by vocational schools. In September 1997, 373 000 students were enrolled in second-level education;

(b) third-level training in the education system:

institutes of technology (13) and other non-university third-level institutions provide a wide range of vocational training programmes. The middle-level technician (MLT) programme covers one and two-year courses to national certificate level which are aimed at providing middle and higher-level skills in computer technology, electronics, engineering, secretarial and business. The higher technical and business skills (HTBS) programme provides 'ab-initio' and 'add-on' programmes at national diploma level, certified by the National Council for Educational Awards. Some courses are certified by the appropriate professional bodies. In 1996/97, 17 784 persons entered the technological, third-level, system and total full-time enrolments were 41 000 in that year.

### 2.1.2. Apprenticeship

Apprenticeship is the traditional means whereby young people acquire craftsperson (skilled worker) status. In the past, this involved 'serving one's time' for periods of seven years or more with day release to technical schools.

In Ireland, apprenticeships are primarily found in a limited number of industrial sectors such as construction, engineering, printing and the motor trade. FÁS has national responsibility for apprenticeship in these sectors in cooperation with the Department of Education and Science and the social partners. Twenty-five craft trades have been 'designated' by FÁS and statutory regulations adopted for training in these designated trades. There were 16 983 registered apprentices at the end of 1998. Approximately 10% of all school leavers follow the designated apprenticeship route. There are, in addition, a small number of non-designated apprenticeships organised on a voluntary basis by the social partners.

Apprenticeship training provides alternating on-the-job training and off-the-job training in FÁS training centres and institutes of technology. An apprenticeship normally lasts four years. There are seven phases; three off-the-job and four on-the-job. Phases 1, 3, 5 and 7 take place with the employer. There are no fixed durations for these phases. Phases 2, 4 and 6 take place off-the-job. The duration of off-the-job training phases is approximately 40 weeks, divided approximately as follows:

Phase 2:	20 weeks	FÁS training centre,
Phase 4:	10 weeks	Institute of technology,
Phase 6:	10 weeks	Institute of technology.

### 2.1.3. Other initial vocational training

There are a number of other programmes of initial vocational training in Ireland - some of which are oriented to unemployed persons. These include programmes run for particular sectors, as well as programmes for early school leavers. Each of these is briefly explained.

#### (a) Youthreach

Youthreach is a joint initiative between the Department of Education and Science and FÁS. The programme provides two years' integrated education, training and work experience for young people in the 15 to 18 year age group who have left school early without qualifications or vocational training. These comprise about 7% of the age cohort. The programme consists of two distinct phases:

- (i) a 'foundation' phase to help overcome learning difficulties, develop self-confidence and a range of competencies essential for further learning; and
- (ii) a 'progression' phase which provides more specific development through a range of education, training and work experience options.

The programme is provided in over 100 out-of-school locations throughout the country in Youthreach centres run by vocational education committees (VECs) and in community training workshops funded by FÁS. In 1997, there were 2 500 foundation phase places available and 3 214 persons completed training during that year.

#### (b) Training for agriculture

Teagasc provides training for young people wishing to pursue a career in agriculture. The main programme is the certificate in farming - general agriculture which takes more than three years. It involves trainees in coursework, skills development, projects and work experience.

In 1997, a total of 4 750 young people commenced different stages of training at five Teagasc colleges, eight private colleges, 50 local Teagasc training centres and with the Farm Apprenticeship Board. There is also a three-year farm apprenticeship scheme administered by the Farm Apprenticeship Board, a private voluntary board grant-aided by Teagasc. Apprentices are placed for one year on each of three master farms and receive four weeks' course work each year on day- and block-release courses. In 1997, 287 persons commenced this apprenticeship.

#### (c) Training for persons with disabilities

Training for persons with disabilities is carried out by specialist training centres often run on a charitable/voluntary basis. There are about 55 such organisations providing training. The National Rehabilitation Board (NRB) oversees and coordinates this training.

There are four levels of training for persons with disabilities under the 1994-99 operational programme for human resources development, three of which qualify for European Social Fund (ESF) support, these are:

- (i) level 1 - foundation/development training,
- (ii) level 2 - specific training at basic level,
- (iii) level 3 - specific skills training at intermediate level or above.

The fourth level of training, called the training opportunities programme (TOPs), is exchequer funded. TOPs was introduced in 1995 for people who were more suited to prevocational training with particular emphasis on social rehabilitation <sup>(4)</sup>.

In 1998, 1 260 people (about half were under the age of 25) completed training programmes whose funding was administered by the NRB. The total number of persons receiving training was much larger – 5 133. This reflects the fact that most trainees spend on average nearly two years in training.

(d) Training for hotels, catering and tourism

CERT, the State tourism authority, provides full-time day/block release courses for craft and management trainees in the hotel, catering and tourism industry. The courses range from one to four years, depending on whether they are full-time, block or day-release courses. The courses are held in institutes of technology or CERT hotel schools. In 1997, there were 2 136 persons on full-time courses, of which 1 223 were training as chefs.

(e) Training for other occupations

*Bord Iascaigh Mhara* (BIM) is the body responsible for training for the fishing industry. Training courses are provided for beginners, fishing deckhands, and for working fishermen and fish farmers. School leavers generally opt for the 26-week full-time fishing deckhand course. In total, 559 persons completed training programmes for the fishing industry in 1998.

Training for ex-offenders takes place at a special training unit provided by the Department of Justice. Training is aimed at preparing ex-offenders with no previous training or experience for entry into the labour market. This training is provided in various areas such as assembly, electronics and computers: 592 people participated in 1998.

## 2.2. Funding sources

The majority of funding for initial vocational training is provided by the State with the support of the European Social Fund. Employers make a contribution in the case of apprenticeship schemes and individuals, and their parents, bear some of the costs of

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<sup>(4)</sup> The government has decided to reorganise the provision of training for persons with disability. From the year 2000 responsibility for vocational training programmes will transfer to FÁS.

school-based programmes. The sources of funding, and the amounts, for each of the three broad types of initial vocational training are presented below.

### 2.2.1. Initial vocational training in the education system

The State is the dominant funder of all IVT carried out within the education system. The European Social Fund provides a very significant level of support to this training as shown in Table 7. A small amount of funding is also raised from individuals and business sources. Schools are required to raise 25% of the non-staff pay grant they receive from State sources as a 'local contribution'. They must also pay the first IEP 400 (EUR 508) of each teacher's salary. These monies are raised by miscellaneous fund-raising activities organised by school boards of management and may also include a contribution from church sources. In the case of schools run by vocational education committees (VECs), they receive a small amount of funding from VEC funds - which would include funds raised from property taxes ('rates') on businesses. Schools, and more particularly, third-level colleges also receive occasional donations of money or equipment from local businesses. There are no records of the amount of these types of funding.

Table 7: Funding of initial vocational training in the education system (in millions)

Sources of funds	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
<b>Leaving certificate/post-leaving certificate</b>								
Exchequer	20	26	13	16	25	34	33	47
ESF	33	43	37	47	33	44	37	42
<b>Total</b>	<b>53</b>	<b>69</b>	<b>50</b>	<b>63</b>	<b>58</b>	<b>78</b>	<b>70</b>	<b>89</b>
<b>Technician Training</b>								
Exchequer	34	44	74	93	80	107	88	112
ESF	50	65	46	58	46	62	48	61
<b>Total</b>	<b>84</b>	<b>109</b>	<b>120</b>	<b>151</b>	<b>126</b>	<b>169</b>	<b>136</b>	<b>173</b>
<b>Totals</b>								
Exchequer	54	70	87	109	105	141	121	159
ESF	83	108	83	105	79	106	85	103
<b>Total</b>	<b>137</b>	<b>178</b>	<b>170</b>	<b>214</b>	<b>184</b>	<b>247</b>	<b>206</b>	<b>262</b>

Source: Department of Education and Science, ESF section. Relates to monies recorded and classified for ESF claim purposes. Not all expenditure is recorded for this purpose. Note that in this and other tables figures may not 'add up' because of rounding. Leaving certificate/post-leaving certificate includes LCVP, LCAP and PLC with approximately 56 000 participants in 1998/99. Technician training includes MLT and HTBS with about 41 000 participants.

State (exchequer) funding is provided through the annual budget, approved by the Houses of the Oireachtas. The funds originate from 'normal' government sources (e.g. taxation).

As the table indicates, total expenditure amounted to IEP 206 million (EUR 262 million) in 1998. This amount has increased steadily during the 1990s. Exchequer funding amounted to IEP 121 million (EUR 154 million) in 1998 (59%) with the European

Social Fund contributing IEP 85 million (EUR 108 million) (41%). Note that these figures, and all those in Parts II, III and IV relate to current expenditure. As it is not possible to separate capital expenditure between the different types of training, it has been included in the total in Part V.

### 2.2.2. Apprenticeship

Funding for apprenticeship comes from the government, employers and, indirectly, apprentices, themselves, with support from the European Social Fund.

Apprentices are employees of companies under an apprenticeship contract. They receive a wage while in apprenticeship, which varies by year of apprenticeship, and is a percentage of the full craft worker wage. During the phases of on-the-job training, the employer pays their wages and bears whatever other costs are incurred. During the periods of off-the-job training and education, the State, through FÁS, pays an allowance to the apprentices equivalent to their wages. This allowance is funded from a collective levy of 0.25% of payroll which is payable by all companies in the sectors which have large numbers of apprentices (construction, engineering, printing/paper and the motor trade) <sup>(5)</sup>. This levy is collected by the revenue commissioners through the social insurance system and, hence, becomes part of government revenue. It is then distributed to FÁS.

As Table 8 shows, the employer levy provides funding for about 10% of the off-the-job costs of apprenticeship. It is believed that employer levy receipts understate the amount that should be levied on companies - because of administrative difficulties. The FÁS annual report for 1997 noted that 'FÁS estimates that the receipts represent about 60% of the full levy'. The training (i.e. wage) costs of apprentices during off-the-job periods is fully funded by the State.

Table 8: Funding for off-the-job costs of apprenticeship (in millions)

Sources of funds	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
Exchequer	15	19	12	15	19	25	21	27
Employer levy	0	0	2	3	3	4	3	4
ESF	12	16	17	21	17	23	17	21
<b>Total</b>	<b>27</b>	<b>35</b>	<b>31</b>	<b>39</b>	<b>39</b>	<b>52</b>	<b>41</b>	<b>52</b>

Source: Monitoring committee returns.

Employers also fund apprenticeship through their payment of wages to apprentices during periods of on-the-job training, and through the costs of supervision and raw materials used by apprentices during these phases. No calculations of these costs are available. It is generally assumed that they are roughly equal to the value of net output generated by

<sup>(5)</sup> The apprenticeship levy scheme came into operation in April 1994.

apprentices while on-the-job, so that the net cost to employers of on-the-job training is approximately nil.

Equally, apprentices can be thought to fund their own apprenticeship by accepting lower wages during training. Some would argue that the lower level of apprentice wage rates reflects their lower level of productivity. Others believe that it is an investment by apprentices to secure higher wages when qualified. The actual situation is probably a mixture of these two views. No estimates have been made in Ireland.

In 1998, the recorded costs of apprenticeship were IEP 41 million (EUR 52 million) of which the exchequer provided 51% (IEP 21 million, EUR 27 million), the European Social Fund 41% (IEP 17 million, EUR 21 million) and the employer levy 8% (IEP 3 million, EUR 4 million). Total expenditure on apprenticeship has risen rapidly during the 1990s as the number of apprentices has doubled.

In December 1999, the Minister for Finance announced in the budget for 2000 the abolition of the apprentice levy and its replacement by a broader training fund - see Section 5.3. on future trends.

### 2.2.3. Other initial vocational training

As indicated above, there is a range of other types of initial vocational training. These are largely publicly funded, with European Social Fund support. Funding data are presented in Table 9.

Table 9: Sources of funds: other initial vocational training (in millions)

Sources of funds	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
Exchequer	25	33	43	54	46	62	47	60
ESF	50	65	33	42	32	42	52	66
<b>Total</b>	<b>75</b>	<b>98</b>	<b>76</b>	<b>96</b>	<b>78</b>	<b>104</b>	<b>99</b>	<b>126</b>

Note: Includes expenditure on training early school leavers, agriculture, forestry, fishing, hotels/catering/tourism, people with disabilities and ex-offenders.

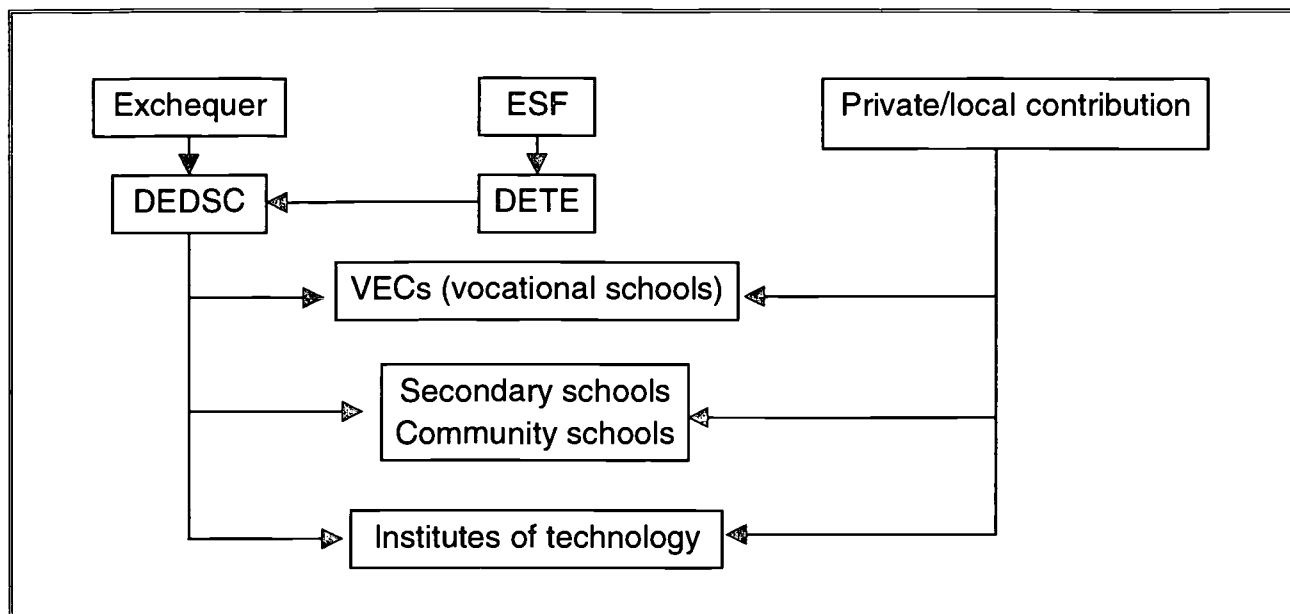
Source: Monitoring committee returns.

## 2.3. Distribution of funds

This section indicates how the funds for initial vocational training are channelled and the basis for such distribution.

### 2.3.1. Initial VET in the education system

Figure 5: Distribution of funding for IVT in the education system



Abbreviations: DEDSC: Department of Education and Science.  
DETE: Department of Enterprise, Trade and Employment.

The Department of Enterprise, Trade and Employment is the body responsible for the European Social Fund in Ireland. The channel of funding in relation to all ESF funding is first from the European Commission to the government banker (the Central Bank of Ireland). These funds are then distributed to the Department of Enterprise, Trade and Employment on the authority of the Department of Finance. The Department of Enterprise, Trade and Employment then distributes the funds to the appropriate spending bodies. This includes both those within the Departments' own remit (e.g. FÁS) and other government departments such as Education and Science. This flow of funding applies to all ESF funds considered in this report and will not be repeated in each section of the report.

#### (a) Second-level programmes

Initial VET at second level, i.e. the leaving certificate vocational programme (LCVP), the leaving certificate applied programme (LCAP) and the post-leaving certificate (PLC), are all State-funded on a formula basis. The formula is based on a standard pupil-teacher ratio of 1.25 teachers per group of 20 pupils. There is also a per-pupil non-pay grant. In the case of LCVP/LCAP this is IEP 177 (EUR 225) per pupil. In the case of PLCs, there is an additional grant of IEP 146 (EUR 185) per pupil. Each school receives a start-up equipment grant of IEP 18 000 (EUR 22 860) when they first introduce the LCVP or LCAP.

In the case of secondary schools and community/comprehensive schools, each school's board of management receives funds directly from the Department of Education and Science. In the case of vocational schools, the funds go to the vocational education committees, which distribute them to the vocational schools under their responsibility. There is an annual application process where the schools



and VECs apply to the Department of Education and Science and are issued with an approval to provide a certain number of places. In respect of PLCs the approval also relates to a particular mix of courses. Each school or VEC submits an expenditure claim on a regular basis and is paid directly by the Department of Education and Science when the claim is approved. In relation to capital expenditure, this is allocated in response to submissions, if approved, from schools or VECs to the Department of Education and Science.

(b) Third-level programmes

In relation to third-level initial vocational training, each institute of technology produces a five-year strategic plan. If it wants to introduce new courses, it has to get them validated by the National Council for Education Awards. It also needs to obtain approval from the Department of Education and Science to introduce new courses - in line with overall decisions about student numbers. The institutes of technology are given an annual allocation of places and an approved level of staffing by the Department of Education and Science.

The grants for salaries to the institutes of technology are formula-based using teacher hours per annum per student (THAS). The THAS formula has different weights for different disciplines - more for science, information technology and engineering. Each college also gets a grant covering non-pay costs and a grant known as the 'ESF tuition fee' in respect of each student. The funds are paid directly by the Department of Education and Science to the different institutes. There is some flexibility for exceptional costs.

A third-level capital programme is agreed and published by the Department of Education and Science. This programme is prepared in response to proposals and requests from third-level institutions and in the context of overall government policy in terms of overall numbers and the mix of disciplines.

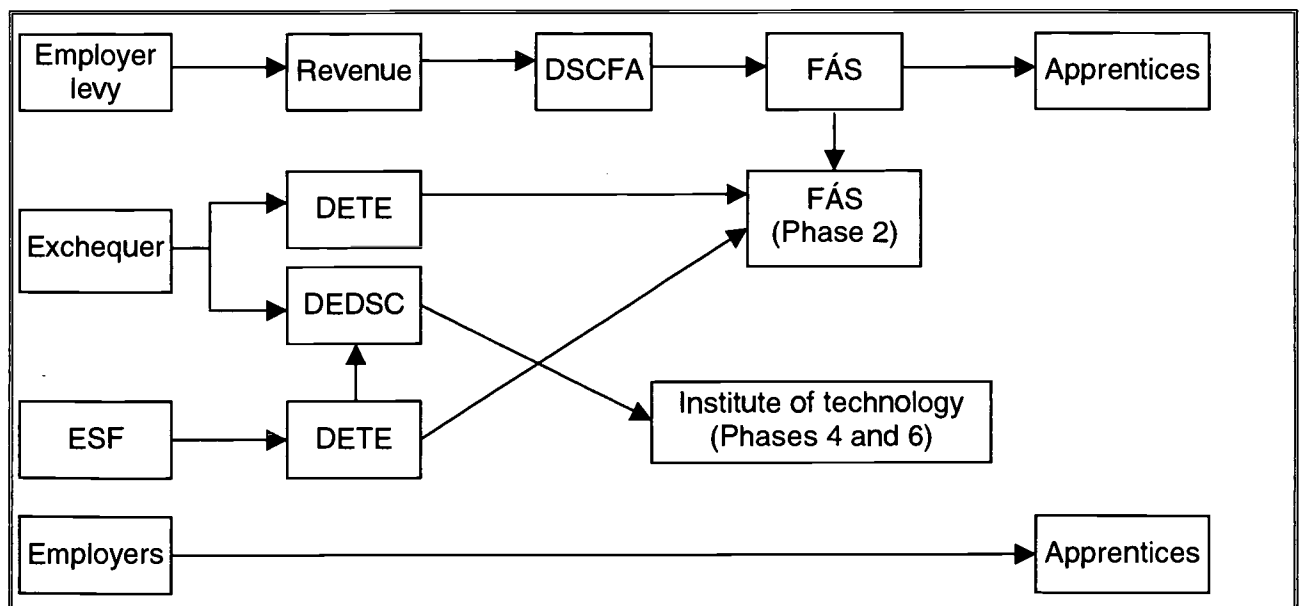
Means-tested maintenance grants are available for students at institutes of technology and for those on post-leaving certificate courses. Each local authority is responsible for paying maintenance grants to students whose home residence is in their area. The local authorities are then refunded the costs by the Department of Education and Science.

As indicated in Section 2.2.1., most expenditure in this area is State-funded with ESF support. The Department of Enterprise, Trade and Employment (DETE) is responsible for all ESF funding in Ireland. Thus ESF funds are channelled by this Department to the Department of Education and Science. These are then merged with exchequer funds. Hence, individual educational establishments do not directly receive ESF funds. Regarding locally raised funding, from individuals and businesses, these are received directly by the educational establishment and do not pass through any distribution channel.

### 2.3.2. Distribution of apprenticeship funds

Funds for public bodies to spend on apprenticeship training are distributed from the exchequer to the Department of Enterprise, Trade and Employment (and hence FÁS) and the Department of Education and Science. Decisions on the number of apprentices are made solely by individual employers, so the role of FÁS, and the Department of Education and Science, is to respond with adequate training provision to these decisions. In the case of FÁS, estimates are made on the likely cost of apprenticeship provision at the beginning of the year, as part of its application for funding. This estimate is based on the number of existing and new apprentices likely during the year. The FÁS application is reviewed by the Department of Enterprise, Trade and Employment and FÁS receives a budgetary allocation to fund its approved spending. The money is spent directly by FÁS in respect of the costs of training. In the case of the payment to trainees during the on off-the-job phases of apprenticeship training, FÁS pays the apprentices directly to their home address on the basis of information on wage rates provided by their employers. In relation to Phases 4 and 6 provided in institutes of technology, the Department of Education and Science distributes funding directly to each institute in response to its submission setting out the number and type of apprentices. As for other institute of technology programmes, there is a unit cost portion of funding and a block figure for other costs. Figure 6 presents the flow.

Figure 6: Distribution of funding for apprenticeships

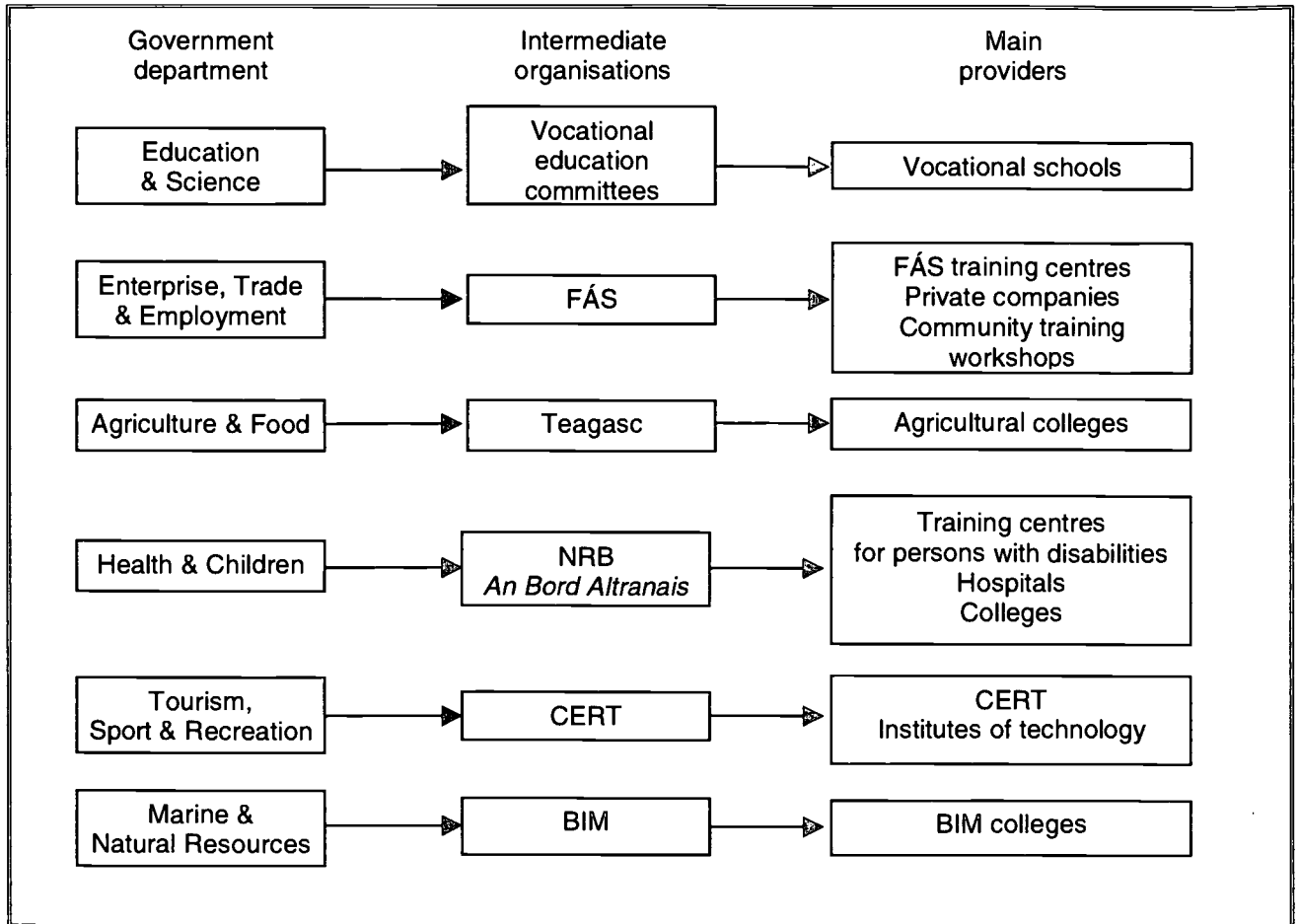


Abbreviations: DSCFA: Department of Social, Community & Family Affairs.  
 DE TE: Department of Enterprise, Trade & Employment.  
 DE DSC: Department of Education & Science.

### 2.3.3. Distribution of funds for other initial vocational training

Figure 7 below shows the channels of distribution of exchequer funds for other forms of initial vocational training. ESF funds are transferred firstly to the Department of Enterprise, Trade and Employment and then to the relevant spending authorities.

Figure 7: Distribution of exchequer funds for other initial vocational training



Note: Institutes of technology are funded through the Department of Education & Science in relation to their activities for tourism/catering.

In all cases the funds first go to the relevant 'parent' governmental department and are then channelled to an intermediate organisation, which is also a public body. This body then distributes the funds to the training provider. In some cases, these bodies distribute some of the funds and use the remainder directly to deliver training. The allocation process in all cases is based on an annual budget application, discussion and approval process between provider and funding distributor. Table 10 shows the levels of expenditure on the main areas of other initial vocational training. Total expenditure amounted to IEP 99 million (EUR 126 million) in 1998. The two largest components are Youthreach (IEP 33 million, EUR 42 million) and training for people with disabilities (IEP 36 million, EUR 46 million).

Table 10: Expenditure on other initial vocational training (in millions)

Programme area	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
Youthreach (1)	10	13	14	18	16	21	33	42
Agriculture, forestry	12	16	12	15	12	16	12	15
Persons with disabilities	36	47	36	45	35	47	36	46
Hotels, catering, tourism	13	17	13	17	13	17	16	20
Other sectors (2)	4	6	1	1	2	3	2	3
<b>Total</b>	<b>75</b>	<b>98</b>	<b>76</b>	<b>96</b>	<b>78</b>	<b>104</b>	<b>99</b>	<b>126</b>

(1) The 1998 figure is considerably larger because of a reclassification of some activity from training for unemployed people to initial vocational training in that year.

(2) Other sectors are fishing, training for ex-prisoners and, for 1991, training in Aer Lingus, ESB, Craft Council of Ireland.

Source: Monitoring Returns, Department of Enterprise, Trade and Employment, various.

## 2.4. Conclusions

Expenditure on initial vocational training in Ireland is considerable and has been growing over the decade as young people stay longer at second-level school and a greater proportion attend post-school training at second or third-level. In recent years, apprenticeship expenditure has also risen rapidly as the number of apprentices recruited by employers has risen rapidly in response to the booming Irish economy.

Table 11: Numbers in initial vocational training

Programme	Number	Date
Leaving certificate vocational programme	26 080	1998/99
Leaving certificate applied programme	6 270	1998/99
Post-leaving certificate	23 800	1998/99
Technician training	41 000	1996/97
Apprenticeship	16 983	December 1998
Youthreach	3 214	1997
Agriculture	4 750	1997
Persons with disabilities	5 133	1998
Hotels, catering, tourism	2 136	1997
Fishing	592	1998

Source: Reported above in this chapter. Note that most figures refer to participants at a point in time during the year shown. The duration of such participation can vary from a few weeks to several years.

Table 11 presents an indication of the number of persons on the initial training programmes described in this part. However, it is essential to note that the duration of participation of these persons varies greatly so no valid comparison can be made between expenditure and number of participants.

A summary of the total expenditure and funding of initial vocational training over the period 1991 to 1998 is presented in Table 12. The table includes an index of expenditure that shows that total expenditure rose by 45% over the period. Given that inflation rose about 16% over the same period, real expenditure rose by nearly 30%.

Figures 8 and 9 present in percentage terms the main areas of expenditure and funding in 1998: 60% of expenditure was within the education system, with 12% on apprenticeship and 28% on other IVT <sup>(6)</sup>. The exchequer funded over half of total IVT expenditure in 1998, with the ESF contributing 43%.

*Table 12: Total expenditure and funding of initial vocational training (in millions)*

	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
<b>Expenditure</b>								
Within education system	137	178	170	214	184	247	206	262
Apprenticeship	27	35	31	39	39	52	41	52
Other IVT	75	98	76	96	78	104	99	126
<b>Total</b>	<b>239</b>	<b>311</b>	<b>277</b>	<b>349</b>	<b>301</b>	<b>403</b>	<b>346</b>	<b>440</b>
<b>Funding</b>								
Exchequer	94	122	142	178	170	228	189	246
Employers	0	0	2	3	3	4	3	4
ESF	145	189	133	168	128	171	154	190
<b>Index total expenditure (1991=100)</b>	100		116		126		145	

*Source:* Derived from previous tables in Part II.

Funding for initial vocational training is very largely provided from public sources - the Irish government exchequer - with only small direct contributions from employers or individuals. However, the European Social Fund is also a major contributor as it supports Irish government expenditure on nearly all types of initial vocational training.

<sup>(6)</sup> Note that part of apprenticeship and other IVT also takes place in the education system.

Figure 8: Expenditure on IVT

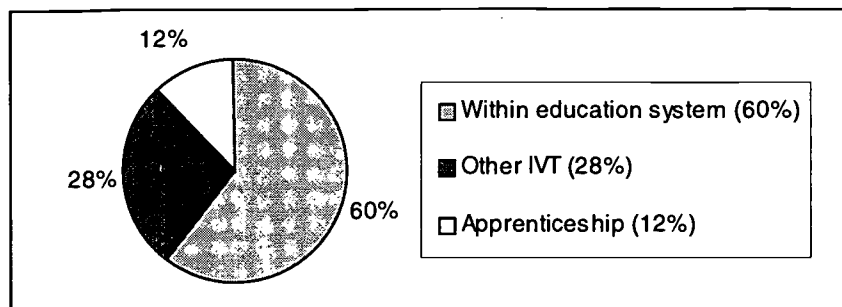
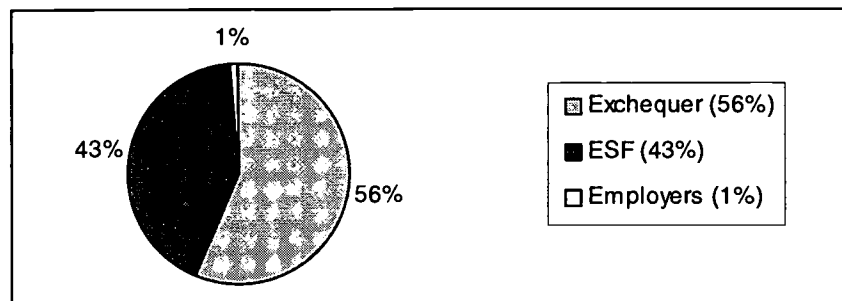


Figure 9: Funding of IVT



Funds for initial vocational training are allocated on an annual basis through the government budgetary process. Allocations are based on submissions made to government from the responsible department or organisation, outlining their objectives and needs. In respect of initial training activities within the education system, these allocations are then distributed using a form of unit funding. From a central government perspective, no funds are distributed on a performance-related basis and, even at the operational level, there are few examples of performance-related payments to training providers.

The European Social Fund allocations are channelled through the Department of Enterprise, Trade and Employment to the various bodies responsible for initial vocational training. The use of these funds is controlled through a systematic process including detailed six-monthly reports to monitoring committees on activity and expenditure, annual claims, and regular financial audit procedures. Probably the most notable feature of the funding of initial vocational training in Ireland has been the enormous role of the ESF. This has enabled the Irish government to expand its provision considerably more than it would have otherwise been able to do. It has also provided the channel for European best-practice policy and practices to be transferred to Ireland. This has ensured that the initial vocational training system has been of good quality and responsive to changing needs. This, in turn, has enabled young Irish people to contribute to, and receive the benefits of, the rapid Irish economic growth of recent years.

### 3.1. Background

There is no legal distinction in Ireland between initial and continuing training. Policy usually distinguishes between training of employed people, students, unemployed people and the general public. In this chapter we shall deal with training for employed people (excluding apprentices) and training for the general public.

In recent years continuing vocational training (CVT) in Ireland has received more focus than in the 1980s and early 1990s. One reason for this change in emphasis has been the growing awareness in government, among employers and in trade unions, that in a fast-changing world economy Irish companies need to become more responsive to change, more competitive and that Irish workers require ongoing education and training to keep their skills up-to-date and relevant. The pace of change and the importance of lifelong learning have been increasingly recognised. Consequently, there has been an increased emphasis and improved provision in the field of continuing vocational training.

Government policy in relation to CVT is primarily a matter for the Department of Enterprise, Trade and Employment, which largely approaches the issue from an economic and labour market perspective. However, the Department of Education and Science also plays an important role in fulfilling individual demands for continuing and adult education. Other government departments have an interest in their own special areas - for example in relation to health, agriculture or tourism.

From the economic and labour market perspective, government policy has long been that the training of people at work is primarily the responsibility of employers themselves, but that government should play a role in helping and encouraging employers to meet this responsibility. This has been achieved primarily through a public agency (FÁS) which has had the role of encouraging, advising and assisting companies to meet their training needs.

The material in this chapter is divided into two sections; training for employed people and training of adults in general. Different policy approaches, including funding, apply to these two types. Because of the difficulty in collecting data on expenditure by the private sector, the majority of information presented in this chapter refers to publicly funded training. Information on private expenditure is based on survey estimates and should be treated cautiously.

### 3.1.1. Training for employed people

The majority of training for employed people is directly managed and funded by enterprises without any direct involvement of the State. The principal comprehensive source of information on such training is the survey of continuing vocational training conducted under the EU FORCE programme.

The survey covered private sector firms employing more than 10 employees. The main results were that 77% of firms in Ireland provided some training in 1993, and that they spent IEP 110 million (EUR 138 million) on training courses. This represented 1.5% of labour costs. Of employees, 43% attended some training course during the year (42% for males and 44% for females). On average, employees spent 1.7 days on training courses during the year <sup>(7)</sup>.

With regard to the type of training, about half was general training in such areas as marketing, finance, safety, general management and computing. The other half was company-specific, in such areas as world class manufacturing, quality and new technology. The majority of training courses took place within companies. Of the training provided externally, the largest providers were private training companies (over 100 000 days), with public training bodies (FÁS, CERT) and third-level educational establishments each providing over 40 000 days.

The Irish government uses a number of mechanisms to support or encourage training by companies. The main ones are listed below:

- (a) the levy/grant scheme administered by FÁS. This scheme has a small role in raising funds for training (see 3.2.1.). Its more important role is in encouraging firms to train in a systematic, planned, manner;
- (b) the training support scheme (TSS) also run by FÁS. This provides financial subsidies for training to small and medium-sized enterprises in manufacturing and parts of the services sector. An independent evaluation of the scheme found positive effects on training activity, particularly among very small firms. For this reason, FÁS now concentrates the scheme on the smaller firms (in 1998, 86% of the funds went to firms of up to 50 employees). In 1998, the scheme supported the training of 28 000 persons in 3 200 enterprises;
- (c) training grants provided by the industrial development agencies. These are paid as part of the incentive package available for new investment projects in Ireland. Grants of up to 100% of eligible training costs are available for approved training programmes for new recruits. The extent of these grants has lessened in recent years so that in 1998, 930 persons were trained with such grants compared to 1 400 in 1997 and 2 700 in 1996;

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<sup>(7)</sup> *Continuing vocational training in Ireland*, Fox. R, FÁS, 1995.



- (d) networks of training advisers. FÁS, Enterprise Ireland, CERT and Teagasc all have staff training advisers whose role is to encourage, advise and assist enterprises to identify and meet their human resource development needs;
- (e) Skillnets. A new enterprise-led body was established in 1998 to encourage Irish businesses' drive towards the adoption of best practices in human resources development. It aims to mobilise groups of companies to work together, using Skillnets funding support, to meet their training needs;
- (f) the provision by public sector bodies of training programmes for employed persons. Public providers of training for students and/or unemployed people often provide a relatively small amount of training for employed persons. The financial conditions relating to such training differ, but typically it is provided on a direct-cost recovery basis, rather than a full-cost-recovery basis. As noted above, the CVTS survey found that about 80 000 days of external training were provided by public training and educational bodies for firms in 1993.

### **3.1.2. Training for adults**

Training for adults is primarily the responsibility of the education system. Policy is based on meeting individual needs. In the academic year 1996/97, 175 000 people were registered on part-time courses in the education system. The vast majority of these (141 000) were on courses categorised as adult education. These are typically evening courses or those run during the day on a part-time basis. They include a full range of artistic, hobby, practical and vocational subjects. About 23 000 were on third-level courses during 1996/97 and smaller numbers were following second-level, either vocational or academic, courses.

In addition to these formal education and training courses within the education system, there are an increasing number of voluntary daytime education groups based on local community efforts. These provide a valuable resource to people, especially women, to learn in a flexible and supportive way.

There has been increased provision of courses for part-time students during the past decade. For example, the largest component adult education, has seen participation rise from 114 000 in 1986 to 141 000 in 1996/97. Equally, within the non-university third-level sector, participation on vocational, technical and professional courses has risen from 11 000 in 1986 to 16 000 in 1996.

At second-level, the vocational education committees (VECs) in each county and city established adult education boards in 1984. These draw up and administer a programme of adult education for the VEC areas. Each board employs an adult education organiser. The boards receive a separate allocation of funds for the specific purpose of establishing courses in literacy and community education.

The VECs run an adult literacy and community education scheme (ALCES) to enable disadvantaged adults to pursue literacy and community educational programmes free or at a nominal cost. It is estimated that some 5 000 participants per annum benefit from literacy programmes and a further 14 000 from community education. FÁS training centres also provide evening training courses for adults. The numbers attending these courses has increased steadily in recent years to about 15 000 per annum. There are a number of other locally based initiatives funded by the Department of Education and Science. These initiatives are run by local partnership companies and other voluntary groups.

A government green paper on adult education was published in 1998. It is the first such paper since the foundation of the State. The paper aims to set out a basis for national policy on adult education and to propose a series of actions. An expansion and extension of flexible, part-time, options is envisaged.

## 3.2. Funding sources

### 3.2.1. Funding CVT for employed people

Employers are the principal funders of CVT for employed people. The 1993 CVTS Survey covered private sector enterprises employing 10 or more people. The survey found a total expenditure of IEP 110 million (EUR 138 million), 1.5% of labour costs on CVT training courses. An earlier estimate by FÁS for all companies, and including the cost of apprentices, amounted to IEP 215 million (EUR 269 million)<sup>(8)</sup>. Public funding, by contrast, amounts to above IEP 25 million (EUR 32 million).

Drawing on the above information the authors have made an estimate for total expenditure on training courses in respect of employed persons in 1998. This is based on applying the 1.5% of labour costs figure from the CVTS survey to total 'remuneration of employees' as per national income data. The result is an estimate of IEP 340 million (EUR 432 million) in 1998<sup>(9)</sup>.

Information on publicly supported training for employed people is presented in Table 13 below. Included in this table is FÁS-run or supported training activities and those of the industrial development agencies and CERT<sup>(10)</sup>. It can be seen that total expenditure amounts to IEP 25-30 million (EUR 32-38 million) annually. Funding sources are employer levies, income paid by employers directly to pay part of the costs of training courses, the Irish exchequer and the European Social Fund.

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<sup>(8)</sup> 'Total training expenditure in Ireland: initial estimates', Fox, R, *Labour Market Review*, 1990/91, FÁS.

<sup>(9)</sup> Remuneration of employees was IEP 20 390 million in 1997 (CSO Statistical Abstract, 1998-99, Table 11.3) ESRI estimates that non-agricultural wages/incomes rose by 11% in 1998 (QEC, May 1999, ESRI).

<sup>(10)</sup>In 1991, CERT was not included.

Table 13: Funding of publicly supported CVT for employed people (in millions)

Sources of funds	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
Employers directly	1.1	1.4	1.6	2.0	2.0	2.7	2.1	2.7
Employer levy	2.0	2.6	3.5	4.4	3.7	5.0	3.7	4.7
Exchequer	9.8	12.7	11.4	14.4	4.5	6.0	5.8	7.4
ESF	15.9	20.7	15.8	19.9	15.1	20.2	17.2	21.8
<b>Total public expenditure</b>	<b>28.8</b>	<b>37.4</b>	<b>32.3</b>	<b>40.7</b>	<b>25.3</b>	<b>33.9</b>	<b>28.8</b>	<b>36.6</b>

Note: Relates to expenditure on publicly funded training for employees by FÁS, IDA, EI and CERT.

FÁS administers a statutory levy/grant scheme in respect of employers in a number of designated sectors. The levy/grant scheme was established under the Industrial Training Act, 1967, and was modelled on the schemes then in existence in the United Kingdom. Each of the main sectors of industry was 'designated', and firms within each designation were liable to pay a levy of 1% of their total wage bill. Firms below a 'cut-off' point, usually employing less than about 15 persons, were not liable to pay the levy. All other firms paid the levy but could be reimbursed up to 90% of their payments in grants if they carried out approved training to meet their needs. Thus, firms carrying out satisfactory training to meet their needs in practice paid a net 0.1% of their payroll. Training advisers were employed to promote training within companies and, specifically, to assist firms to identify their training needs and plan suitable training programmes. The advisers also checked whether the planned training had been undertaken and hence whether firms should receive grants. However, as in the UK, in the 1980s there was increasing concern that this system had become too costly in administrative terms. Major changes were implemented and the administrative process simplified. A new levy system was established at the beginning of the 1990s whereby companies assess their own training activity and normally pay a net levy of 0.1% of payroll.

This system is currently in place in some of the designated sectors. However, with the establishment of an apprenticeship levy system in the construction, engineering, printing and motor trade sectors in 1994 (see 2.2.2.), firms in these sectors are no longer part of the levy/grant scheme. Thus, the scheme only applies to the textiles, clothing/footwear, food/drink/tobacco, and chemicals/allied products sectors. A different system is in operation for companies in the electronics sector, whereby enterprises pay a levy of 0.25% of payroll and receive special grants for specific initiatives. Receipts from the levy/grant scheme (i.e. not including the apprenticeship levy) amount to less than IEP 3 million (EUR 4 million) per annum but, due to previously accumulated surpluses, expenditure is somewhat greater than this <sup>(1)</sup>.

CERT also receives a small amount of funding from an industry levy. This is payable by all hotels and guesthouses and is calculated on the basis of numbers of rooms. The levy is

<sup>(1)</sup>As noted earlier, the Minister for Finance announced in December 1999 the introduction of a National Training Fund in 2000/01. This will replace the levy/grant scheme.

used to support the development of the tourism industry in Ireland and was introduced in 1988. A portion of the levy is distributed to *Bord Failte*, the Irish tourism promotion body, and another portion to CERT, as a contribution to the costs of training for the sector. It amounts to IEP 0.3 million (EUR 0.5 million) per annum. The money is a general contribution to CERT's activities and is not specifically allocated. Thus it contributes to initial, unemployed and continuing vocational training in the tourism sector <sup>(12)</sup>.

### 3.2.2. Funding for training for adults

The diverse nature of much of adult training, and the limited funding role of the State, means that few statistics are available. Much of the provision in the education sector which benefits adult participants is not tracked separately, and it is not therefore possible to give a comprehensive summary of expenditure in the area.

Adult education is mainly part-time. National policy is that, except for the most disadvantaged, part-time education provision should be self-financing. However, those undertaking part-time university undergraduate programmes are entitled to tax relief on their fees. In addition, under Section 476 of the Taxes Consolidation Act 1997, a new scheme of tax relief for training was introduced. For the first time in the 1998/99 financial year, individuals attending and paying for, certain education/training courses in key skill areas (languages, computing) are eligible for taxation relief. To qualify, the courses must be of less than two years duration and result in the award of a certificate of competence. It is estimated that part-time students spend IEP 10 million (EUR 13 million) studying national certificate, diploma and degree level courses. Individuals studying for professional examinations spend in excess of IEP 1 million (EUR 1.3 million) per year. There is also an extensive range of self-financing courses - many of them catering for business and cultural pursuits which are run usually in the form of evening classes by a variety of organisations, most notably VECs and community and comprehensive schools, and extra-mural courses in third level colleges. Charges for such classes vary considerably depending upon costs of provision but it is likely that total fees amount to IEP 5-6 million (EUR 6-7 million) per annum.

The Department of Education and Science spent about IEP 65 million (EUR 83 million) on 'adult education' in 1998 (Green paper on adult education, 1999) <sup>(13)</sup>. However, this includes expenditure on the vocational training opportunities scheme (VTOS - see Part IV below), persons aged over 21 on post-leaving certificate (PLC) courses (see Part II above) and mature students attending third-level education (see Part II). Excluding these items, expenditure amounted to approximately IEP 10 million (EUR 13 million). The major item in this amount was IEP 4.1 million (EUR 5.1 million) for adult literacy and community education programmes for disadvantaged adults provided at no, or nominal, cost. Other

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<sup>(12)</sup>For the purposes of analysis, the whole amount has been included in Table 9.

<sup>(13)</sup>*Adult education in an era of lifelong learning*, Ireland - the government, 1998.

expenditure included childcare initiatives, an education initiative for women and other assistance to support adult education.

FÁS also runs evening courses for adults in a range of subjects. Total direct expenditure in 1999 was IEP 1.2 million (EUR 1.5 million) and receipts from fees were IEP 1.5 million (EUR 1.9 million).

The issue of the funding of adult and continuing education was addressed by a committee established in 1998 by the Minister of State with responsibility for adult education. The committee investigated the feasibility of setting up a fund to support and encourage adults to participate in adult, further and/or continuing education, and to explore what kind of fund should be set up and how it could be financed. The committee reviewed the position and, in particular, the possibility of establishing a savings and loan fund for adult education in its report completed in July 1998. It concluded that such a fund would be a suitable mechanism for the future. The Minister of State accepted the report of the committee and asked it to undertake a detailed feasibility study of the matter. This study is now underway in consultation with key interest groups.

### **3.3. Funding distribution mechanisms**

#### **3.3.1. Enterprise funding for training**

Figure 10 breaks down the total costs of training identified by the CVTS survey for Ireland into its component parts. Of the estimated IEP 110 million (EUR 138 million), 1.5% of labour costs, the biggest single element was the labour costs of employees while on training courses (42% of the total). The other major element was fees paid to external organisations for training (30%). An analysis of these costs for different sizes of companies was also conducted. In total, the average cost of training courses per person trained in 1993 was IEP 540 (EUR 675). This figure was IEP 615 (EUR 769) for small companies, IEP 641 (EUR 801) for medium-sized companies, but only IEP 481 (EUR 601) for large companies. Average cost per day of training courses was IEP 139 (EUR 174).

Figure 10: Breakdown of costs of training courses

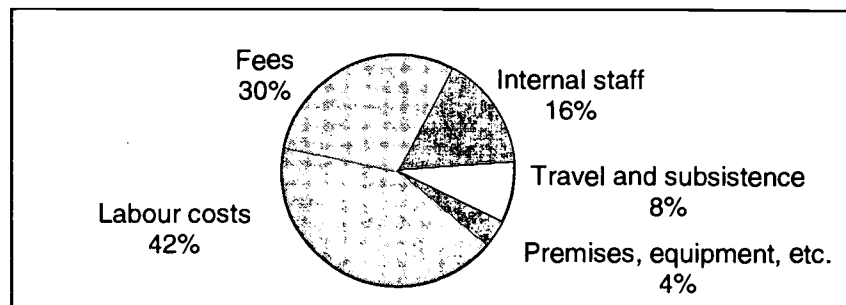


Table 14 presents expenditure on training courses as a percentage of labour costs by sector and size group. Overall, this was equivalent to 1.5% of the total labour costs of companies. As a percentage of labour costs, the highest spending sectors were metals (2.8%), machinery (2.8%), manufacture of transport equipment (2.3%), banking (2.2%), and miscellaneous manufacturing (2.1%). At the other extreme, construction (0.6%), hotels/restaurants (0.6%), transport/communications (0.4%) and other financial services (0.8%) had a relatively low expenditure on training courses as a percentage of labour costs.

In relation to the size of companies, the average amount varied from 1.2% of labour costs for small companies, to 1.7% in medium-sized companies and 1.5% in large companies.

Table 14: Training course expenditure as a percentage of labour costs

Sector	Small	Medium	Large	Total
Mining			1.1	1.1
Food, drink, tobacco	1.0	1.2	1.5	1.4
Textiles, clothing	1.0	1.6	1.8	1.5
Paper, printing	2.5	2.1	1.0	1.9
Chemicals, non-metal	1.1	1.7	2.2	1.8
Metal	3.6	1.5	3.8	2.8
Machinery	0.7	3.4	2.8	2.8
Transport manufacturing	1.6	3.5	2.2	2.3
Miscellaneous manufacturing	2.0	1.8	2.6	2.1
Construction	0.3	0.9	0.6	0.6
Garages	1.2	1.3		1.2
Wholesale	0.8	1.2	2.4	1.4
Retail	0.8	0.3	1.4	1.0
Hotels, restaurants	0.5	0.1	1.7	0.6
Transport, communications	0.5	0.9	0.6	0.4
Banking	2.7	0.9	2.3	2.2
Other finance	0.7	0.9		0.8
Other services	1.7	2.4	1.2	1.6
<b>Total</b>	<b>1.2</b>	<b>1.7</b>	<b>1.5</b>	<b>1.5</b>

Source: Fox, Roger. *Company training in Ireland 1993*, FÁS, 1995.

### 3.3.2. Distribution of funds for publicly supported CVT schemes for employed people

A number of channels of distribution are in place for expenditure on publicly supported CVT for employed people. Table 15 shows the various areas of expenditure and the sources of funds for each. The channels of distribution flow from the nature of the sources but will be explained briefly below.

*Table 15: Distribution of funds for publicly supported CVT for employed people by main activity (in millions)*

Expenditure item	1996		1997		1998		Sources of funds (see key)
	IEP	EUR	IEP	EUR	IEP	EUR	
FÁS training support scheme	8.7	11.0	6.7	9.0	8.6	10.9	G, ESF
FÁS services to business	4.2	5.3	4.5	6.0	3.9	5.0	G, ESF, L/G
Surplus levy/construction TIS	1.8	2.3	1.6	2.1	1.6	2.0	L/G
FÁS sponsored trainees	1.2	1.5	1.3	1.7	1.7	2.2	G,E
Other FÁS	0.2	0.3	0.9	1.2	1.3	1.7	G, ESF
CERT	3.5	4.4	4.1	5.5	4.8	6.1	G, ESF, E
Management development grants	3.1	3.9	2.0	2.7	3.4	4.3	G, ESF
Training grants	9.6	12.0	4.2	5.7	3.5	4.4	G, ESF
<b>Total</b>	<b>32.3</b>	<b>40.7</b>	<b>25.3</b>	<b>33.9</b>	<b>28.8</b>	<b>36.6</b>	

Key to funding sources:

G = exchequer, ESF = European Social Fund, L/G = levy/grant scheme, E = employer's payments.

- (a) The **training support scheme (TSS)** is run by FÁS and provides grants to SMEs in respect of the fees incurred by them for training courses. The funds are paid by FÁS, which in turn, receives funds from the Department of Enterprise, Trade and Employment and the ESF. Decisions on the availability of funds are decided annually through the government's budgetary process and companies are funded on a mixture of 'first-come, first-served' and a 'priority activities' basis. For a number of years, the funds available have not been sufficient to meet all demands.
- (b) The **FÁS services to business** activity provides advice and assistance to companies in relation to training. The levy/grant scheme funds, raised through the 0.1% levy (see 3.2.1.), are transferred from the accounts of each group of firms within a 'designation' to FÁS and used to part-fund this activity. Exchequer and ESF support is also provided through the normal channels.
- (c) FÁS also undertakes training activities directly for the benefit of individual 'designations'. This is described as the **'surplus levy/construction training incentive scheme'** in Table 15 above and is funded from what are known as 'surplus levy funds'. These funds were generated under the old levy system (see 3.2.1.) and, in respect of several designations, still amount to significant amounts. Each designation is

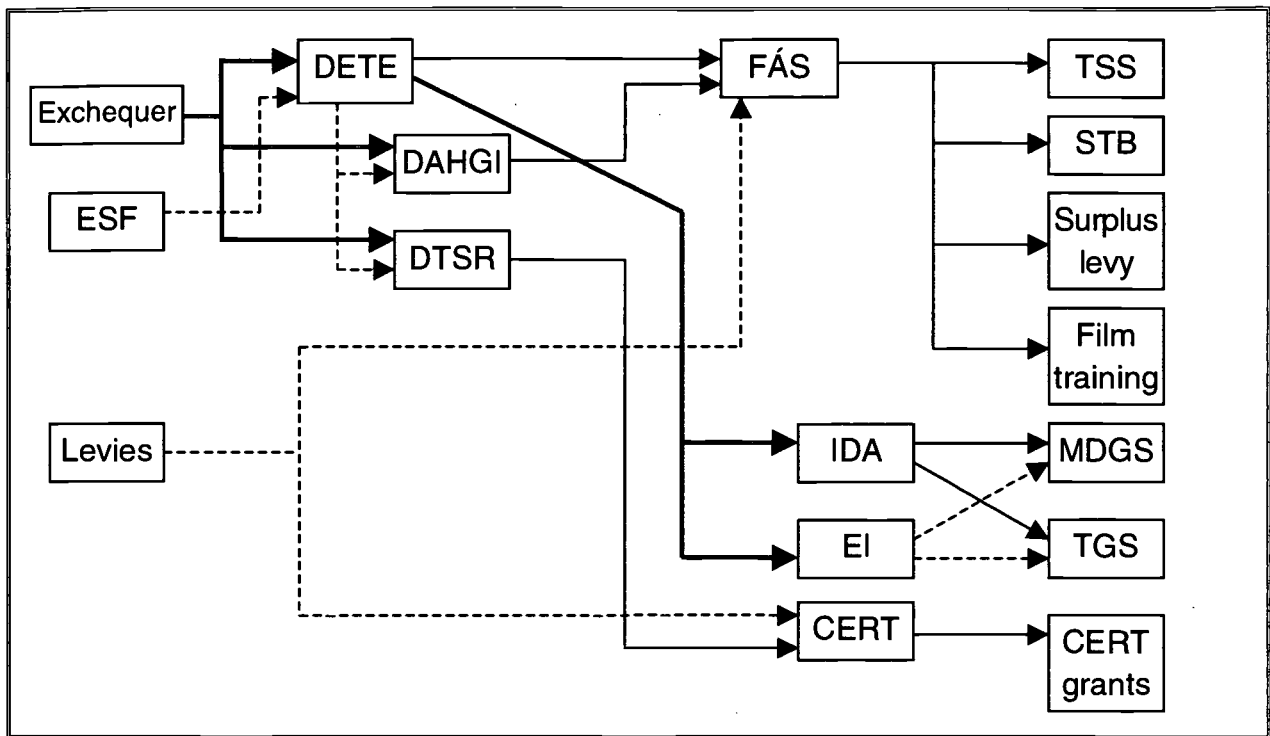
responsible for the use of funds raised from its sector of industry - which must be spent on training activities for that industry. These funds are gradually declining in size.

- (d) The term '**sponsored trainees**' relates to employed persons who are sent by their employers to FÁS for training. FÁS charges for the provision of such courses which are generally of a short duration.
- (e) '**Other FÁS**' expenditure primarily consists of training to meet the needs of the film/TV industry. A section within FÁS known as screen training Ireland has worked with the industry in the last few years to dramatically increase the amount of training provided to this growing sector. This expenditure is funded by the government though the responsible ministry - the Department of Arts, Heritage, *Gaeltacht* and the Islands - and the ESF. Individuals receiving training in the industry also pay fees in respect of some of the training courses.
- (f) **CERT** provides funds to assist training of employed people in its sector of responsibility. The funds are channelled through its parent ministry - the Department of Tourism, Sport and Recreation - and, in the case of ESF funds, the Department of Enterprise, Trade and Employment. Funds are distributed and allocated by CERT in accordance with its priorities for direct and indirect support of training by companies. Employers pay some of the costs of this training in fees (IEP 0.6 million, EUR 0.8 million in 1998).
- (g) The **management development grant scheme** and the **training grants scheme** are both the responsibilities of the Irish industrial development agencies. Both are funded by the government with support from the ESF and funds are channelled through the Department of Enterprise, Trade and Employment to the relevant industrial agency - IDA Ireland (for overseas industry) and Enterprise Ireland (for indigenous industry). These agencies, in turn, receive applications for grants from private enterprises and issue approval of the grants. In the case of the management development grants scheme, FÁS manages the resulting training activity on behalf of the industrial development agencies. FÁS directly employs consultants to provide the required management development and pays the cost of such consultants. FÁS then recoups the cost of these consultants from the industrial development agencies.

The funding channels described above are presented in Figure 11.



Figure 11 State-funded programmes for enterprises



- Key:
- DETE Department of Trade, Trade & Employment.
  - DAHGI Department of Arts, Heritage, Gaeltacht and the Islands.
  - DTSR Department of Tourism, Sport and Recreation.
  - FÁS The Training & Employment Authority.
  - IDA Industrial Development Authority.
  - EI Enterprise Ireland.
  - CERT Council for Education, Recruitment, Training (hotels, catering and tourism industry).
  - TSS Training support scheme.
  - STB Services to business (FÁS).
  - MDGS Management development grants scheme.
  - TGS Training grants scheme.

Note: Employers also make a major contribution to funding of the schemes, as most of them only provide partial State/ESF funding. The abbreviations above are listed in Annex 1.

NB: Line style is only for purposes of clarity; it conveys no other information.

### 3.3.3. Distribution of funds for training for adults

In relation to activities funded by the Department of Education and Science for adults, the predominant funding distribution channel is through the vocational education committees (VECs). This applies to the adult literacy and community education scheme, the special initiatives for disadvantaged adults scheme as well as the adult education organisers themselves. However, funds are also channelled to local community groups, voluntary adult education associations (such as the National Association of Adult Education – Aontas - and the National Association for Literacy Advancement - NALA) and special voluntary groups involved in pilot initiatives. In relation to FÁS, each local training centre manages its own evening training activity and, as seen in 3.2.2. above, this is self-financing, so there is no significant flow of funds from other sources.

### 3.4. Conclusions

As in most countries the majority of funding for continuing training comes from the private sector. The exact amount spent by employers on training their workforce is not known. An estimate of IEP 340 million (EUR 432 million) for total expenditure on training courses in 1998 across all sectors of the economy has been made by the authors. By contrast expenditure on publicly supported training for employees amounts to about IEP 29 million (EUR 37 million). Approximately IEP 5 million (EUR 6 million) of this is raised from employers. In relation to adult education for the general public, expenditure on courses provided by public sector bodies amounts to an estimated IEP 27 million (EUR 34 million). Private individuals fund probably about two thirds of this amount, the remainder coming from the State. Table 16 provides a summary of all the areas of expenditure for 1998. However, it is essential to emphasise that many of the items are based on rough estimates, not actual statistics.

*Table 16: Summary of estimated expenditure on CVT, 1998*

	1998	
	IEP (million)	EUR (million)
FÁS TSS	8.6	10.9
FÁS STB	3.9	5.0
FÁS surplus levy	1.6	2.0
FÁS-sponsored training	1.7	2.2
Other FÁS	1.3	1.7
CERT	4.8	6.1
Management development grants	3.4	4.3
Training grants	3.5	4.4
Part-time students	10.0	13.0
Professional training	1.0	1.3
Evening classes (education)	5.0	6.0
Evening classes (FÁS)	1.2	1.5
Adult literacy	4.1	5.1
Other education provision	5.9	7.9
Employer expenditure	340.0	432.0
<b>Total</b>	<b>396.0</b>	<b>503.4</b>

Thus, both in the case of employee training and adult education, the role of State funding is relatively small. This is in contrast to the pre-eminent position of State funding in relation to training for unemployed people and initial training. This is a reflection of both national priorities and public policy. Because of the high levels of unemployment in Ireland for most of the past two decades, and the strong demand for more initial education and training among a growing number of young persons, national funding priorities have concentrated on spending on these two areas. Given the strong demands for expenditure in these areas, there has typically been little scope for expenditure on employed persons or adults in general.

Furthermore, many believe that employers and individuals should be willing to bear the cost of their own training. In most cases, the need for State funding has been seen as only justified for training those in special circumstances - small enterprises, or disadvantaged groups for example.

Within the last year, the government has adopted further measures designed to encourage company investment in training including a small allocation to a new enterprise-led Skillnets programme. This may provide a useful catalyst to increased employee training. In addition the government announced a new training levy in December 1999 - see Section 5.3. below.

In relation to adult education, as indicated above, government policy is to only provide funds for expenditure on disadvantaged groups. A feasibility study on the possibility of establishing a savings and loans fund as a means of increasing participation in adult education is now underway but it is too soon to predict the outcome of this study. It is likely that some form of increased support to lifelong learning will be introduced in the future.

## Part IV Vocational training for unemployed people

Part IV focuses on vocational education and training for unemployed people, or those who can be broadly described as people who currently are excluded from the labour market.

### 4.1. Background

This section briefly describes the political, legislative and administrative background in relation to vocational education and training for unemployed people with particular emphasis on recent developments.

Unemployment was a major problem in Ireland until the late 1990s and government-financed training was an important instrument in dealing with the problem. The main emphasis on training for unemployed people was in relation to young people to respond to the demand for higher levels of qualifications, and the demand from employers for young, skilled recruits.

However, as noted in Part I, in recent years the economic situation has changed dramatically. Irish economic and employment growth has become very strong with record levels of job creation and corresponding increases in employment. The rapid growth in the numbers at work has had a significant impact on unemployment. The numbers out of work fell by 112 000 from 1991 to 1999 and the unemployment rate fell from 16% to 5.7% in spring 1999.

Despite the rapid decline in unemployment, there are still around 180 000 people on the live register, many of whom face serious difficulties in obtaining jobs. Approximately 18% of young people leave school without taking the leaving certificate examination and survey data shows unemployment rates among these young people at 29%, much higher than the EU average youth unemployment rate. Among older unemployed people, two in three are long-term unemployed. Irish vocational training policy for unemployed people has adapted to reflect these developments and there is now a greater focus on these two groups of people who are most at risk in the labour market.

Guideline 1 of the employment action plan, which is jointly sponsored by the government and the EU, was introduced to tackle the problem of long-term unemployment. It has required, since September 1998, 'systematic engagement' with young people (under the age of 25) as they pass through the six-month unemployment threshold. This systematic engagement requires that the offer of a job, a training or education place or a work experience opportunity be made to young unemployed people at risk of long-term joblessness. Since May 1999, this engagement has been introduced for older persons and will be extended progressively to all the adult unemployed.

At the same time, government policy is still committed to providing vocational training to other unemployed people whose participation in the workforce is impaired by either inappropriate or inadequate skills acquisition or a lack of relevant work experience.

#### 4.1.1. Institutional framework

Government policy in relation to vocational training for unemployed people is primarily the responsibility of the Department of Enterprise, Trade and Employment. FÁS is the principal organisation for the implementation of this policy. Figure 12 summarises the institutions concerned.

Figure 12: Administration of training for unemployed people

<b>Government department</b>	Enterprise, Trade and Employment	Education and Science	Tourism, Sport & Recreation
<b>Intermediary</b>	FÁS	VECs	CERT
<b>Providers</b>	FÁS training centres FÁS external training	Second-level schools Adult education centres	CERT training centres Hotel-based centres

FÁS provides training for unemployed people through its network of 20 training centres located throughout the country and on programmes provided on contract by external training providers. The duration of these full-time courses varies, but they usually last for about four to six months. All training costs, including training allowances, are paid by FÁS. People seeking training are interviewed by the local FÁS employment service office and directed to appropriate courses. The courses provided by FÁS for unemployed people include:

- (a) **industry training programmes.** These comprise specific skills training, the job training scheme and traineeships and aim to provide the participant with specific skills relevant to employment. Traineeships are a new model of training, developed between FÁS and employers, and differ from the other programmes in respect of duration (from four months up to two years) and the balance of time spent in FÁS centres and in the participating company. In 1998, a total of 10 155 people completed industry-related training programmes. (These programmes could also be regarded as initial vocational training.);
- (b) **local enterprise training programmes.** These are designed to help unemployed people start their own business. Generally, participants on these courses have the technical skills and experience required to do so, but lack expertise in aspects such as planning, marketing, finance and business law. In 1998, 592 people completed such courses;
- (c) **reintegration training programmes.** These are designed for people returning to the workforce. The two principal courses provided are return to work for women and skills foundation. As the name suggests, return to work for women is aimed at women who

have been out of the workforce for some time (usually to look after children) and now wish to return. The programme is normally of 12 weeks duration and provides social and interpersonal skills along with skills updating as required. Participants either proceed to work or to further training after the course. The skills foundation programme is directed at younger unemployed people who have left the education system without adequate qualifications. Many participants proceed to further training after completing the course. A total of 2 579 people completed reintegration training in 1998;

- (d) **community training programme.** This trains unemployed (mainly young) people through a combination of formal training and work-based training. The programme is designed to assist community projects undertaken by voluntary and local organisations such as rebuilding and renovating community centres and houses for old people, and projects involving social, cultural and historical facilities. It involves trainees in both on-the-job and off-the-job training activities. FÁS trained 4 002 people on these programmes in 1998;
- (e) **community employment and job initiative.** FÁS also runs two major programmes for the long-term unemployed known as community employment and the job initiative. On average there are 40 000 participants on these programmes at any given time. An element of training is included in the programmes but they are not regarded as training programmes as such and hence are not included in data presented in this report. For persons engaged on community employment they receive planned on-the-job training. They also receive a voucher for IEP 300 (EUR 381) which they can use to purchase training in their own time (outside work).
- (f) **Other government departments** which provide funds for education and training of unemployed people are the Department of Education and Science and the Department of Tourism, Sport and Recreation. The Department of Education and Science is responsible for funding training courses designed to assist unemployed people to avail of options in the education system. The most significant programme is the vocational training opportunities scheme (VTOS) which had about 5 000 participants in 1998;
- (g) **vocational training opportunities scheme (VTOS).** This was introduced in 1989 as an adult education programme for the long-term unemployed. To participate in the scheme, participants must be aged at least 21 years and either be unemployed or in receipt of a lone parents allowance for at least six months. The scheme is under the control of, and is managed by, the vocational education committees (VECs) which are located throughout the country. The courses are run in second-level schools, adult education centres or rented premises. The courses are full-time and generally last for one or two years. Subjects include maths and English as well as vocational subjects. Courses may lead to the junior certificate, the leaving certificate, post-leaving certificate or some City and Guilds of London certificates. Participants may follow courses in discrete VTOS class groups, or as individuals dispersed on already existing programmes (e.g. PLCs - see Part II);

(h) **CERT courses.** The Department of Tourism, Sport & Recreation fund CERT, the State Tourism Authority, to provide vocational training in catering and tourism. CERT runs training programmes for unemployed people at its three permanent training centres and in a number of hotel-based temporary centres. Courses are of 13 to 16 weeks duration and provide the basic vocational skills required for employment. In 1998, a total of 1 196 people completed such training courses.

The seven programmes described above can usefully be grouped into two broad categories of training:

- (i) continuing training for unemployed people, which includes industry training (see (a) above) and local enterprise training (b), both provided by FÁS, and training in tourism and catering provided by CERT (g);
- (ii) reintegration training and training for the socially disadvantaged, which includes VTOS (f) which is provided by the VECs, and reintegration training and community training (c), (d), both provided by FÁS.

## **4.2. Funding sources**

The vast majority of funding for vocational training for unemployed people is public (employers make a small contribution towards the cost of traineeships – part of industry training above). The training programmes are funded out of normal exchequer funds (i.e. taxes) with EU support and no fees are charged.

The majority of EU support for vocational training is provided through the European Social Fund within the framework of the Irish community support framework (CSF) 1994-99 and with European Regional Development Funding (ERDF) for capital spending. All European funds are managed by the Department of Enterprise, Trade and Employment which distributes them to the relevant government ministry or other organisation.

Table 17 below, shows the overall amount of funding for training for unemployed people over the period 1991-98 and the sources of funds broken down into continuing training for unemployed people and reintegration schemes and programmes for socially disadvantaged groups.

Table 17: Funding of training for unemployed people (in millions)

Sources of funds	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
<b>Continuing training</b>								
Exchequer	20	26	28	35	30	40	30	38
ESF	30	39	26	33	29	39	26	33
<b>Total</b>	<b>50</b>	<b>65</b>	<b>54</b>	<b>68</b>	<b>59</b>	<b>79</b>	<b>56</b>	<b>71</b>
<b>Reintegration/social exclusion</b>								
Exchequer	17	21	45	57	45	61	32	42
ESF	25	34	22	29	22	29	22	27
<b>Total</b>	<b>42</b>	<b>55</b>	<b>67</b>	<b>85</b>	<b>67</b>	<b>90</b>	<b>54</b>	<b>69</b>
<b>Total training for unemployed</b>								
Exchequer	37	47	73	92	75	101	62	80
ESF	55	73	48	61	51	68	48	60
<b>Total</b>	<b>92</b>	<b>120</b>	<b>121</b>	<b>153</b>	<b>126</b>	<b>169</b>	<b>110</b>	<b>140</b>

Source: Monitoring returns, Department of Enterprise, Trade and Employment, various.

A total of IEP 110 million (EUR 140 million) was spent on training for unemployed people in 1998. This represents a decrease of IEP 16 million (EUR 20 million) on the previous year. However, this reduction is because expenditure of approximately IEP 10 million (EUR 13 million) which had been included up to 1998 as part of reintegration training, was separately identified as expenditure for early school-leavers and is now included in initial vocational training (see Section 2.3.3.). The Irish exchequer provided 56% (IEP 62 million, EUR 80 million) and the ESF 56% (IEP 48 million, EUR 60 million) of funds in 1998.

The remainder of this section looks separately at the sources of funding and the amounts of funding for continuing training for unemployed people and for reintegration training and training for the socially disadvantaged.

#### 4.2.1. Continuing training for unemployed people

Continuing training programmes for unemployed people include industry training, local enterprise training and training courses in catering and tourism. The State is the dominant source of funds for these programmes with the European Social Fund providing a very significant level of support.

In respect of the FÁS traineeship programme, employers make a small contribution towards the cost of training. This cost is calculated as a percentage of the training allowance paid to each trainee in the traineeship contract. The percentage paid averages 25% but varies depending on the client profile, the cost, nature and duration of the course. The employer contributions are generally paid, in a one-off payment, directly to FÁS. No statistics are available on this amount. In 1998, a total of 11 943 people completed these programmes with the majority, 10 155, participating on industry training programmes.



As can be seen in Table 18 below, a total of IEP 56 million (EUR 71 million) was spent on continuing training for unemployed people in 1998. Of this, 84% was spent on industry training programmes with the balance being spread fairly evenly between local enterprise training and training for the tourism sector. Just over half of the total funding (53%) came from the Irish exchequer, with the remainder from the ESF (47%) in 1998. It is interesting to compare this with the position in 1991 when the ESF made up 60% and the Irish exchequer 40% of the funding.

*Table 18: Funding of continuing training for unemployed people (in millions)*

Sources of funds	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
<b>Industry training (FÁS)</b>								
Exchequer	15	20	23	29	27	36	27	34
ESF	25	32	21	26	22	29	20	25
<b>Total</b>	<b>40</b>	<b>52</b>	<b>44</b>	<b>55</b>	<b>49</b>	<b>65</b>	<b>47</b>	<b>59</b>
<b>Local enterprise (FÁS)</b>								
Exchequer	5	6	3	4	3	4	2	3
ESF	5	7	3	4	3	4	3	4
<b>Total</b>	<b>10</b>	<b>13</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>5</b>	<b>7</b>
<b>Tourism <sup>(1)</sup> (CERT)</b>								
Exchequer	-	-	2	2	1	1	1	1
ESF	-	-	2	3	3	4	3	4
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>
<b>Continuing training</b>								
Exchequer	20	26	28	35	31	41	30	38
ESF	30	39	26	33	28	37	26	33
<b>Total</b>	<b>50</b>	<b>65</b>	<b>54</b>	<b>68</b>	<b>59</b>	<b>78</b>	<b>56</b>	<b>71</b>

<sup>(1)</sup> All tourism training activity in 1991 has been classified to initial vocational training.

Source: Monitoring returns, Department of Enterprise, Trade & Employment, various.

#### 4.2.2. Reintegration training and training for people at a social disadvantage

The funding for reintegration training and training for socially disadvantaged people is outlined in Table 19 below:

Table 19: Funding of reintegration training and training for socially disadvantaged people (in millions)

Source of funds	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
<b>Reintegration (FÁS)</b>								
Exchequer	8	10	13	16	14	19	2	2
ESF	12	16	6	8	6	8	6	8
<b>Total</b>	<b>20</b>	<b>26</b>	<b>19</b>	<b>24</b>	<b>20</b>	<b>27</b>	<b>8</b>	<b>10</b>
<b>Community (FÁS)</b>								
Exchequer	8	10	17	21	14	19	13	17
ESF	11	15	6	8	7	9	6	8
<b>Total</b>	<b>19</b>	<b>25</b>	<b>23</b>	<b>29</b>	<b>21</b>	<b>28</b>	<b>19</b>	<b>25</b>
<b>Vocational training opportunities scheme - VTOS (VECs)</b>								
Exchequer	1	1	15	19	17	23	18	23
ESF	2	3	10	13	9	12	9	11
<b>Total</b>	<b>3</b>	<b>4</b>	<b>25</b>	<b>32</b>	<b>26</b>	<b>35</b>	<b>27</b>	<b>34</b>
<b>Total reintegration training and training for socially disadvantaged people</b>								
Exchequer	17	21	45	56	45	61	33	42
ESF	25	34	22	29	22	29	21	27
<b>Total</b>	<b>42</b>	<b>55</b>	<b>67</b>	<b>85</b>	<b>67</b>	<b>90</b>	<b>54</b>	<b>69</b>

Source: Monitoring returns, Department of Enterprise, Trade & Employment, various.

From the mid-1990s onwards, an average of IEP 67 million (EUR 87 million) per year was spent on these training programmes. The funds were fairly evenly distributed between the three types of programme with the VTOS receiving marginally more than the other two - around 38% of the available funds.

The exchequer provided 61% of funds in 1998 with the ESF contributing the remaining 39%. Again, this represents a switch from the 1991 situation where the ESF funded 60% and the Irish exchequer 40%.

The overall reduction in funding from IEP 67 million (EUR 87 million) to IEP 54 million (EUR 69 million) in 1998 was due to the reclassification of a figure of approximately IEP 10 million (EUR 13 million) for training for early school leavers. This is now included in the funds for IVT.

### 4.3. Distribution of funds

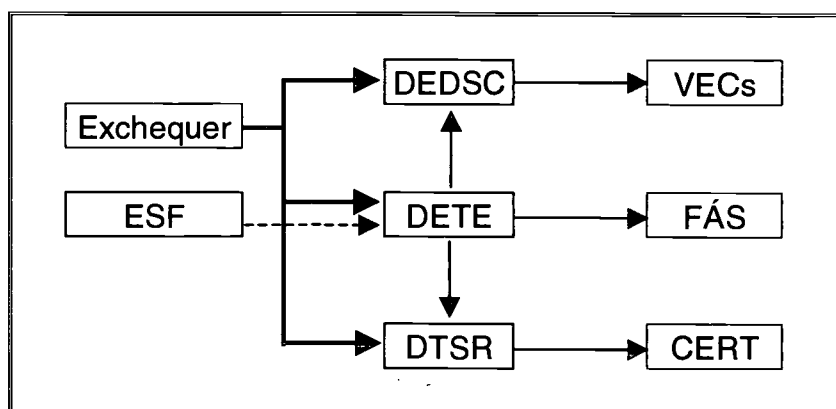
This section looks at how the funds for vocational training for unemployed people are channelled and at the basis for such distribution.

### 4.3.1. Distribution mechanisms

Training programmes for unemployed people are funded out of normal exchequer funds with European support. The exchequer directs the funds to the appropriate government departments which in turn distribute them to the relevant institutions and providers of training. Figure 13 below shows how these programmes are administered.

The intermediary bodies (FÁS, the VECs and CERT) make an annual submission to their relevant government department, as part of the budget estimate process, outlining the number of unemployed people they intend to train, the types of training programmes they intend to conduct and the associated costs. The relevant government departments then negotiate with the Department of Finance which advises the government. Based on this information, the government makes a decision and the organisations are allocated an annual budget to spend. The three levels are presented in Figure 13.

Figure 13: Flow of funds for training for unemployed people



Abbreviations:

DTSR: Department of Tourism, Sport and Recreation.

DETE: Department of Enterprise, Trade and Employment.

DEDE: Department of Education and Science.

The distribution to providers follows the same model as for initial vocational training (see Part II) and will not be repeated here. However, there is also an example of performance-related payments in respect of certain programmes run by FÁS. FÁS subcontracts some training activities to approved private trainers following a tendering process. The contract with such trainers is primarily based on a certain length of course, with agreed curricula and a certain number of trainees. The majority of the contract is set out and paid on that basis. However, there is also an agreed objective for the number of trainees obtaining jobs ('placed') after the course, and a percentage of the contract fee is only paid if the placement targets are achieved.

Table 20 below shows the distribution of funds between the three institutions over the period 1991-98.

Table 20: Distribution of funding for training for unemployed people (in millions)

Training body	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
<b>FÁS</b>								
Exchequer	36	47	56	71	57	76	43	55
ESF	53	69	36	45	39	52	36	46
<b>Total</b>	<b>89</b>	<b>116</b>	<b>92</b>	<b>116</b>	<b>96</b>	<b>128</b>	<b>79</b>	<b>101</b>
<b>VECs</b>								
Exchequer	1	1	15	19	17	23	18	23
ESF	2	3	10	13	9	12	9	11
<b>Total</b>	<b>3</b>	<b>4</b>	<b>25</b>	<b>32</b>	<b>26</b>	<b>35</b>	<b>27</b>	<b>34</b>
<b>CERT</b>								
Exchequer			2	3	1	1	1	1
ESF			2	3	3	4	3	4
<b>Total</b>			<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>
<b>Totals</b>								
Exchequer	37	48	73	93	75	100	62	79
ESF	55	72	48	61	51	68	48	61
<b>Total</b>	<b>92</b>	<b>120</b>	<b>121</b>	<b>154</b>	<b>126</b>	<b>168</b>	<b>110</b>	<b>140</b>

Source: Monitoring returns, Department of Enterprise Trade and Employment, various.

In 1998, over two thirds of the total funding was distributed to FÁS which is the principal organisation in respect of carrying out training for unemployed people. Approximately, one quarter of the funds went to the VECs to finance the vocational training opportunities scheme (VTOS).

#### 4.3.2. Training allowances

In addition to financing the training, a portion of the budget allocated to the three institutions is set aside by them to provide payments to trainees (allowances). The training allowances paid to all participants are based on social welfare allowances (i.e. rates for unemployed persons in receipt of unemployment payments).

The FÁS training allowance is comprised of adult trainee, travel, accommodation and meal allowances. The most significant of these allowances is the FÁS *trainee allowance*. For adults, who are aged 18 years or over, this is IEP 73.50 (EUR 93) per week. However, if the trainee's social welfare entitlement exceeds this, a training allowance equivalent to that entitlement will be paid. There are additional payments if the trainee has adult and/or child dependants.

To encourage long-term unemployed people to avail of training courses, a training bonus of IEP 25 (EUR 32) per week is payable to:

- (a) those in receipt of unemployment benefit or unemployment assistance for 12 months or more;

- (b) those who progress to FÁS training having completed a minimum of 12 months on a community employment scheme;
- (c) those who have completed a minimum period of 12 months in a combination of the above two categories.

All allowances are paid directly by FÁS to the trainee and are tax-free.

Trainees on VTOS and CERT training programmes for unemployed people are treated in a similar manner - i.e. they receive a training allowance linked to unemployment payment rates. This includes an allowance for dependants where applicable and meal/travel allowances.

#### 4.4. Summary and conclusions

This chapter has concentrated on the financing of vocational training for unemployed people. Government policy in Ireland in relation to this type of training is primarily the responsibility of the Department of Enterprise, Trade and Employment. FÁS (the National Training and Employment Authority) is the principal organisation for the implementation of this policy. Other government departments which provide funds for education and training of unemployed people are the Department of Education and Science, who finance and provide courses through the VECs, and the Department of Tourism, Sport and Recreation who do so through CERT.

The six programmes provided for unemployed people by these three organisations can usefully be grouped into two broad categories of training:

- (a) continuing training for unemployed people;
- (b) reintegration training and training for the socially disadvantaged.

Table 21 presents the details of expenditure by type (i.e. organisation responsible) and source of funds over the period 1991-98. Overall, expenditure was 20% higher in 1998 than in 1991: a 4% increase in real terms. However, as noted above, it is important to recognise that there were a number of definitional changes during the period which affect the comparability of trends. Figures 14 and 15 present the results in graphical terms for the shares of expenditure and funding in 1998.

Table 21: Summary of expenditure and funding of unemployed training, 1991-98  
(in millions)

	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
<b>Expenditure</b>								
FÁS	89	116	92	116	96	128	79	101
VECs	3	4	25	32	26	35	27	34
CERT	-	-	4	5	4	5	4	5
<b>Total</b>	<b>92</b>	<b>120</b>	<b>121</b>	<b>154</b>	<b>126</b>	<b>168</b>	<b>110</b>	<b>140</b>
<b>Funding</b>								
Exchequer	37	48	73	93	75	100	62	79
ESF	55	72	48	61	51	68	48	61
Index total expenditure (1991=100)	100		132		137		120	

A total of IEP 110 million (EUR 140 million) was spent on training unemployed people in 1998. Of this, IEP 56 million (EUR 71 million) was spent on continuing training and IEP 54 million (EUR 69 million) was spent on reintegration and training for the socially disadvantaged. The ESF contributed 44% (IEP 48 million, EUR 60 million) of this expenditure - the remainder being funded by the Irish exchequer.

Figure 14: Expenditure on unemployed training by type, 1998

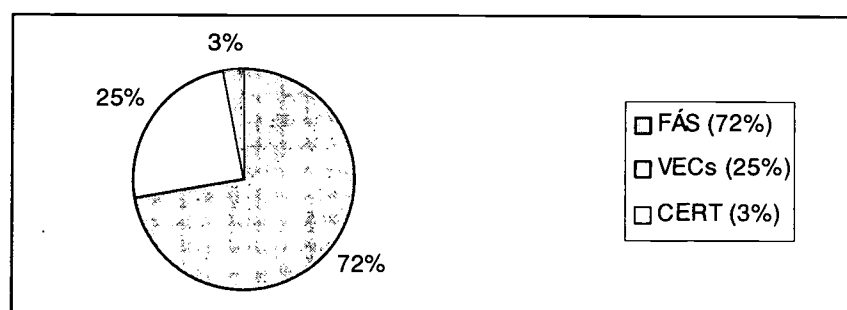
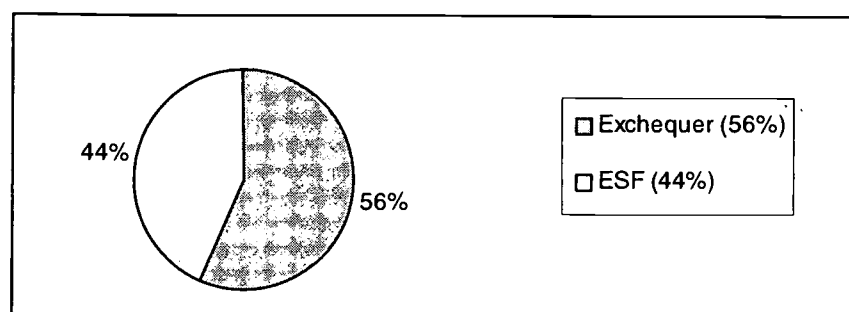


Figure 15: Sources of unemployed training funds, 1998



The vast majority of funding for vocational training for unemployed people is public (employers make a small contribution towards the cost of traineeships within the industry training programmes). The training programmes are funded out of normal exchequer funds (i.e. taxes) and no fees are charged. The exchequer directs the funds to the appropriate government departments who in turn distribute them to the relevant institutions and providers of training.

Each of the three main training institutions, FÁS, the VECs and CERT, makes an annual submission to its relevant government department, outlining the number of unemployed people it intends to train, the types of training programmes it intends to conduct and the associated costs. The government departments then negotiate with the Department of Finance which advises the government. Based on this information, the organisations are allocated an annual budget to spend.

In addition to financing the training costs, a portion of the budget allocated to the three institutions is set aside by them to provide payments to trainees (allowances). The training allowances paid to participants are based on the social welfare allowances payable to unemployed persons. The allowances are paid directly by the training provider to the trainee and are tax-free.

### 5.1. Summary of expenditure results

This report has presented statistics in respect of the main types of training for the period 1991-98. It is important to again note that there is no clear definition of training in Ireland and that the scope of this report is, therefore, somewhat arbitrary. This means that any attempt to compare Irish expenditure on training with that in other countries could be misleading. It is also necessary to caution that it has not been possible to obtain statistics on all types of training or all funding sources. The most reliable statistics on expenditure and funding of training are those produced in respect of EU-supported training programmes. While the majority of publicly funded training in Ireland is EU-supported, that which is not, as well as purely privately funded expenditure, is not well recorded. It is inevitable that the statistics in this report show, therefore, a somewhat lower level of expenditure than the true amount. A consequence of this is that the percentage by which the EU provides funds for training in Ireland is over-estimated.

#### 5.1.1. Expenditure on other training measures

The operational programme for human resources development 1994-99 and the other operational programmes include several other measures funded by the ESF. Some of these are excluded from this report because they relate to employment measures<sup>(14)</sup>. However, there are a number of other measures that cannot be classified into the three previous chapters of this report; initial training, training for unemployed people or continuing vocational training. Statistics on these measures for the period 1996-98 are summarised in this section and are presented in Table 22.

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<sup>(14)</sup>The largest of these by far is the community employment programme with expenditure of IEP 300 million (EUR 381 million) in 1998. Employment services and employment subsidies are also excluded from this report.



Table 22: Expenditure on other training measures, 1996-98 (in millions)

	1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR
<b>Capital investment</b>						
Exchequer	15	19	10	13	25	32
EU	15	19	21	28	36	45
<b>Total</b>	<b>30</b>	<b>38</b>	<b>31</b>	<b>41</b>	<b>61</b>	<b>77</b>
<b>Training of trainers</b>						
Exchequer	3	4	5	7	3	4
EU	8	10	7	9	7	9
<b>Total</b>	<b>11</b>	<b>14</b>	<b>12</b>	<b>16</b>	<b>10</b>	<b>13</b>
<b>Other<sup>(1)</sup></b>						
Exchequer	1	1	3	4	2	3
EU	3	4	2	3	3	3
<b>Total</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>6</b>
<b>Totals</b>						
Exchequer	19	24	18	24	30	38
EU	26	33	30	40	46	59
<b>Total</b>	<b>45</b>	<b>57</b>	<b>48</b>	<b>64</b>	<b>76</b>	<b>97</b>

(<sup>1</sup>) Includes certification, special equal opportunities, technical assistance and evaluation.

Source: Monitoring committee returns, Department of Enterprise, Trade and Employment, various.

Thus, overall expenditure on this miscellaneous grouping of training-related activities was IEP 76 million (EUR 97 million) in 1998 - a considerable increase on the amount in the previous two years. This reflects a sharp increase in capital investment (within the third-level education system primarily). The EU is the major funder of this investment to the extent of 60% in 1998. It is important to recognise that there is also other capital investment in the third-level education system which is not cofinanced by the EU and hence not included in the above figures. Part of this would be private sector investment.

The distribution system for this expenditure is similar to that which applies to other VET activity (as explained earlier in this report) and will not be repeated here. The beneficiaries of this funding apply to their parent government department for funds on the basis of proposed spending plans (whether current or capital). These departments, in turn, seek sanction from the Department of Finance and the European Commission. Approved monies are then distributed back to the spending organisations to carry out their approved plans.

### 5.1.2. Summary of training expenditure and funding

This section summarises the expenditure and funding statistics presented in this report. Table 23 presents a summary of the expenditure and funding statistics for publicly supported training. This excludes purely employer-funded expenditure and private expenditure on adult education. In 1998 total expenditure on publicly supported activity

amounted to IEP 561 million (EUR 714 million). This represented an increase of 18% on the figure two years previously and 56% on 1991.

*Table 23 Summary of publicly supported training funding and expenditure, 1991-98 (in millions)*

	1991		1996		1997		1998	
	IEP	EUR	IEP	EUR	IEP	EUR	IEP	EUR
<b>Initial vocational training</b>								
Exchequer	94	122	142	178	170	228	189	246
Employers	0	0	2	3	3	4	3	4
ESF	145	189	133	168	128	171	154	190
<b>Total</b>	<b>239</b>	<b>311</b>	<b>277</b>	<b>349</b>	<b>301</b>	<b>403</b>	<b>346</b>	<b>440</b>
<b>Publicly funded CVT for employed people</b>								
Exchequer	10	13	11	14	4	6	6	7
Employers	3	4	5	7	6	8	6	8
ESF	16	20	16	20	15	20	17	22
<b>Total</b>	<b>29</b>	<b>37</b>	<b>32</b>	<b>41</b>	<b>25</b>	<b>34</b>	<b>29</b>	<b>37</b>
<b>Vocational training for unemployed people</b>								
Exchequer	37	47	73	92	75	101	62	80
ESF	55	73	48	61	51	68	48	60
<b>Total</b>	<b>92</b>	<b>120</b>	<b>121</b>	<b>153</b>	<b>126</b>	<b>169</b>	<b>110</b>	<b>140</b>
<b>Other training</b>								
Exchequer	-	-	19	24	18	24	30	38
ESF	-	-	26	33	30	40	46	59
<b>Total</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>57</b>	<b>48</b>	<b>64</b>	<b>76</b>	<b>97</b>
<b>All publicly funded training</b>								
Exchequer	141	182	245	308	267	359	287	371
Employers	3	4	7	10	9	12	9	12
ESF	216	282	223	282	224	299	265	331
<b>Total</b>	<b>360</b>	<b>468</b>	<b>475</b>	<b>600</b>	<b>500</b>	<b>670</b>	<b>561</b>	<b>714</b>

Note: Figures for 1991 are not complete, so it is not possible to compare 1991 and 1996-98 totals.

Drawing on information presented in Table 23, Figures 16 and 17 illustrate the summary data on expenditure and funding on publicly supported programmes for 1998. Figure 16 shows that nearly two thirds of expenditure was on initial vocational training and another one fifth was on training for unemployed people. Continuing vocational training, supported by public authorities, made up 5% of expenditure.

*Figure 16: Publicly supported training expenditure by type, 1998*

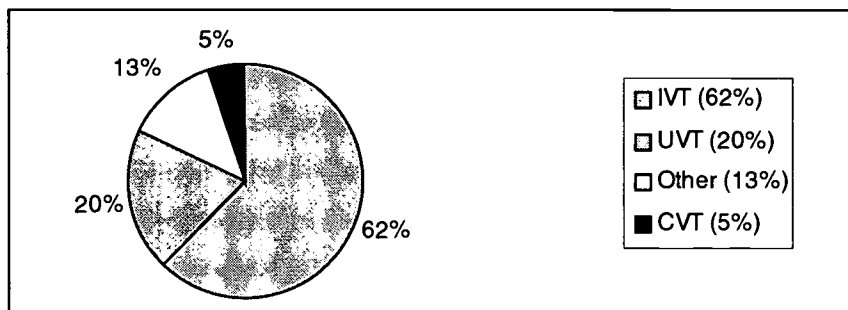


Figure 17 presents total expenditure on publicly supported training by funding source. In total, the exchequer provided 51%, the European Social Fund 47%, and employers 2%.

*Figure 17: Publicly supported training expenditure by source, 1998*

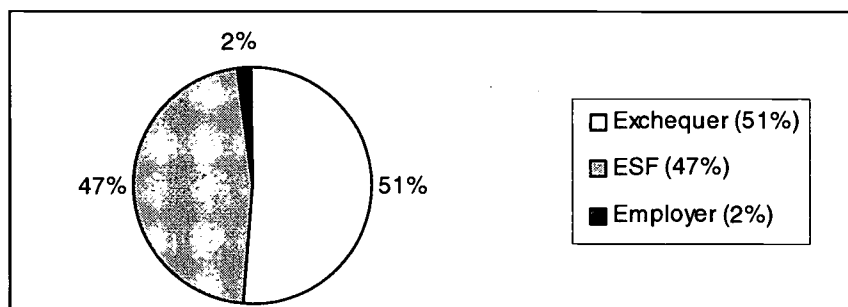


Table 24 provides a rough indication of expenditure levels if non-publicly funded employer expenditure is included. As noted in Part III, information on such expenditure is very approximate. Thus the statistics in this table must be treated with great caution. In total the figures suggest that expenditure on training was at least IEP 900 million (EUR 1 150 million) in 1998.

Table 24: Estimated total training expenditure, 1998 (in millions)

	IEP	EUR	%
Initial vocational training	346	440	38
Publicly funded CVT for employees	29	37	3
Vocational training for unemployed people	110	140	12
Other training	76	97	8
<i>All publicly funded training</i>	<i>561</i>	<i>714</i>	
Enterprise-funded training	340	432	38
<b>Total</b>	<b>901</b>	<b>1 146</b>	<b>100</b>

Drawing on the information presented in Table 24, Figures 18 and 19 illustrate the shares of expenditure and funding for total training expenditure.

Figure 18: Total training expenditure by type, 1998

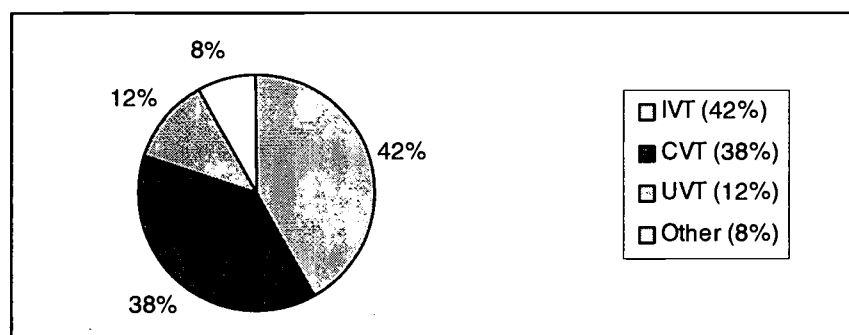
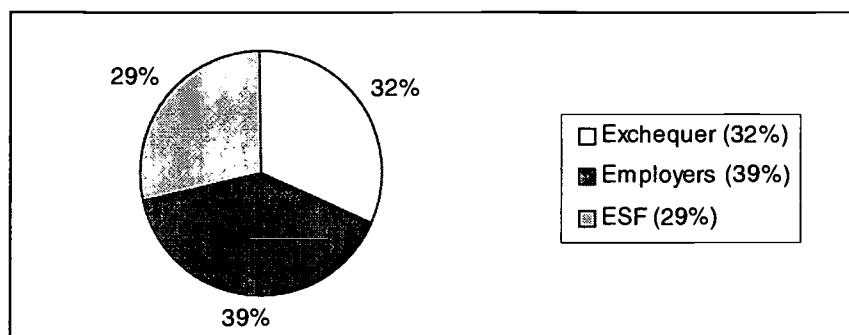


Figure 18 shows that when enterprise-funded expenditure is included, continuing vocational training for employees is the biggest portion of total training expenditure (42%). Initial vocational training is the other large component at 38%. The addition of employer-funded training also changes significantly the shares of funding (Figure 19). The largest share is funded by employers (39%) with the exchequer (32%) and the ESF (29%) making up the balance.

Figure 19: Total expenditure by source, 1998



## 5.2. Overview of findings

There are a number of features of the Irish funding system for VET that can be used to characterise it. These are summarised in this section:

- (a) in many ways the **system of funding** is quite simple. Most expenditure is authorised and controlled nationally by a government department or national organisation. There are few intermediate bodies with either sectoral or regional responsibility. Initial training and training for unemployed people is very largely State-run and State-financed. Training for employed people is very largely left in the hands of companies themselves;
- (b) the **European Social Fund** (and to a lesser extent the European Regional Development Fund) is of major importance in funding vocational training. In the case of initial training and training for unemployed people the percentage of funding from the EU (44%) is very large and much larger than in other EU countries. This reflects the Irish governments' prioritisation of human resources development in its national development plans agreed with the European Commission over the years;
- (c) in relation to **continuing vocational training**, funding policy has largely been to rely on employers and private individuals to pay for their own training. Employers spent a considerable amount of money on training of their employees. However, the government has provided State funds to help promote training for groups that would otherwise not receive an adequate amount – e.g. small companies and disadvantaged individuals;
- (d) **collective employer levies** are in place to help fund training for apprentices and in a number of sectors. Such levies are set at relatively low levels. Unlike some countries, individuals do not pay a levy/tax into a training fund. Exchequer funding is provided from normal exchequer sources (e.g. general taxes);
- (e) **initial vocational training and training for unemployed people** is provided free to participants. In addition, in programmes for those who have left school, some form of allowance is paid - either on a universal or a means-tested basis;
- (f) **funds are typically distributed** to government departments and agencies through the annual budgetary process. The amounts distributed are based on policy decisions about priorities as well as likely changes in costs. Funds are not distributed at this level on a performance-related basis. Indeed, even at the operational level there is only a small amount of performance-related payment. Financial, rather than output, control is the norm.

### 5.3. Future trends

There is a strong commitment from government and the social partners in Ireland to vocational training and education. This has seen participation rising over the last decades. In relation to initial vocational training, funding has been primarily from public sources and there seems little likelihood of change in this respect in the future. The principal issue has been the extent to which participants receive payments when undergoing training. Within the past two years the main group of participants not previously in receipt of funding (those on post-leaving certificate courses) have become eligible for (means-tested) payments. For the future, therefore, any discussion is likely to be about the level of payments and whether they should be means-tested, rather than the principle of payments per se.

A similar situation pertains in respect of training for unemployed people. The issues for debate here relate to the level of payments to individuals and the perceived disparities between payments to unemployed persons in different institutional systems. Such disparities have, however, lessened in recent years. A more fundamental disparity exists between payments for those persons undergoing training for unemployed people compared to those in initial education-system-based training. The former receive considerably higher levels of allowances and, for the broad mass of participants, this distinction is generally accepted. However, there is a grey area where the distinction is hard to justify. Inevitably in future years there will be pressure to close this gap.

Indeed, overall, there is an ongoing trend to increase the level of payments to training participants. Some commentators fear that this could lead to a situation where people take-up training options rather than education or work for short-term financial reasons. However, there is little evidence of this problem being of significance in practice - particularly with the strong growth of jobs and wage rates in Ireland in recent years.

It is in relation to continuing training that there seems the greatest prospect of change in the coming years. As indicated, earlier, this area has been relatively under-resourced in the past but with the decline in unemployment, and the increased emphasis on lifelong learning, increased activity is likely. Currently, most continuing training is funded by the private sector, with the general public having to bear most of the costs of adult education.

In the government budget 2000, announced in December 1999, the Minister for Finance made an important new proposal in relation to a national training fund. The details of this fund have not yet been announced but it is intended that it will come into operation during the financial year beginning April 2000. The fund will involve a levy on all employers and will replace the existing levy/grant scheme and apprenticeship levy. The fund will be worth about IEP 120 million (EUR 150 million) in 2000 and will fund existing initiatives aimed at both manufacturing and services companies operated by a range of agencies such as FÁS, Enterprise Ireland and Skillnets.

It seems quite possible that the State may decide to provide some forms of additional incentives for training in the future. This could involve an extension of the present limited

tax relief on training fees to other types of training or a subsidy scheme for fees or, as in some other countries, the idea of a 'learning savings account or fund'. So far, discussions on these matters have been limited, but the government and social partners are committed to progress in this area for social and economic reasons.

Another major trend for the future will be the reduction of EU funding support for vocational training. The total level of EU Structural Fund support for Ireland during the next period (2000-06) is likely to be about IEP 2.5 billion (EUR 3.1 billion), compared to IEP 4.6 billion (EUR 5.8 billion) during 1994-99. In relation to expenditure on human resources development, the exact figure is not finalised but it is likely to be significantly lower than before. However, this will still be a very significant and important source of funding.

Finally, and related to EU Structural Funds, Ireland will cease in the next round of funding to be treated as an Objective 1 region. For the first time, the country will be split into two regions with only the less developed Border, Midland and West region eligible for full support. This change will require allocation and control of funding to be undertaken on a two-region basis and this has led regional authorities to be established to advise and monitor activity and expenditure in their region.

## Annex 1 Acronyms and abbreviations

ADAPT	European Community initiative on adaptation of the workforce to industrial change (European Union).
ADM	Area development management.
<i>An Bord Altranais</i>	The Nursing Board.
AnCO	The Industrial Training & Employment Authority.
Aontas	The National Association of Adult Education.
BIM	The Sea Fisheries Board.
Cedefop	European Centre for the Development of Vocational Training.
CERT	Council for Education, Recruitment, Training (hotels, catering and tourism industry).
CSO	Central Statistics Office.
CVT	Continuing vocational training.
DAHGI	Department of Arts, Heritage, Gaeltacht and the Islands.
DESCD	Department of Education and Science.
DETE	Department of Enterprise, Trade & Employment.
DSCFA	Department of Social, Community and Family Affairs.
DTSR	Department of Tourism, Sport and Recreation.
EI	Enterprise Ireland.
ESF	European Social Fund.
ESRI	Economic and Social Research Institute.
FÁS	The Training & Employment Authority.
Forfas	The National Policy and Advisory Board for Enterprise, Trade, Science, Technology and Innovation.
HEA	Higher Education Authority.
HTBS	Higher technical and business skills programme.
IBEC	Irish Business and Employers Confederation.
ICTU	Irish Congress of Trade Unions.
IDA	Industrial Development Authority.
IMI	Irish Management Institute.
Interreg	Community initiative concerning border development, cross-border cooperation and selected energy networks.



ISCED	International standard classification of education.
LCAP	Leaving certificate applied programme.
LCVP	Leaving certificate vocational programme.
LFS	Labour force survey.
MDGS	Management development grants scheme.
MLT	Middle-level technician programme.
NALA	National Association for Literacy Advancement.
NRB	National Rehabilitation Board.
PLC	Post-leaving certificate.
SFADCO	Shannon Free Airport Development Company.
STB	Services to business (FÁS).
Teastas	Interim authority advising government on national qualification framework.
Teagasc	Agriculture and Food Development Authority.
TGS	Training grants scheme.
TSS	Training support scheme.
VEC	Vocational education committee.
VPTP	Vocational preparation and training programme.
VTOS	Vocational training opportunities scheme.

## Annex 2 Legislation

- 1930 Vocational Education Act.
- 1931 Apprenticeship Act.
- 1952 Sea Fisheries Act.
- 1959 Apprenticeship Act.
- 1962 Health Corporate Bodies Act.
- 1967 Industrial Training Act.
- 1971 Higher Education Authority Act.
- 1979 National Council for Educational Awards Act.
- 1985 Nurses Act.
- 1987 Labour Services Act.  
Apprenticeship rules 1997 (S.I. No 168 of 1997).
- 1988 Agricultural (Research, Training and Advice ) Act.
- 1992 Dublin Institute of Technology Act.
- 1992 Regional Technical Colleges Act.
- 1994 Regional Technical Colleges Act (Amendment).
- 1994 Industrial Training (Apprenticeship Levy) Act.
- 1997 Universities Act.
- 1998 Education Act.
- 1998 Industrial Development (Enterprise Ireland) Act.
- 1998 Finance Act – Tax relief made for gifts to designated schools.
- 1999 Qualifications (Education and Training) Bill.
- 1999 Education (Welfare) Bill.
- 1999 Vocational Education Bill.

## Annex 3 Bibliography

(Note: The Cedefop report by Harper and Fox listed below contains a general bibliography about vocational education and training in Ireland. The documents listed on this page refer specifically to the subject of this report - financing.)

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**The financing of vocational education and training in Ireland**

**Financing portrait**

*Roger Fox, Kathy McGinn*

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## The financing of vocational education and training in Ireland

### Financing portrait

This report is the Irish contribution to Cedefop's series of portraits on the financing of vocational education and training (VET) within EU Member States. Both government and the social partners in Ireland are strongly committed to vocational education and training. Over recent years, this has led to increased participation in third-level technological education, post-secondary vocational education, apprenticeships and continuing vocational training. Much of the initial VET system is publicly funded, but continuing vocational training is primarily funded by employers. The European Union, through the European Social Fund, has made a major contribution to the funding of VET in Ireland. Further financial incentives to encourage lifelong learning and to facilitate disadvantaged groups' access to training are likely, as Ireland seeks to ensure that for economic and social reasons, all participate in the changing economic circumstances of the future.

This report outlines the different funding sources and distribution mechanisms for initial and continuing vocational training as well as training for unemployed people. Background information on the political, economic and administrative structure is given and the trends in funding and future perspectives are discussed. As such, the report provides a great deal of statistics on funding levels and is a useful guide to the way training is financed in Ireland.

**Roger Fox and Kathy McGinn, FÁS**

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