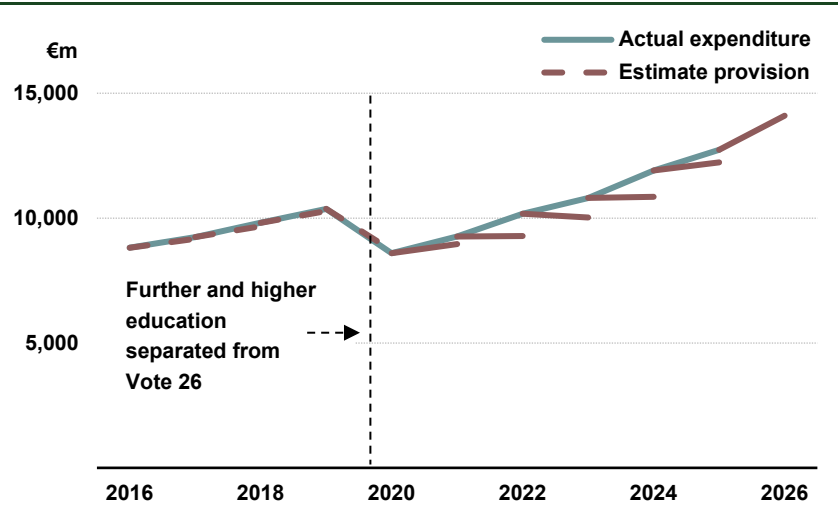


15 Budget control for Vote 26 Education and Youth

15.1 The Department of Education and Youth (the Department) is responsible for the management of Vote 26 Education and Youth, which provides for expenditure on first, second and early-years education and youth services. The bulk of the expenditure each year is on payroll and pensions for serving and former school staff, grants for the construction and upkeep of schools, and on ancillary education services including school transport.

15.2 Gross current and capital expenditure under Vote 26 has increased steadily in recent years (see Figure 15.1). The aggregate increase in spending over six years from 2019 to 2025 was 54%, or around 7% a year.¹ The estimate allocated for 2026 provides for gross expenditure of €14.1 billion, which represents a further 10.7% increase on the 2025 outturn.²

Figure 15.1 Expenditure and amounts allocated, 2016 to 2026



Source: Revised estimates, 2016 to 2026 and appropriation accounts, 2016 to 2025

¹ The expenditure figures used for 2019 relate to programme A first, second and early-years education (€8.245 billion).

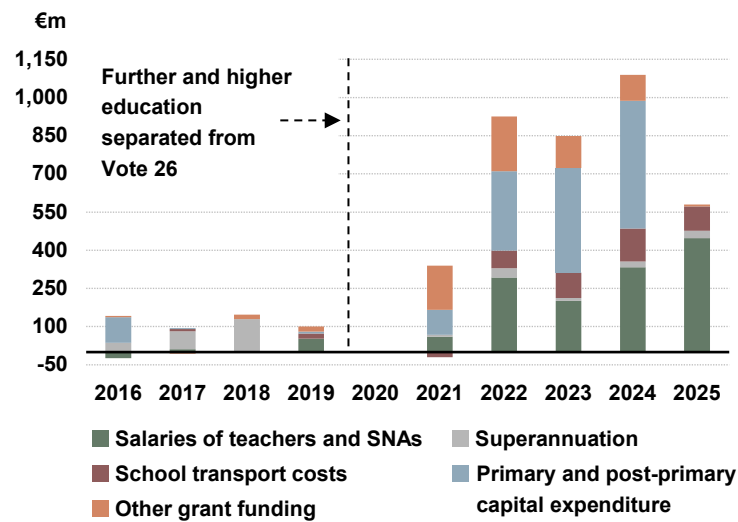
² The original Vote estimate published allocated €13.5 billion for 2026. A 'further revised estimate' for the Vote provided for an additional €646 million agreed in April 2026.

³ Revised Estimates Volume 2025.

15.3 Expenditure by the Department has consistently exceeded the amounts allocated by Dáil Éireann in the estimates for Vote 26 since 2021. This has led to a recurring need for substantial supplementary estimates (see Figure 15.2).

15.4 The estimate for Vote 26 published in December 2024 provided for gross expenditure in 2025 totalling €11.928 billion.³

15.5 In 2025, there were significant adjustments of ministerial and departmental functions following the formation of Government. As part of this reform, a 'further revised estimate' was prepared for Vote 26 Education and Youth. The amount allocated in the further revised estimate for Vote 26 provided for gross expenditure in 2025 of €12.232 billion i.e. an increased allocation of €304 million.

Figure 15.2 Supplementary estimates for Vote 26, 2016 to 2025^a

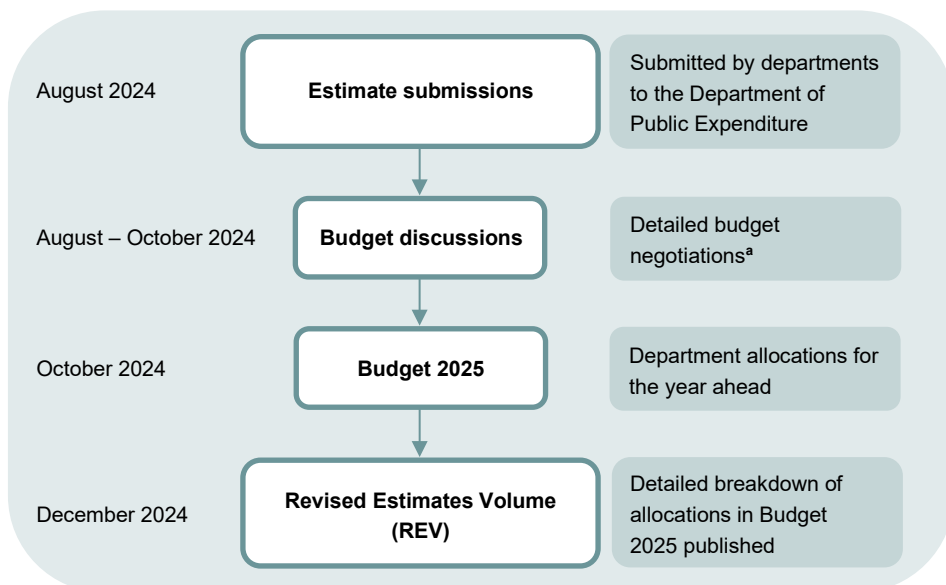
Source: Supplementary estimates, 2016 to 2025

Note: a Pre-2020 figures exclude further and higher education.

- 15.6** The appropriation account for the Vote records gross expenditure of €12.735 billion in 2025. This represents spending that was €503 million or 4% over the allocated sum and required a supplementary estimate provision.

Budget allocation process

- 15.7** Figure 15.3 summarises the timeline for the 2025 estimate process, culminating in the publication of the *Revised Estimates Volume*, setting out the proposed spending allocation for each vote for 2025.

Figure 15.3 Summary of the estimate process for Budget 2025

Source: Office of the Comptroller and Auditor General

Note: a The Department of Public Expenditure engages with individual departments throughout the year.

15.8 The annual vote estimates presented to Dáil Éireann for approval should reasonably represent the amount required to be spent on the services to be provided by the relevant department. The estimate is intended to serve also as a spending limit which should not be exceeded without further Dáil approval through a supplementary estimate.

15.9 Managing the delivery of public services within budgetary allocations approved by Dáil Éireann through the annual estimates process is a key responsibility of ministers, accounting officers and their departments.

15.10 The Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation (Department of Public Expenditure) requires departments to submit current expenditure estimates outlining forecast costs to

- maintain services on an 'existing policies' basis, and
- what would be required to pay for any approved policy changes.

Departments are also asked to provide additional information in their estimates submissions, including proposed reforms and efficiencies to deliver services in the most cost-effective manner. Capital expenditure allocations are completed separately through negotiation of the multiannual National Development Plan (NDP).

15.11 The Department of Public Expenditure stated that it has the responsibility to engage and negotiate agreed allocations with departments to ensure the overall expenditure strategy adheres to the Government's agreed expenditure ceilings, while considering overall Government priorities. It pointed out that generally, the cumulative amount within initial budget submissions from departments substantially exceeds the agreed fiscal parameters.

Obligation to explain budget variances

15.12 The appropriation accounts for votes are designed to require reporting (in note 3) on how spending has turned out relative to the amount allocated for each planned category of spending. Significant spending overruns or underspends (i.e. +/- 5% or more) on individual programme subheads are individually explained.⁴

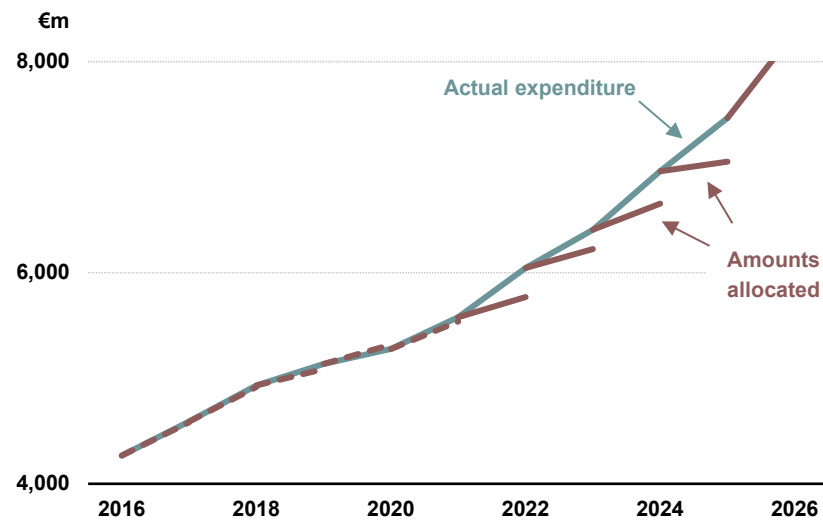
15.13 For Vote 26, the significant spending over allocation has mainly related to salaries of certain school personnel, and the costs of school transport and of capital projects.

Teaching and special needs assistant salaries

15.14 The salaries of teachers and special needs assistants (SNAs) represent around 59% of the Department's overall expenditure.

15.15 Expenditure on the salaries of teachers and SNAs was consistently higher than the amounts allocated each year from 2021 to 2025 (see Figure 15.4). While additional expenditure was incurred on all the teaching staff subheads, the additions were greatest for the subheads funding primary school teachers and SNAs.

⁴ This is the threshold for programme subheads. A higher explanation threshold (variance over 25%) applies to administrative subheads.

Figure 15.4 Salaries of teachers and special needs assistants: expenditure and amounts allocated, 2016 to 2026

Source: Revised estimates, 2016 to 2026 and appropriation accounts, 2016 to 2025. Expenditure subheads A.3, A.4, A.5 and A.6.

15.16 In explaining the additional funding requirements for salary-related expenditure in the appropriation accounts, the Department has referred to causes including

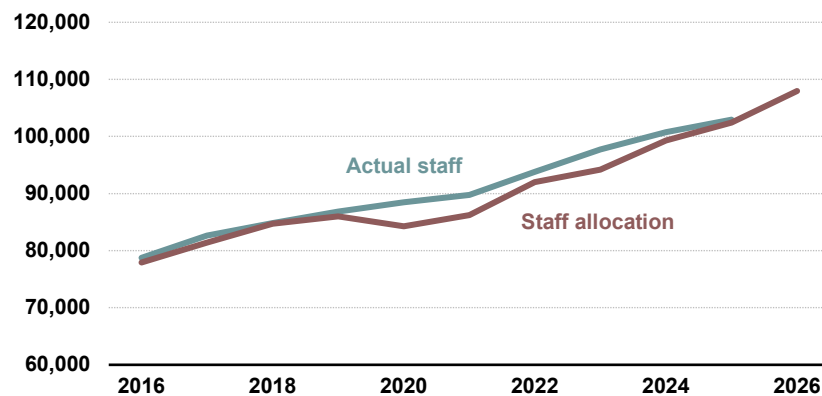
- underfunding of the Department's projected school payroll costs
- payroll costs being impacted by higher-than-projected school enrolment, including pupils from Ukraine with special education and additional language support needs (2025, 2024, 2023, 2022)
- higher-than-projected need for employment of SNAs in classrooms (2025, 2024)
- under-provision in the amounts allocated for the retrospective cost impacts of pay deals agreed after the estimate allocation process (2024, 2022).

15.17 The Department of Public Expenditure stated that the costs associated with public service pay agreements are determined using a longstanding, standardised and universal methodology which is applied across the public service and is calculated using full-time equivalent staff numbers by salary band provided by departments.

Staff number projections

15.18 The Department considers that, in its estimate submissions, it had accurately forecast the expenditure required to implement existing staffing policy, taking account of the number of pupils enrolled and staff employed in schools.

15.19 In presenting estimates to Dáil Éireann for approval, teacher and SNA staff number allocations are stated together with the related pay provision. Over the past six years, the actual number of teaching and SNA staff has consistently exceeded the levels allocated (see Figure 15.5). This was particularly pronounced in 2020, with a variance of 5% (4,206 posts) above the allocation. Since then, the gap has reduced, standing at 509 posts or 0.5% above the allocation for 2025.

Figure 15.5 Teacher and SNA numbers allocated and reported, 2016 to 2026

Source: Revised estimates, 2016 to 2026 and appropriation accounts, 2016 to 2025. Teaching and SNA numbers reported under subheads A.3, A.4, A.5 and A.6.

15.20 The Department explains that the variations between teacher and SNA numbers published in the estimates and subsequently reported for 2020 to 2024 were mainly due to

- additional posts filled to respond to Covid-19 and Ukraine-related demands being excluded from the allocation numbers (2020 to 2024)
- transfer of functions from the Department to the Department of Further and Higher Education, Research, Innovation and Science (2020)
- differences in the staffing projections prepared by the Department and by the Department of Public Expenditure (2023 and 2024).⁵

Independent review of allocation and payroll system

15.21 Because of the differences between the two Departments about teacher allocation and related budgeting, the Department commissioned an independent external review of the system. Key findings in the reviewer's report (completed in June 2025) included the following.

- The Department's teacher allocation system is a highly complex, labour-intensive exercise which attempts to operationalise a significant range of education policy initiatives while taking account of dynamics in the demographic profiles of students, the capacity of existing infrastructure and the need for new infrastructure, the spatial distribution of needs, and Government policy in relation to regional and local development.
- It became evident that in addition to the various 'drivers' for expenditure and teacher numbers that had been identified through previous examinations, there were several factors which seemed to influence the relative positions of the two Departments
 - a view that the increase in teacher numbers was based on a layering of incremental requests rather than a strategic policy-informed and evidence-based approach to the number of teachers needed in the system
 - a mismatch between expectations based on demographic projections and actual demand manifesting itself on the ground

⁵ Projections contained in 2021 *Spending Review: Teacher Allocations: Developing a model for Mainstream Teacher Projections*, Irish Government Economic and Evaluation Service (IGEES).

- a difference of views in relation to whether the provision of education services is demand led or budget led/constrained
- a possible difference in approach to the calculation of the teacher salary budget, and whether it should be 'top-down' (i.e. kept within the available budget) or 'bottom-up' (i.e. determined by the number of teachers deployed in line with existing policies and practice)
- creation/growth of 'other' categories of teacher deployment within schools
- the need to recognise the increasing complexity of education provision, in areas such as language supports, special needs, etc.

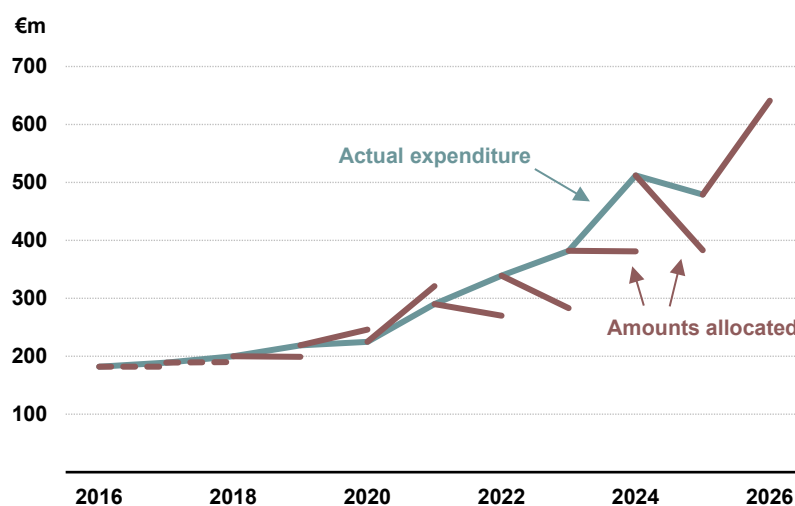
It was considered by the reviewer that some of these differences meant that the 'gap' between the Department and the Department of Public Expenditure has been compounded over recent years leading to a serious and growing funding shortfall situation.

15.22 The reviewer concluded that the budgeting situation is a shared problem and that there is a shared responsibility to try to resolve matters. This would require the recasting of the relationship between the two Departments, with open and regular communication. Suggestions for improvement in this regard included greater clarity on the part of the Department in relation to its strategies and priorities in education, and the provision of better information and evidence in support of its budgetary requests. It was also suggested that the Department of Public Expenditure critically review its engagement and approach to funding determination having regard to the actual demands being managed by the Department.

School transport

15.23 Expenditure on school transport has increased very rapidly in recent years, rising from around €225 million in 2020 to €512 million in 2024, before falling back to €479 million in 2025. The budget for 2026 is €640 million (see Figure 15.6).

Figure 15.6 School transport costs: amounts allocated and expenditure, 2016 to 2026



Source: Revised estimates, 2016 to 2026 and appropriation accounts, 2016 to 2025 (subhead A.9)

15.24 Expenditure has been significantly greater than the amounts allocated for at least four years. Excess expenditure of €96 million (+25%), €131 million (+35%), €99 million (+35%) and €69 million (+26%) occurred in 2025, 2024, 2023 and 2022 respectively.

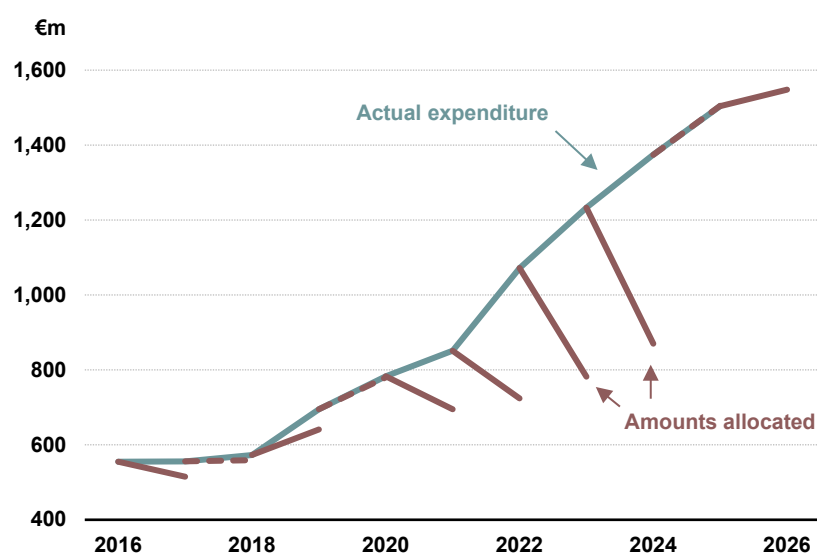
15.25 The Department explains the increase in expenditure relative to the amounts allocated for school transport costs was due to

- underfunding of estimated school transport costs which the Department views as primarily demand led once certain eligibility criteria for the school transport scheme are met
- increasing subsidisation of the scheme by Government in response to the cost-of-living crisis leading to higher uptake of the service
- increased contractor costs over those provided for in the amounts allocated
- more students than financially provided for being accommodated on school transport services, including Ukrainian students
- the increasing prevalence of special educational needs students requiring additional but also more bespoke, and, therefore, more expensive transport services.

Primary and post-primary capital expenditure

15.26 The divergence between the amounts allocated and the expenditure on primary and post-primary infrastructure costs increased significantly from 2021 to 2024 (see Figure 15.7). Expenditure over the original NDP allocations of €504 million (58%) and €451 million (58%) were incurred in 2024 and 2023, respectively. Expenditure on capital infrastructure was only slightly below the level provided in the 2025 estimate, which was adjusted upwards before the estimate was passed mid-year.⁶

Figure 15.7 Primary and post-primary capital infrastructure: amounts allocated and expenditure, 2016 to 2026^a



⁶ In May 2025, a 'further revised estimate' provided an additional €210 million for capital infrastructure (subhead A.15).

Source: Revised estimates, 2016 to 2026 and appropriation accounts, 2016 to 2025 (subhead A.15)

Note: a Capital expenditure is also reported in a number of other subheads — A.10, A.14 and A.16.

- 15.27** In the appropriation accounts for 2021 to 2024, the Department explained that the additional funding was provided in supplementary estimates due to “strong delivery on the school-building programme to keep the essential project pipeline moving forward, the need for accelerated delivery of accommodation for children with special educational needs and the impact of high construction inflation”.

Delegated sanction

- 15.28** A key element of the control of annual expenditure by departments is that they request and obtain the sanction of the Department of Public Expenditure prior to expenditure being committed to or incurred. In the interests of efficiency, the Department of Public Expenditure may authorise departments to undertake certain categories of spending within specified limits, subject to the departments' compliance with specific conditions. These arrangements are referred to as 'delegated sanction'.
- 15.29** On 9 May 2025, the Secretary General of the Department of Public Expenditure wrote to the Secretary General of the Department of Education and Youth to communicate the need to implement stronger expenditure controls in relation to Vote 26. The letter noted that this followed repeated requests by Department of Public Expenditure officials for the Department to submit a plan outlining how current and capital expenditure under Vote 26 could be put on a sustainable path.
- 15.30** The Secretary General of the Department of Public Expenditure outlined the following concerns regarding the Department's expenditure controls
- increasing divergence between the spends and the ceilings agreed by Government in recent years
 - the scale and trajectory of the supplementary estimates provided over the last four years (2021 to 2024) being no longer sustainable
 - the actual pupil-teacher ratio (22:1) in primary schools being below the Government policy ratio of 23:1, at a time when primary school enrolments are declining, while post-primary enrolment is expected to peak soon.
- 15.31** The Department of Public Expenditure imposed additional expenditure and other controls as follows.

Staffing expenditure controls

- Staffing sanction: the Department retains delegated staffing sanction for school principal posts, teaching posts and posts related to the provision of special needs education and supports. For other posts, Department of Public Expenditure sanction will be required.
- The Department was to provide a pay and numbers plan for 2025/2026, detailing workforce and recruitment activity broken down by category against the pay allocation.

Capital expenditure controls

- Capital projects: Department of Public Expenditure sanction will be required before any further capital projects with an anticipated total project cost in excess of €10 million proceed to tender.

- Capital commitments ceiling: forward commitment levels for capital expenditure as a percentage of the capital allocation to be reduced significantly, and any proposed commitments above specified limits require specific Department of Public Expenditure sanction.

Other controls

- Vote structure: the layout of Vote 26 will change to allow for visibility of capital and current investments in special education.
- The Department to set out revised governance and control processes to address compliance with expenditure ceilings including class size policy and approval of capital projects.

15.32 On 21 May 2025, the Secretary General of the Department responded requesting the Secretary General of the Department of Public Expenditure to reconsider the proposed removal of delegated sanction for hiring of other posts and the reduction in projected capital commitment levels for schools. She also outlined core areas of disagreement between the two Departments, including in respect of

- understanding of variation between what the annual budget for education can deliver versus the cost of upholding the constitutional and legal right to education
- under-provision of funding required to deliver existing services and policies agreed by Government in a demand-led sector
- remaining within budgets in previous years had resulted in failure to deliver adequately and in a timely manner for predicted demographic growth, special educational needs and essential maintenance
- longstanding Government policy in relation to class size, language supports, special education, application of teacher supply panels and leadership supports (which, to deliver within the proposed budget allocation, would have required service reduction that the Department states they had no authority to unilaterally change)
- remaining within allocations would not only have prevented the Department from delivering on commitments in the *Programme for Government*, but in the Department's view would have moved in the opposite direction, for example increasing the class size rather than reducing it
- fundamental differences regarding cost methodology used to inform the level of funding required to deliver existing services and agreed policies without relying on additional supplementary funding
- pupil-teacher ratio in primary schools, which stood at 12.8:1 and sought clarity on the 22:1 and 18:1 ratios noted by the Department of Public Expenditure.

15.33 In relation to the amendments to capital commitment ceilings, the Department has stated that the changes were notified after plans for existing multiannual capital commitments were already well progressed, based on previous, higher limits.

- 15.34** In June 2025, the Secretary General of the Department submitted plans to the Department of Public Expenditure to put current and capital expenditure on a more sustainable footing for the future. The submission included financial governance and control processes in place, detail on recent and ongoing reforms, and a number of options to address expenditure pressures. The Department recommended a particular option which involved an adjustment to baseline funding and a commitment to continue to reform.
- 15.35** In September and October 2025, the Department of Public Expenditure issued the delegated sanction letters for current and capital expenditure to the Department. The sanction letter for current expenditure reinforced the expenditure controls issued in May 2025 and stated the sanction was conditional on the Department providing a plan for managing current expenditure within the allocation provided.

Estimates provision for 2026

- 15.36** The revised estimate published in December 2025 for 2026 allocated €13.46 billion to Vote 26.
- 15.37** A review of the estimate process for Vote 26 commenced in February 2026 led by an independent senior government official who considered submissions from both Departments. This included the Department submitting possible options for reductions to existing services which would bring spending in line with the initial budget allocations.
- 15.38** In June 2026, additional funding of €646 million was allocated to Vote 26 for existing services and to provide enhanced supports across the education system.⁷ This comprises
- an additional €301 million for school payroll
 - an additional €115 million for school transport, and
 - post-budget decisions allocating an additional €230 million as follows
 - €150 million in current expenditure for additional school places
 - €40 million for school transport
 - €13 million for survivors of historical residential abuse and
 - €27 million to meet industrial relations costs.
- 15.39** The additional in-year funding was provided on the basis of compliance with certain oversight, monitoring and control measures including the establishment of an Education Budgetary Oversight Group.

Views of the Accounting Officer, Department of Education and Youth

- 15.40** Education policy is well established and grounded in Government decisions over many years. The policy is bound by and reflects children's constitutional and legal rights.

⁷ *Further Revised Estimates 2026* approved by Dáil Éireann on 17 June 2026.

- 15.41** Accurate and realistic allocations, reflecting the true cost of existing policy and existing level of services, are a crucial part of the budgeting process. Where cost savings are required, but involve a change to agreed policy, it must be acknowledged that officials cannot unilaterally change policy to live within a reduced allocation which itself is not based on robust analysis. The Department has completed extensive analysis, and costed policy changes that would be required to stay within the reduced allocation provided, but such changes have not been accepted.
- 15.42** This is because the scale of the structural underfunding in 2025 would have equated to approximately 4,500 (6%) fewer teachers and over 2,500 (10%) fewer SNAs in schools, and 66,000 (36%) fewer pupils on school transport services.
- 15.43** Forecasting data provided by the Department that reasonably represented the cost of delivering existing policy and level of services were not fully reflected in estimates allocations. The fact that Department forecasts proved retrospectively to be broadly accurate demonstrates the opportunity that exists for both Departments to work together to agree the formula and methodology to support accurate and effective budgeting.
- 15.44** As part of Budget negotiations, including for Budget 2025, the Department informed the Department of Public Expenditure that
- Based on the Department's forecasts, the level of funding being proposed and ultimately provided was not sufficient to implement agreed education policies.
 - Supplementary funding would be required in the absence of Government agreeing to make significant reductions in the level of educational services.
 - It was considered extremely unlikely that such policy changes would be achievable given existing *Programme for Government* commitments that sought to build on, not take from, existing policy; the highly negative impacts these would have on educational services; and pre-existing contractual commitments already in place with established public servant employees.

Views of the Secretary General, Department of Public Expenditure

- 15.45** The overarching parameters for the level of expenditure across all departments and agencies is agreed by Government. The Medium-Term Fiscal and Structural Plan has set out multiannual expenditure ceilings out to 2030.
- 15.46** Managing the delivery of public services within the agreed budgetary allocation as voted by Dáil Éireann is a key responsibility of each minister and their department.⁸
- 15.47** The Department of Public Expenditure and the Department of Education and Youth officials have and continue to openly engage on a regular basis.

⁸ *Public Financial Procedures B.1.2. (28) Monitoring and Control: Departments and Offices must monitor and manage their expenditure within the allocations approved by Dáil Éireann.*

Conclusions

- 15.48** The vote estimates presented to and approved by Dáil Éireann are expected to reasonably represent the amount to be spent under the vote and to serve as a spending limit which should not be exceeded without further Dáil approval.
- 15.49** Since 2021, the Department has required substantial supplementary estimates each year ranging from €320 million to €1.088 billion. These additional allocations represent substantial variances from the amounts originally approved by Dáil Éireann.
- 15.50** For 2025, the original published gross expenditure allocation was €11.928 billion. This was substantially less than the funding sought by the Department during the estimates preparation process.
- 15.51** During 2025, despite a further revised estimate which increased the original allocation by 2.5% or over €300 million, a supplementary estimate provision of €580 million was also provided: this was 4.7% over the original voted allocation. The supplementary allocation was mainly in the areas of schools payroll and school transport. Funding adjustments made in 2026 have provided significant additional allocations for schools payroll and school transport.
- 15.52** A substantial part of the required additional allocations is attributable to costs associated with special needs education. The proposed greater transparency about such costs in the Vote (and in the appropriation account) should facilitate better analysis of the cost drivers and better forecasting of expenditure.
- 15.53** While the education system is complex and subject to many dynamic elements, budgeting for it should be amenable to reasonably effective financial modelling. The Department and the Department of Public Expenditure should be able to agree on a common financial forecasting model, using assumptions that reflect the current facts of the education system and any agreed policy changes. This should also be capable of analysing the financial impacts of shocks to the system, such as the impact of the large influx of Ukrainian pupils in 2022 and 2023.
- 15.54** Effective shared analysis should remove methodological differences from the budget/estimates discussions, so that the debate can concentrate on what policy changes can be most effective and are affordable within the available budget, and what trade-offs may be needed between competing policy objectives.