

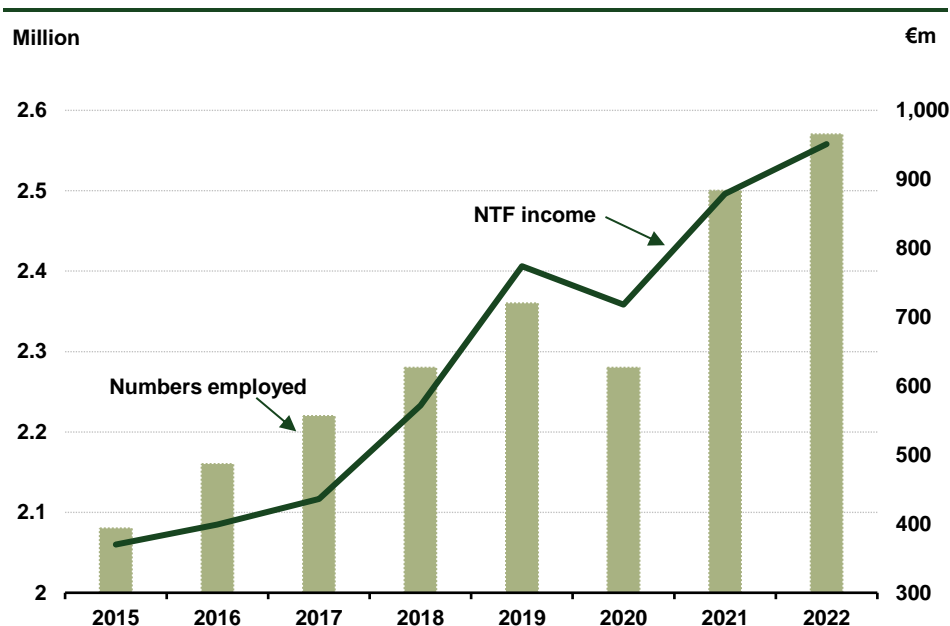
## 19 National Training Fund

- 19.1** The National Training Fund (NTF) was established by the National Training Fund Act 2000 (the Act) as a dedicated fund to support employment-focused training. The Department of Further and Higher Education, Research, Innovation and Science (the Department) has responsibility for the management and utilisation of the resources of the fund, and for the related annual financial reporting.
- 19.2** Section 7 of the Act provides that payments may be made from the fund in respect of schemes which are established to
- raise the skills of those currently in employment
  - provide training to those who wish to acquire skills to take up employment, or
  - provide information in relation to existing, or likely future, requirements for skills in the economy.
- 19.3** The NTF is funded by way of a levy on employers collected through pay related social insurance (PRSI). The income of the fund in 2022 amounted to €951 million, and there was a surplus for the year of €269 million. By the end of 2022, the fund had an accumulated surplus of €1.372 billion.
- 19.4** This examination was undertaken to review the factors giving rise to the accumulated surplus, and the progress made in the implementation of recommendations to reform the NTF.<sup>1</sup>

### Funding the NTF

- 19.5** The Act provides for funding of the NTF through the imposition of a levy on employers in respect of certain employees. The levy is currently set at a rate of 1% of reckonable earnings in respect of employees in Class A and Class H PRSI employments who represent approximately 75% of all insured employees. The levy is paid by the employers i.e. it is not a deduction from the employees' gross incomes.
- 19.6** The levy is collected by Revenue as part of the PRSI collection system and is remitted with the PRSI receipts to the Social Insurance Fund (SIF) managed by the Department of Social Protection (DSP). Each year, DSP undertakes statistical analysis of the PRSI collection data to apportion the receipts between the SIF and the NTF.
- 19.7** Income allocated to the NTF has increased significantly in recent years (see Figure 19.1). NTF income in 2022 (€951 million) was more than double that reported in 2017 (€436 million). The increase is the result of the combined impacts of higher numbers in employment, increases in reckonable earnings and increases to the levy rate.
- 19.8** The fund income is generally pro-cyclical, increasing during periods of high employment and decreasing when employment levels fall. An increase in the numbers employed in the State increases the income base upon whom the levy may be charged. A total of 490,000 more people were employed in 2022 than in 2015, an increase of 24%.

<sup>1</sup> A review of the NTF was carried out in 2018, and in 2019, the Department published [an implementation plan](#) to address the 14 recommendations made in the review.

**Figure 19.1 NTF income and numbers employed, 2015 to 2022**

Source: Central Statistics Office, Labour Force Survey. Analysis by the Office of the Comptroller and Auditor General.

Note a Numbers employed are shown at a national level to provide context. The NTF levy applies to reckonable earnings of Class A and Class H PRSI employees, estimated at 75% of all insured employees.

### Levy rate increases

- 19.9** In 2016, the Expert Group on Future Funding for Higher Education produced a report (the Cassells report) which examined the long-term sustainable funding of higher education.<sup>1</sup> The Group recommended an increase in core funding of the higher education sector to €600 million in 2021, rising to €1 billion in 2030. They also recommended that the NTF levy rate be increased as a means of employers contributing to the increase in higher education funding.
- 19.10** As part of the annual budgetary process, the rate of the levy was increased by 0.1% per annum in each of the years 2018 to 2020, from a baseline rate of 0.7% in 2017 (see Figure 19.2). This represents an increase of 42% between the levy rate applied in 2017 and the levy rate applied from 2020 on.<sup>2</sup>

**Figure 19.2 Rate of the levy charged on reckonable earnings (Class A and Class H PRSI employments), 2017 to 2020**

Year	Rate of levy
2020 and later	1.0%
2019	0.9%
2018	0.8%
2000 to 2017 incl.	0.7%

Source: NTF Act 2000 and Social Welfare Acts 2017 to 2019. Analysis by Office of the Comptroller and Auditor General.

<sup>1</sup> [Investing in national ambition: a strategy for funding higher education](#), was published in March 2016.

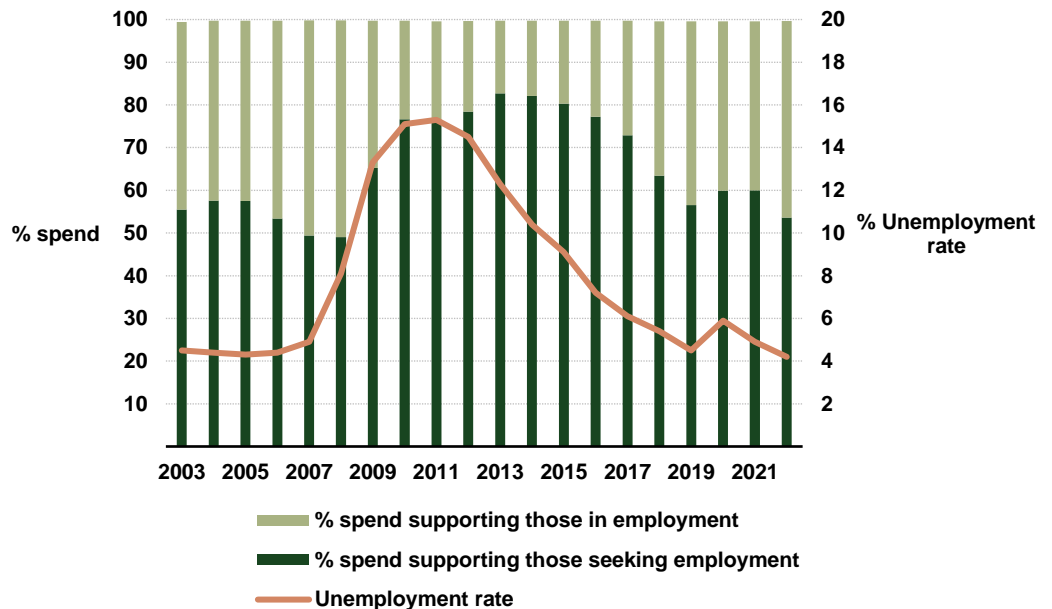
<sup>2</sup> The rate increases were implemented through the Social Welfare Acts 2017 to 2019.

### Schemes funded by the NTF

**19.11** Funding from the NTF is allocated by the Minister for Further and Higher Education, Research, Innovation and Science with the consent of the Minister for Public Expenditure, National Development Plan Delivery and Reform, in accordance with the provisions of the Act. The allocation is generally determined as part of the annual estimates process. The NTF does not form part of the vote of the Department but is presented as an annex to the published estimates.<sup>1</sup>

**19.12** A broad range of types of schemes can be funded under the terms of the Act. This is intended to facilitate flexibility and agility in responding to economic and labour market conditions. Expenditure from the NTF is categorised mainly as: expenditure to support those in employment; and expenditure to support those seeking employment.<sup>2</sup> In practice, NTF funding has generally been allocated in response to changes in unemployment rates (see Figure 19.3).

**Figure 19.3 NTF expenditure allocation and rate of unemployment, 2002 to 2022**



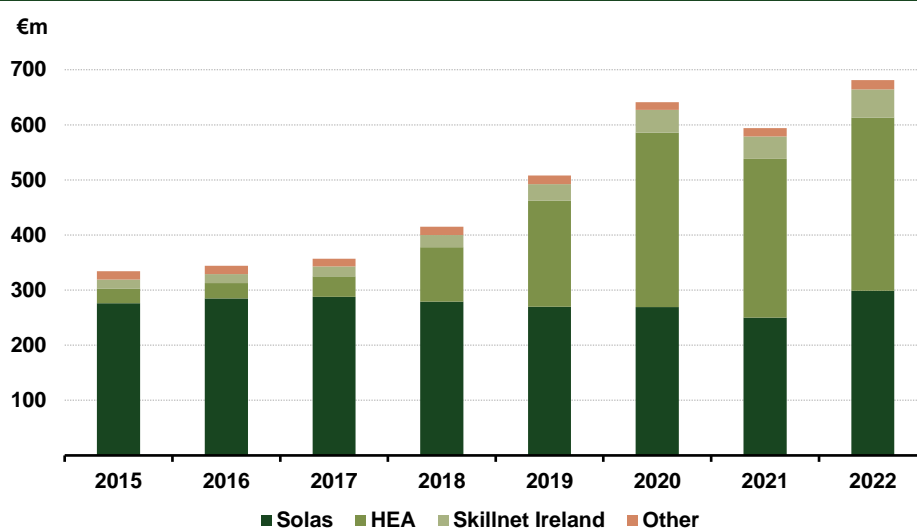
Source: NTF financial accounts, Central Statistics Office, Labour Force Survey. Analysis by the Office of the Comptroller and Auditor General.

1 In presenting estimates and reports on voted expenditure, the Department of Public Expenditure, National Development Plan Delivery and Reform (DPENDPDR) includes the Social Insurance Fund and the NTF in total gross voted expenditure. These are not voted appropriations, but DPENDPDR considers that their inclusion provides a more complete picture of overall Government expenditure.

2 A small amount of funding is also allocated to research on the provision of skills.

**19.13** The NTF funds training programmes through a number of grantee bodies. The Higher Education Authority (HEA) and SOLAS are the main recipients of NTF funding in recent years, together accounting for over 90% of annual allocations. This funding includes the cost of providing apprenticeships/training courses, training allowances paid to apprentices (and other NTF funded programmes within SOLAS), enterprise-focused higher education provision and the ‘human capital initiative’ (see Annex 19A).

**19.14** Expenditure allocated from the NTF has almost doubled over the period 2017 to 2022 (see Figure 19.4). Annual funding allocated to the HEA has increased from 10% of annual NTF expenditure in 2017 (€37 million) to over 46% in 2022 (€314 million). This is reflective of the decision to use additional income from levy rate increases to provide substantial funding to the higher education sector.

**Figure 19.4 NTF expenditure per grantee, 2015 to 2022**

Source: NTF annual financial statements 2015 to 2022. Analysis by the Office of the Comptroller and Auditor General.

### **Monitoring and oversight of grantees**

- 19.15** In accordance with the *Code of Practice for the Governance of State Bodies*, the Department is required to have an oversight agreement and a performance delivery agreement (PDA) in place with state bodies under its aegis. Figure 19.5 compares the oversight and reporting arrangements in place with the three main recipients of NTF funding.
- 19.16** End of year reviews are completed (by grantees) on a standardised form. Each one includes information on the purpose of the funded initiatives, a summary of planned and actual expenditure and a declaration that the NTF grantee has
- complied with the conditions assigned to the allocation of funding from the NTF and
  - used the funds in accordance with the provisions of the Act.

**Figure 19.5 Monitoring and oversight of grantees for 2022**

Grantee	Allocated €000	Oversight agreement refers to NTF	Reporting mechanism for NTF funding
Higher Education Authority	313,591	No	End of year review for each programme funded via the NTF
SOLAS	299,281	Yes	No direct reporting on NTF funded programmes References to NTF included in SOLAS published annual report
Skillnet Ireland	51,155	Yes	Consolidated year-end review reporting on targets as set out in performance delivery agreement.

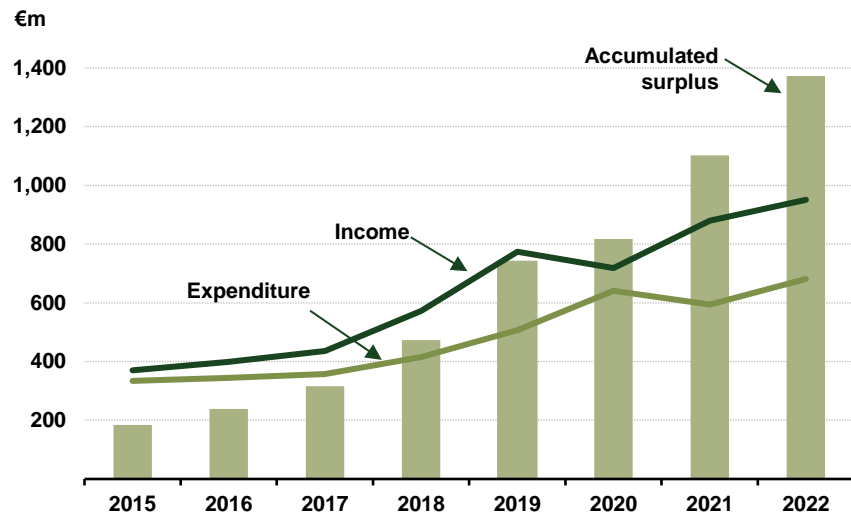
Source: Department of Further and Higher Education, Research, Innovation and Science. Analysis by Office of the Comptroller and Auditor General.

- 19.17** However, we found a lack of consistency in the oversight and reporting mechanisms in place for the bodies in receipt of NTF funding.
- Prior to 2023, the annual oversight agreements and PDAs in place between the Department and the HEA did not specifically refer to NTF funding, despite the HEA receiving over €1 billion from the NTF since 2019. However, NTF references have been introduced in the 2023 agreements. The Department stated that the 2023 PDA agreement with the HEA makes reference to administration of funds from the NTF, and NTF related targets.
  - The HEA provided a separate year-end review for each programme funded by the NTF. However, as there was no reference to NTF performance indicators or associated targets included in the PDA between the Department and the HEA (prior to the 2023 agreement), it is difficult to assess the reported delivery for the year.
  - SOLAS does not complete year-end reviews to report on the use of NTF funds to the Department. Instead, the Department relies on its monthly monitoring of SOLAS funding drawdowns and information published by SOLAS in its annual accounts to monitor the use of NTF funds.
- 19.18** SOLAS receives a combination of Exchequer funding and NTF funding. It is not readily identifiable from the SOLAS annual report how NTF funding has been allocated across their programmes. The Department stated that expenditure allocated to SOLAS is monitored through the Department's on-going close working relationship with SOLAS.
- 19.19** SOLAS does not make an explicit declaration that the NTF funds have been applied for the uses intended. The oversight agreement in place with SOLAS, for the period 2022 - 2025, sets out the responsibility of SOLAS to manage NTF funding in line with the requirements of current NTF policy. The Department has stated that it will engage with SOLAS to ensure that a certificate of assurance in relation to NTF expenditure is included in future annual reports produced by SOLAS.

### NTF surplus

- 19.20** In the period of the fund's operation, a surplus of income over expenditure has been reported in all but four years. The last year expenditure exceeded income was 2014, when a deficit of €7.9 million was reported (see Annex 19B).
- 19.21** As shown in Figure 19.6, the year-end accumulated surplus of €1.37 billion in 2022 is over seven times that recorded in 2015 (€184 million). Income has grown faster than expenditure, and by 2022 expenditure was equivalent to just 72% of annual income. The Department has stated it is anticipated that the surplus will continue to grow to €1.5 billion at the end of 2023 and potentially €2 billion by 2025, based on current projections.
- 19.22** A prudent level of reserves in the NTF is necessary to guard against the uncertainties of the economic cycle and to ensure sufficient resources are available to deliver programmes when required. However, the level of surplus of almost €1.4 billion at year-end 2022 would be sufficient to fund total 2022 expenditure twice over, and exceeds the amount required for a prudent reserve.

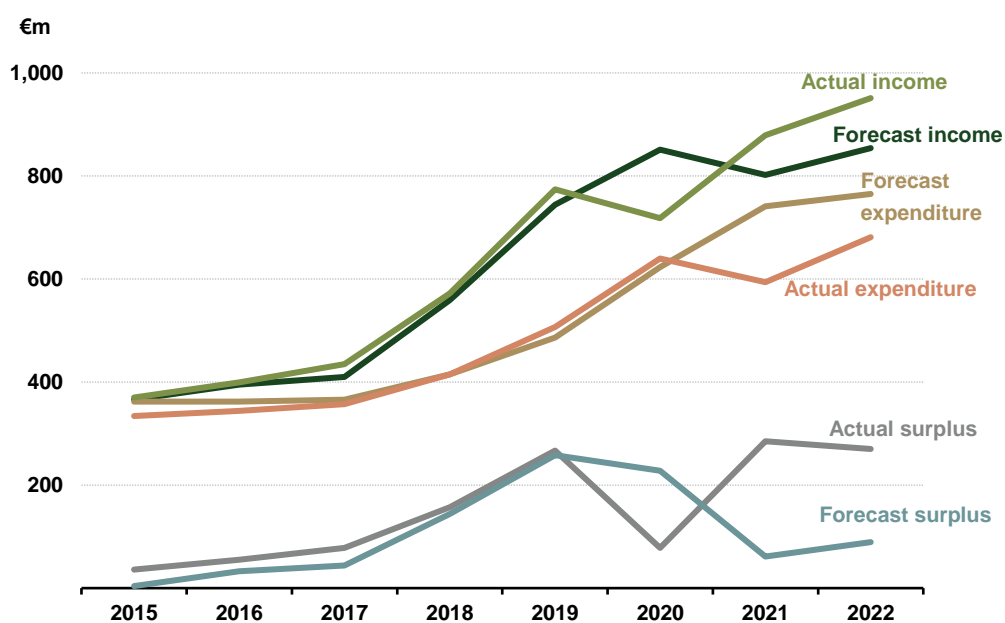
**Figure 19.6 NTF income, expenditure and accumulated surplus 2015 to 2022**



Source: NTF annual financial statements 2015 to 2022. Analysis by the Office of the Comptroller and Auditor General.

- 19.23** The Act requires that moneys standing to the credit of the fund, not required to meet current expenditure, should be held in an investment account of the fund.<sup>1</sup> At 31 December 2022, the accumulated surplus was lent to the National Treasury Management Agency (through the purchase of Exchequer notes). This short-term lending maintains the liquidity of the fund and minimises risk exposure of the assets.
- 19.24** Figure 19.7 compares the forecast NTF income and expenditure (as per the initial estimates) with the actual outturn for recent years. Until 2019, the level of surplus achieved was broadly in line with that planned. The Covid-19 pandemic impacted on income collected due to a fall in the numbers in employment, and on expenditure due to a reduction of in-person training places funded.
- 19.25** In both 2021 and 2022, income exceeded forecast levels, and expenditure was lower than anticipated. The additional funding is not problematic, but the shortfall in planned delivery of training is.
- 19.26** The Department acknowledges that the current level of accumulated surplus is in excess of the level required to maintain programme funding in a period of economic decline. In addition, it has accepted that the continuous increase in surplus is not a sustainable position. It has put forward proposals for increasing spending through the annual estimates processes. As part of 2024 process, the Department has submitted a plan to government to increase NTF expenditure through training initiatives targeted at future skills requirements and more extensive funding of the higher education sector.

<sup>1</sup> The Minister for Finance manages and controls the investment account of the Fund.

**Figure 19.7 Forecast and actual income, expenditure and surplus, 2015 – 2022**

Source: NTF annual financial statements 2015 to 2022 and Estimates for the Public Services 2015 to 2022. Analysis by the Office of the Comptroller and Auditor General.

### Spending the surplus

**19.27** The estimated expenditure of the NTF is included within the expenditure ceiling limit of the Department, and is reported on as part of total government expenditure. In 2022, forecast NTF expenditure was €765 million, representing 25% of the Department's 2022 core expenditure ceiling, and around 1% of core government expenditure forecast for that year.<sup>1</sup>

**19.28** Increased levels of spending funded from the NTF accumulated surplus would increase the Department's expenditure, and in turn, total government expenditure, unless offset by a reduction in spending elsewhere. Therefore, plans to spend the NTF surplus must be considered within the context of budgetary policy and EU fiscal rules.<sup>2,3</sup>

<sup>1</sup> Based on forecasts set out in the 2022 revised estimates and the budget expenditure report 2022.

<sup>2</sup> Current budgetary policy as per *Summer Economic Statement, July 2023* is to limit growth in government expenditure levels (between 2023 and 2024) to 6.1%.

<sup>3</sup> EU fiscal rules under the Stability and Growth Pact, include an expenditure benchmark rule that contains the growth rate of government spending at or below a country's medium-term potential economic growth rate.

### Reform of the NTF

**19.29** As part of the Government's decision to increase the levy rate, a commitment was given to reform the NTF. In 2017, the Department embarked on a consultation process with employers and subsequently commissioned an independent review of the NTF (the 2018 review).

**19.30** The 2018 review examined the existing operation of the NTF and highlighted four key areas of reform (see Figure 19.8). The review made 14 detailed recommendations across these four areas. Annex 19C sets out the current status of each of the recommendations.

**Figure 19.8 Timeline of planned reforms**

Year	Report / event	Reforms recommended
2016	<i>Investing in National Ambition</i> (Cassells report)	Extend the scope of the NTF to include greater support for programmes in higher education. Increase the levy to support this.
2017	Employer consultation process	Carry out a comprehensive review of the NTF. Additional and refocused expenditure on programmes relevant to employers. Align the NTF better with employer needs. New funding models in higher and further education and training incorporating performance agreements aligned with local, regional and national priorities.
2018	<i>Review of National Training Fund</i>	Reform the future direction of the NTF. Utilise the NTF to support investment in higher education. Enhance enterprise engagement and input into NTF priorities. Improvements in monitoring/evaluation of the NTF.

Source: Analysis by the Office of the Comptroller and Auditor General

**19.31** Following publication of the 2018 review, an implementation plan was developed and published. The timeline set out in the plan was to address the majority of the recommendations in 2018 and 2019, so that all agreed reforms would be implemented when 2020 expenditure decisions were being made. This aligned with the full implementation of the levy rate increase.

**19.32** The examination found that in three of the four key reform areas, there is evidence that the planned reforms have been implemented.

- The recommendations focused on the future direction of the NTF, and using the fund to support investment in higher education have been, and continue to be, addressed through the annual estimates process and the allocation of expenditure from the fund.
- Improvements have also been made to enhance enterprise engagement and input into NTF priorities. An NTF advisory group was established in 2018, chaired by an employer representative. The views of the NTF advisory group are shared as part of the estimates process through an advice note issued to the Department.

**19.33** However, recommendations focused on the final key reform — improving monitoring and evaluation of the NTF — have not progressed in line with the timelines set out in the implementation plan. The Department has stated that these are still in progress.

### ***NTF performance measurement***

**19.34** Since 2018, the Department has produced an annual report setting out the expenditure allocations, targets and indicators for each programme in receipt of funds from the NTF. The targets and indicators included in the NTF annual reports relate to measuring input and activity levels. For example, the reports include information on actual spend against estimated spend, and actual numbers of scheme places taken/people enrolled against targeted numbers.

- 19.35** The 2018 review stated that performance measures were required in order to provide an evidence base to inform prioritisation of NTF expenditures. The review also recommended that performance measures should focus not just on activity levels, but also on outcomes and impacts. Examples of suggested metrics include
- rate of progression of trainees to employment
  - frequency of employment placements
  - education progression outcomes
  - certification or qualifications achieved by trainees as part of funded training
  - training course completion rates.
- 19.36** One of the agreed actions following the 2018 review was to publish an NTF evaluation report on an annual basis from 2020 onwards, to allow programmes to be funded on an outcome-based approach. This has not been actioned to date.
- 19.37** Formal evaluation is ongoing or has been completed on a number of NTF funded programmes. However, these evaluation reviews are commissioned by the grantees. The Department has no involvement in selecting the programmes to be reviewed, and is not involved in the evaluation process. The Department has stated that it reviews the findings and recommendations of the evaluations and gives consideration to any policy issues arising.

### Conclusions and recommendations

- 19.38** NTF income has increased in recent years due to the impact of higher numbers in employment, increases in the levy rate and rising incomes. The levy rate was increased over the period 2018-2020, but associated planned reforms to the NTF have taken longer to implement than originally intended.
- 19.39** NTF funding allocated to the higher education sector via the HEA has increased almost ten-fold in recent years. However, the oversight agreement and performance delivery agreement in place with the HEA did not reflect NTF-related performance indicators, or associated targets.
- 19.40** Furthermore, SOLAS receives a significant portion of NTF funding each year (44% in 2022), but there is no formal reporting process in place between the Department and SOLAS on the use of NTF funds.

#### Recommendation 19.1

The Department should review the performance delivery arrangements in place with each of the NTF grantees to ensure that specific NTF performance targets are included. The Department should also ensure that there is a clear reporting link between the end-of-year reviews and the targets agreed in the performance delivery agreements.

#### Accounting Officer's response

Agreed

The Department will review the performance delivery agreements in place with aegis bodies — SOLAS, Skillnet Ireland and the service level agreements with the remaining NTF grantees

### Timeline for implementation

#### Quarter 1 2024

- 19.41** The NTF had an accumulated surplus of €1.372 billion at 31 December 2022 which has grown considerably since 2015. The Department has projected that the surplus will continue to increase.
- 19.42** The accumulated surplus is acknowledged by the Department as being in excess of the level required to maintain programme funding in a period of economic decline. However, plans to spend the accumulated surplus may be constrained in the context of budgetary and EU fiscal policies.
- 19.43** The NTF has been subject to a comprehensive external review which made a number of recommendations, the majority of which have been implemented through the annual estimates process and the allocation of funding. However, there has been little progress on the recommendations aimed at improving the monitoring and evaluation of the NTF.
- 19.44** The NTF does not have a standard approach or a standard set of performance metrics to assess the effectiveness of its own performance or that of its grantee bodies. The performance metrics currently used by the NTF are input or activity based rather than results/output based.

### Recommendation 19.2

The NTF should develop a series of standard metrics against which to evaluate the effectiveness of its overall performance and the performance of the bodies it funds. The performance metrics developed should focus on the effectiveness of the NTF spend by measuring outcomes rather than levels of activity in schemes/programmes and numbers participating in schemes.

#### Accounting Officer's response

Agreed

The Department recognises that performance metrics are currently focused on activity levels, and do not include metrics which measure progression outcomes achieved by programme participants. As part of the Department's joint research programme with the ESRI for the period 2022-2024, we will engage with our partners on the development of a set of metrics to underpin an ongoing evaluation of the NTF

### Timeline for implementation

#### Quarter 3, 2024

- 19.45** A number of NTF funded programmes have been evaluated through reviews commissioned directly by the grantees. However, the Department had no role in selecting which programmes are evaluated, and it is unclear what action, if any, the Department takes on review of the evaluation reports.

## Annex 19A National Training Fund spending, by grantee, 2015 – 2022

Grantees	Programmes/ Schemes	2015	2016	2017	2018	2019	2020	2021	2022
		€000	€000	€000	€000	€000	€000	€000	€000
<b>Training for those in employment</b>									
HEA	HEA — Springboard+	—	—	—	—	6,888	27,550	25,113	31,050
	HEA — Apprenticeship	—	435	4,286	32,000	37,000	44,000	44,000	59,599
SOLAS	Apprenticeship	42,600	54,665	65,599	86,650	122,954	112,480	106,696	150,191
	SOLAS Traineeship	—	—	—	1,500	2,900	2,900	2,900	2,900
	Employee and CPD <sup>a</sup>	2,800	2,799	2,800	3,000	12,893	20,300	13,241	15,386
Skillnet Ireland	Training Networks Programme	12,636	12,636	16,380	19,530	27,649	35,549	35,449	45,706
IDA	Training grants to industry	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Enterprise Ireland	Training grants to industry	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
The Wheel	Community and Voluntary Organisations	375	375	375	375	600	900	1,140	1,140
Institute of Engineers Ireland	Employee and CPD	75	75	75	75	250	250	400	400
SPEE <sup>b</sup>	Regional Skills Innovation	—	—	—	445	544	292	294	539
<b>Training for those seeking employment</b>									
HEA	Enterprise focused HE provision	—	—	5,598	37,000	120,100	177,587	148,352	152,555
	Springboard	22,438	20,438	26,753	30,170	27,550	20,888	10,238	10,388
	ICT Skills Conversions course	5,000	7,380	—	—	—	—	—	—
	Human Capital Initiative	—	—	—	—	—	46,883	60,000	60,000
SOLAS	Training People for Employment	212,008	216,266	218,489	187,738	130,485	132,626	126,996	130,174
	VTOS <sup>c</sup>	6,000	6,000	—	—	—	—	—	—
	LMETF <sup>d</sup> Momentum	11,800	5,100	834	—	—	—	—	—
Skillnet Ireland	Training Networks Programme	3,564	3,564	1,820	2,170	2,351	5,449	5,449	5,449
European Globalisation Fund	European Globalisation Fund	—	180	75	—	—	—	—	—
Department of Social Protection	Training Support Grants	3,200	2,900	2,486	2,223	2,169	1,203	1,812	2,352
	Community Employment Training	4,200	4,200	4,200	4,200	4,200	3,336	3,147	3,684
	Work Placement Experience Programme	—	—	—	—	—	—	103	819
Miscellaneous	NTF Research/Miscellaneous	79	5	19	—	—	—	—	—
<b>Provision of information on skills requirements</b>									
SOLAS	Skills and Labour Market Research Unit	370	370	480	480	480	580	580	630

Grantees	Programmes/ Schemes	2015	2016	2017	2018	2019	2020	2021	2022
		€000	€000	€000	€000	€000	€000	€000	€000
Department of Enterprise Trade and Employment	Expert Group on Future Skills Needs	336	278	343	460	483	448	523	487
Skills Planning and Enterprise Engagement	Regional Skills Fora	—	—	—	845	1,047	1,154	1,201	1,349
Miscellaneous	NTF Research and miscellaneous	—	—	—	—	—	3	—	—

Source: Department of Further and Higher Education, Research, Innovation and Science. Analysis by the Office of the Comptroller and Auditor General.

- Notes:
- a CPD Continuous Professional Development.
  - b SPEE Skills Planning and Enterprise Engagement.
  - c VTOS Vocational Training Opportunities Scheme.
  - d LMETF Labour Market Education and Training Fund.

**Annex 19B NTF income, expenditure and surplus to end 2023**

Year	Income	Expenditure	Annual surplus/ (deficit)	Accumulated surplus
	€m	€m	€m	€m
2001	200	169	31	31
2002	241	205	36	68
2003	252	234	18	86
2004	275	277	(1)	84
2005	330	313	17	101
2006	374	353	21	122
2007	433	395	39	161
2008	419	399	20	181
2009	375	366	8	189
2010	310	395	(85)	104
2011	400	326	74	178
2012	318	341	(23)	155
2013	350	349	1	156
2014	339	347	(8)	148
2015	370	334	36	184
2016	399	344	54	238
2017	436	357	78	317
2018	572	415	157	473
2019	774	507	267	740
2020	718	641	77	817
2021	879	594	285	1,103
2022	951	681	269	1,372
2023 <sup>a</sup>	1,021	901	120	1,492

Source: National Training Fund annual accounts. Apparent differences in totals are due to rounding.

Note: a Revised Estimates 2023.

## Annex 19C Status of recommendations of 2018 external review report at end August 2023

#	Recommendation	Status end August 2023
<b>Reform of future direction of the NTF</b>		
1.	There is a need to set direction for the NTF as a strategic national asset, to focus on investment in close-to-labour market skill requirements, and in targeted interventions to support enterprise training and preparing individuals to take up employment opportunities.	The Pact for Skills paper has been developed in consultation with NTF advisory group and the Department of Enterprise, Trade and Employment. The paper has been submitted to the Department of the Taoiseach for consideration.
2.	Part of the NTF surplus should be prioritised to support additional higher education/further education and training expenditures and the development of labour market skills, subject to the availability of fiscal space for this purpose.	The Human Capital Initiative, involving investment of €300 million over 2020 – 2024 administered by the HEA, is delivering an investment targeted towards increasing capacity in higher education in skills focused programmes designed to meet priority skills needs.
3.	There should be an increased focus on supporting in-company training underpinning increased productivity and innovation capacity particularly in SMEs, including through introducing a new innovative pilot initiative to reflect refocussed objectives of the NTF.	Skills to Advance, launched by SOLAS in 2018, has been expanded significantly with additional funding and supports to SMEs to invest and develop their workforce and industry sectors with particular skills needs.  Support for Skillnet Ireland has increased with the number of companies assisted reaching 24,747 in 2022.  In addition, Skillnet's MentorWork 12-week business programme provides targeted supports to SMEs.
4.	There should be a reallocation of NTF funding of further education and training for employment programmes below NFQ Level 5 to the Exchequer and substitute these with close-to-labour market programmes.	Process complete — Post Leaving Certificate programmes transferred to NTF funding from 2023.
<b>Utilising NTF to support higher education</b>		
5.	NTF should be deployed to support close-to-labour-market skills programmes in areas of identified skills need.	Support for enterprise focused higher education programmes has been increased significantly with 44,500 participants supported in 2022.
6.	In principle, the NTF should fund complete programmes rather than partially funding wider expenditure. In higher education, the NTF should fund all of some programmes as was the case for 2018 rather than providing small levels of partial funding for a much wider range of Higher Education programmes. These funded programmes should be clearly identified each year.	The student numbers in the identified skills areas are included within total student numbers returned for funding on an annual basis by the HEA. In 2022, the funding was directed towards the following skills needs areas: financial services, construction, science and engineering, and ICT.
7.	NTF should fund SME upskilling as a target theme in higher education competitive fund programmes.	84 higher education institutions with 427 enterprise partners are involved in individual and collaborative projects including the Human Capital Initiative.
<b>Enhancing enterprise engagement and input to NTF priorities</b>		
8.	While recognising legislative requirements for public expenditure programmes, measures to significantly enhance enterprise input to governance and prioritisation of NTF investments should be implemented.	NTF advisory group established to inform enterprise engagement process. Views of the group are shared in the estimates process and with the Minister.

#	Recommendation	Status end August 2023
9.	Greater information sharing and coordination across programmes should be introduced to increase employer buy-in.	Dedicated webpage currently being finalised. Indecon review of career guidance published in 2019 and implementation task force established. The Right Course one stop shop being developed. Work ongoing on a single portal approach for the entirety of the skills offering. SmartChoices platform developed by SOLAS supporting links to education and training options in Education and Training Boards on CAO website. Interdepartmental group established with a view to development of an overarching strategy on lifelong career guidance.
10.	A structured process should be implemented to facilitate NTF-focussed inputs from employers, employees and representative bodies prior to annual expenditure decisions.	Facilitated through the NTF Advisory Group.
11.	Consideration should be given to establishing an NTF Advisory Group, chaired by an employer representative, to submit recommendations to the National Skills Council.	NTF Advisory Group established in 2019.
<b>Improvements in monitoring and evaluation of NTF</b>		
12.	The Department of Further and Higher Education should organise and publish an NTF evaluation report on an annual basis, to include counterfactual modelling of the programmes' impacts.	Arising from the diversity of NTF funded programmes, the Department considers that there are significant methodological and technical issues to be examined in determining how an NTF evaluation report would be effective. The Department has engaged with the ESRI by way of joint research programme for the period 2022–2024 to develop a set of metrics which will underpin an evaluation of the NTF.  The current overall framework of monitoring and evaluation for the NTF includes individual service level agreements and performance delivery agreements with funded agencies. Targets are adjusted on an annual basis to reflect level of funding and previous performance. Evaluations are carried out on individual programmes by funded agencies and these are made available to the NTF.
13.	Performance metrics should be expanded to support enhanced monitoring of outcomes of all NTF-funded programmes. Metrics should include measures which track progression outcomes including <ul style="list-style-type: none"> <li>• progression to employment</li> <li>• educational progression, including certification achieved</li> <li>• employment placement and sustainment following programme participation</li> <li>• completion rates.</li> </ul>	The Department recognises that performance metrics are currently focused on activity levels, and do not include metrics which measure progression outcomes achieved by programme participants. It is anticipated that as part of the joint research programme with the ESRI for the period 2022–2024, that the ESRI will advise on the development of progression focused metrics.
14.	Priority should be given to drive continued enhancement of data to inform evaluation of NTF.	The Department intend to engage with funding recipients on arrangements in place to collect and share data. The Department will examine any issues arising in the context of its data strategy and usefulness of data collected in evaluating performance against identified metrics.

