

# Community Employment Financial Review of Schemes

11<sup>th</sup> October 2012

Department of Social Protection

# COMMUNITY EMPLOYMENT FINANCIAL REVIEW

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## 1. Executive Summary: CE Financial Review

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### 1.1 The Context

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Community Employment (CE) has its origins in 1994. At the time long-term unemployment was undermining the employability of many individuals and the capacity of communities to function as cohesive social structures. The alienation experienced by the long-term unemployed often reflected a sense of disempowerment in their communities. CE acted as a resource for communities to identify their own needs and priorities and over the years became a vital service to communities both in remote rural areas and areas of urban disadvantage. It developed into a unique programme that integrates employment interventions and training for the individual with community services. The programme addresses the multiple needs of people who are often far from 'employment ready' and experiencing a range of social and economic problems by operating within local and community contexts and responding to the needs identified by a variety of community agencies.

From the 1<sup>st</sup> January 2012 responsibility for Community Employment transferred from FÁS to the Department of Social Protection (DSP), as part of a wider transfer of employment services and programmes (prior to this CE was managed solely by FÁS since its inception in 1994). The transfer of functions is intended to facilitate the delivery of a more effective and streamlined response to the needs of the unemployed. In particular, it will allow for a more coherent treatment of individuals in terms of income support, career guidance and assistance, and referral and access to training and employment programmes to assist progression into the labour market.

Activation policy has evolved over time and is now clearly focused on maximising the share of employment opportunities that are taken up by unemployed people through participation in training and employment programmes. The Department of Social Protection is committed to reforming CE to ensure delivery of service, value for money and progression of the individual. This work will take place in the context of the Government's activation strategy most recently stated in *Pathways to Work (2012)*.

The total expenditure for CE in 2011 was €349.4m and the number of CE places was 23,396 (this includes CE Supervisors); this provided €20m for Materials and €9.4m for Training. The original CE budget for 2012 was €15m for 23,300 places. Following the Budget and the concerns expressed by a range of stakeholders, the Minister for Social Protection initiated this Financial Review so that the impact of the proposed reductions in materials and training grants could be assessed and if necessary ameliorated.

**Table 1: Community Employment Analysis: 2011 Expenditure and Places and Original 2012 Budget**

CE analysis	No. of CE Places #	Materials Cost €m	Training Cost €m
2011 – Actual	23,396	20.0	9.4
2012 – Original Budget	23,300	11.0 <sup>1</sup>	

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## 1.2 Overall Findings of the Financial Review

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A total of 1,136 CE schemes were examined as part of this Financial Review. In the initial phase 1,095 CE schemes made submissions for a CE grant outlining what they considered to be essential funding for 2012. The majority of sponsors engaged fully in the process. In order to reduce the negative impact on vulnerable schemes, whilst the review was on-going, provision was made to increase the materials grant for schemes at risk of closure due to financial difficulties. This allocation was limited to a maximum of €1,000 per place.

Part of the financial review included a request to schemes to submit proposals on the minimum level of funding required taking into account any savings that could be achieved. The results of these submissions indicated that many schemes considered the grant for both materials and training in Budget 2012 of €500 per place to be unworkable. Nearly two thirds of schemes considered that the required annual grant to enable a scheme to operate effectively was in the region of €500-€1,000 with just under one fifth indicating that an annual grant in excess of €1,000 was necessary just for materials. Based on these returns the total estimated cost of materials was approximately €19m and training €5.7m, a total of €24.7m. This was far in excess of the €1m available.

This exercise uncovered a number of issues in relation to eligible and ineligible expenditure and variations in costs between schemes and across regions. Potential areas for further savings to be achieved were identified and DSP staff were asked to revisit this process with schemes to secure further savings.

This involved a detailed review of expenditure in consultation with schemes and yielded more positive results. Following this exercise, DSP staff made recommendations for grant payments based on a detailed analysis of scheme costs. The outcome of this exercise resulted in recommended rates by DSP of €500 - €1,000 per place for the majority of schemes (nine out of ten). Less than one in ten had recommended rates of €500 or less per place. This was a significant improvement on the first exercise, the total estimated materials cost recommended in the second exercise was €13.9m which when combined with the revised training cost of €4.5m

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<sup>1</sup> The Materials and Training Grants were combined in the 2012 Budget.

yielded a total of €18.4m which was seen as the minimum budget required to ensure the viability of schemes.

Given the importance of CE schemes in communities and in supporting jobseekers and vulnerable groups, an increase in the CE budget was sought from within the Department of Social Protection. A further €9.5m was approved for CE bringing the total revised materials and training budget for 2012 to €20.5m compared to €9.4m in 2011. The number of CE places remains unchanged. This permitted the Department of Social Protection to meet what was considered the essential costs of scheme sponsors in delivering the Community Employment Programme for 2012. At the same time, the Department will achieve a budget reduction of approximately 30% on expenditure on 2011.

Under the revised arrangements notified to sponsors, schemes were given individual allocations of financial support aimed at meeting the particular costs necessarily incurred by them, having regard to economies made by the scheme and to the overall level of funding available for community employment nationally.

A key conclusion from this Review is that significant savings can be achieved on the operation of this programme. Savings have already been achieved during this review in the areas of insurance, audit and bank fees. These savings are expected to equate to approximately €3.5m in a full operational year.

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### **1.3 Specific Findings of the Review**

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#### **Materials Grant**

##### **1. Use of Materials Budget**

On examination of individual scheme expenditures on materials, there is evidence to suggest that there is a very thin line between the use of materials to defray the operational costs of running services and the use of the budget to enable the CE participant to undertake the tasks assigned in the workplace. The review identified many examples of schemes being overly dependent on the materials budget for the continuity of their operations. Reductions in the annual materials budget therefore impacts directly on the viability of the service being provided. This is particularly exacerbated by reductions in operational budgets from other government departments to support the mainstream services provided e.g. health related services.

##### **2. Audit Fees**

The requirement of an annual audit for each scheme without any limit on the amount allowable for audit costs had resulted in value for money not being achieved for many schemes. A comparison of audit fees both within a locality or a region indicated that there was a wide variation in costs. The fact that audit is

procured by individual schemes with no reference to economies of scale where a number of schemes are under the same sponsor added to the expense. This holds even where an organisation operates on a national basis with often as many as 20 schemes. As a result of the financial review this has since been corrected. New improved rates have been identified and the level of reimbursement of audit fees has been capped.

**3. Insurance Costs**

The overall cost of CE Insurance cover in 2010/2011 amounted to circa €2.5m. This level of insurance cover and costs for CE projects has proven to be in excess of the industry norms for the level of risk and number of actual claims. It was found that there was a significant range in insurance premiums that could not readily be explained by the number of employees or the work of the project. Following discussions with a number of insurers the cost of insurance has now been reduced by as much as 50 per cent.

**4. Annual Bank Account**

The requirement to open a separate bank account for each project year of the scheme was cited as incurring additional costs to the scheme in terms of interest charged and administration. This requirement has now been addressed and new procedures are now in operation.

**5. Company Incorporation Fees**

To enable DSP to contract with a separate legal entity and to ensure transparency, most CE schemes are set up as companies limited by guarantee. As a result of this sponsors are required to complete the articles of incorporation and to file annual accounting returns to the Companies Registration Office. Other forms of legal entity will be investigated to see if there is a more cost effective way of delivering the services.

The amalgamation of schemes into more viable units, particularly when under the same sponsoring organisation will yield savings in both legal incorporation and accountancy fees.

**6. Premises Rental Costs**

Rental costs are not allowable under CE except in specific circumstances with the written approval of DSP. This review revealed that in the majority of cases rental costs were to enable the delivery of services of the sponsor body rather than to provide specific accommodation for the CE scheme. To provide an equitable solution to the current situation it is proposed that rent will continue to be funded in 2012 from the materials budget under specific conditions. Rental costs not directly associated with the participants on the scheme will be withdrawn on a phased basis commencing in 2013.

## **7. State Sponsored Community Amenities Schemes**

Many State agencies avail of CE to augment and support local community services e.g. Local Authorities, Údarás na Gaeltachta. Such bodies already have support units such as human resources, finance and material resources. Therefore consideration will be given to whether these services can be supported through an alternative funding paradigm.

Further economies and benefits may also be possible in respect of schemes involved in Tidy Towns, Church & Graveyard Maintenance and Environmental projects. Numerous synergies could be gained if these schemes were run under the aegis of Local Authorities. This could result in improved participant ratios, savings on insurance and accountancy fees and a more integrated approach to such developments.

## **8. Supervisory Materials Costs**

This review also examined supervisory costs which are met by the materials grant. This indicated that savings can be achieved in this area by improving the ratio of supervision to number of participants.

## **Training Grant**

### **9. Training Provision on CE**

In 2011, €9.4m was expended on training provided through CE. This equated to the provision of just over 37,000 components of learning. The budget available in 2012 from the National Training Fund is €4.2m. The amount of funds requested for training by sponsors for 2012 was €5.7m. This is deemed to be an under estimation of the full training requirement as the primary focus of many sponsors has been on the operational costs of schemes. Certain sectors depend heavily on being able to provide access to qualifications as part of the CE experience in terms of recruitment and quality assurance requirements. For instance, the social care and childcare areas are heavily subscribed to by lone parents where the provision of a qualification was very much part of the motivation to undertake such work. For many CE participants, CE is the main avenue to gaining qualifications and making up for lost learning opportunities in the past.

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## **1.4 Recommendations**

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In considering the outcomes, the reductions recommended in this financial review are based on a review of the financial operation of the schemes. While the review does not provide for an in depth examination of the impact of the reductions on the quality of the experience of the jobseeker on the scheme, this is an important consideration. Likewise with the service provided by the scheme, this is viewed in the context of reduced resources for such services from the State and the key role CE plays in filling some of these service gaps for local communities.



However, the overall extent of the reductions will have to be balanced against the impact on the capacity of this programme to deliver on its dual role of labour market support/activation and social service support to individuals and communities.

**The following are the main recommendations:**

**Materials Grant**

1. To proceed to implement the changes to the administration of the programme and secure cost savings as outlined in this report for materials on a phased basis for the remaining of 2012. (The savings in audit fees and insurance have already started to materialise since May 2012.)

Re-structure the management of schemes into larger units of provision – e.g. multi-schemes currently under one sponsoring organisation should be re-organised into one scheme structure thus achieving economies of scale and improved ratios.

2. Reduce supervisory costs by implementing the supervisor ratios to the maximum capacity as contained in the CE Operating Guidelines (1 Supervisor to 25 participants) and where feasible include participants of other Active Labour Market Programmes (ALMPs) as part of this ratio where these come under the same sponsoring organisation. This would secure savings in supervisory costs for DSP overall.
3. While the financial allocations emerging from this review are based on the individual scheme circumstances, this process of allocation is not feasible in the long run given the scale of the programme. The payment of materials to cover the overhead costs of the programme will have to be re-structured as a consequence of this review. This can be informed by the current outcomes of the review and should be considered for implementation for 2013.

**Training Grant**

1. The importance of the development and training provided on CE should not be under estimated.
2. The principle put forward is that a jobseeker on CE should have the same access to training support as a jobseeker on the Live Register. This means that the training budget for CE should continue to receive priority in terms of allocation of budget.
3. Increase the range and volume of training and educational provision by VECs and FÁS particularly in the literacy/communications, childcare and social care areas.

Access to the Springboard Programme has been agreed with the Department of Education and Skills for CE participants. This programme provides opportunities to gain higher level qualifications in sectors that are deemed to provide employment opportunities in the future e.g. life sciences and information technology.

4. To achieve maximum value from the training budget available, it is recommended that the budget for training be held by Community Services in each region. The budget is to be approved through the Community Services Management (CSM) by a Community Services Officer as is the current arrangement. (The previous arrangement was that each scheme received a budget advance based on the number of scheme places.)

Schemes should be advised of the available budget for training and continue to register and support the training needs of CE participants. The budget for training on CE now stands at €5.5m. During the review process, schemes were reluctant to incur training costs and this situation is being addressed and a communication has issued outlining the budget available.

The recent practice of combining the training budget with the materials budget should cease and revert to separate budgets for each area.

### **Management of the Programme**

The review exercise has indicated weaknesses in the CE Programme. The following recommendations are made:

1. Revise the funding framework for material costs for schemes so that there is clarity regarding the use of funds and eligible and ineligible costs and the management of income generated by the scheme;
2. Provide clear objectives to sponsors as to the key outcomes to be achieved by the scheme;
3. Review procedures for scheme roll-over. It is proposed that the practice of what could be deemed an automatic roll-over approval of schemes should be reviewed. A formal exit strategy for schemes will be put in place for schemes who may exit the programme;
4. Re-focus the scheme on the progression of the participant as contained in the Benchmarking/Sustaining Progress Agreement, and Towards 2016 Agreement;
5. Consideration is to be given to increasing the approval timeframe of a CE scheme e.g. 2-3 years to reduce administrative costs. Annual reports on outcomes are to replace annual roll-over;
6. Improve the framework for tracking and monitoring of CE within DSP;
7. Strengthen the processes used to support financial and programme evaluation to improve quality assurance;

8. Review existing administrative processes and tendering arrangements in the context of the final recommendations of the Labour Market Activation Review.

### **The Future of CE**

The Review of Employment Supports Schemes undertaken by this Department will address the future direction of DSP Employment Schemes, including CE. In the meantime, the existing programme requirements of CE Sponsors will be reinforced with particular reference to the following areas:

1. The progression and follow up of participants for a minimum of 4 months after the completion of programme; (Towards 2016 Agreement, CE Supervisors Benchmarking Agreement 2008.)
2. The importance of the role of the CE supervisor in mentoring and supporting CE participants. The supervisory ratio to participants to be fully utilized at 1:25;
3. Greater clarity in communications between schemes and DSP with regard to the delivery of programme requirements e.g. updating operational guidelines and monitoring procedures;
4. The Central Policy Unit to include a programme monitoring and evaluation function as well as a support function to assure the efficacy of the programme;
5. Recognition that the work experience element of a CE scheme is an integral part of the learning experience for the participant.

Clear and distinct criteria should be drafted to inform the differentiation between a Community Services Work Programme where the primary focus is on service provision and an Employment Programme where the primary objective is progression of the jobseeker into employment.

### **Income Generating Schemes**

These projects are best placed under the existing Community Services Programme or the Community Enterprise Programme.

### **Rehabilitation Schemes:**

There are at any one time approximately 47 dedicated Drug Rehabilitation schemes under CE. Evaluation of these schemes point to a mis-match, in some instances, between the active labour market parameters of CE and the reality of persons at the early stages of drug misuse rehabilitation. In these cases, labour market progression is an unrealisable objective in the medium term. However, there are Drug Rehabilitation schemes that meet the criteria as an ALMP where participants are further advanced in

their rehabilitation and are ready to take on greater challenges. For these, participation in an ALMP is beneficial. It is recommended that for those clients where the primary emphasis is on rehabilitation where the provision of structure and coping strategies in everyday life is needed, that a different type of programme is required. It is recommended that for this group of clients, that a new programme is considered in consultation with stakeholders and with the Drugs Policy Unit in the Department of Health. This new initiative could very well lead to progression into an ALMP or other labour market programmes as appropriate. For those who are ready for rehabilitation into the labour market, places should continue to be ring-fenced on the ALMP emerging from these reviews.

### **Future Funding of CE as an Employment Scheme:**

Consideration will be given to reviewing CE schemes on the basis of sectoral strands. This approach could be prepared for implementation during 2013. This would bring the service element into closer alignment with mainstream services that are currently being supported. It could offer the possibility for a more integrated service, improved synergies and economies of scale, and in the long run be more cost effective. The main strands of the programme could be delineated as follows:

#### **Scheme/Type of Activity**

Childcare  
Health & Social Care  
Drugs Rehabilitation  
Youth Services  
Community Amenities  
Environment  
Sports & Leisure  
Arts, Tourism and Culture  
Advice & Information

The categories outlined provide scope for aligning the jobseeker with the appropriate work experience and the potential to achieve corresponding qualifications. It would bring greater coherence between statutory service provision and voluntary provision within the same sector, to the benefit of the jobseeker. In addition there are economies of scale that can be achieved in relation to overhead costs e.g. insurance, administration costs. In terms of grant aid, this approach would facilitate the scaling of funding according to the type of activities being undertaken. Finally it would bring the participant closer to the job market.

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## 2. Community Employment Review

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### Background:

The Community Employment Programme is an active labour market programme to support long-term unemployed people re-enter the workforce, it is the largest active labour market intervention in Ireland. The aim of Community Employment (CE) is to enhance the employability and mobility of disadvantaged and unemployed persons by providing work experience and training opportunities within their communities. Community and voluntary organisations sponsor local/community projects that satisfy two essential criteria - that they respond to an identified community need, and that they provide training/development opportunities for participants.

Since its inception in 1994 CE has become a multi-faceted programme with dual objectives. The range of services provided to the community can be broken into a number of categories – drug rehabilitation, childcare, health and social care, sports, and local community services. The flexibility inherent in the programme has various client groups, whose needs could not at the time be easily accommodated within existing labour market structures.

For people with disabilities, CE has become a significant labour market programme in terms of participation with almost 4,000 participants at the end of 2011 and making up 17 per cent of all participants. Lone parents also have featured with 5,350 participants representing 24 per cent of participants at the end of 2011. In terms of age profile CE is the main programme for older jobseekers, just half of the participants on CE are 45 years or older, and within this group half again are 55 years or older.

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### 2.1 Participant Profile

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- **Gender and Age**

**Table 2: Age of Participants, on entry to CE (April 2012)**

Age band	Male	Female	Total	%
Under 20	39	29	68	<b>0.3</b>
20-24	118	135	253	<b>1.2</b>
25-34	1,330	2,825	4,155	<b>19.1</b>
35-44	2,637	3,074	5,711	<b>26.2</b>
45-54	2,989	2,486	5,475	<b>25.1</b>
55 and over	3,807	2,318	6,125	<b>28.1</b>
<b>Total</b>	<b>10,920</b>	<b>10,867</b>	<b>21,787</b>	<b>100.0</b>

Excludes Supervisors

Table 2 shows the age profile of participants on CE. Twenty eight per cent of participants are 55 years of age or older (6,125). Less than 2 per cent (321) are under

25 years of age – while the minimum age for participation on a standard CE programme is 25 years of age this requirement has been reduced for some client groups – ex-offenders, travellers, refugees, persons in receipt of a disability payment and people referred to CE in recovery from substance misuse. The majority of participants, 70.4 per cent are between the ages 25-54 years. Nineteen per cent are between 25-34 years of age, 26 per cent are between 35- 44 and 25 per cent are in the age category 45-54 years.

- **DSP Status of Participants**

**Table 3: DSP Status of Participants (April 2012)**

<b>Benefit Type</b>	<b>Total</b>	<b>%</b>
Job Seekers Allowance (JA)	9,259	<b>42.5</b>
Job Seekers Benefit (JB)	3,691	<b>16.9</b>
Lone Parents (incl. widow(er)s)	4,639	<b>21.3</b>
Disability Payments	3,479	<b>16.0</b>
Other	719	<b>3.3</b>
<b>Total Participants</b>	<b>21,787</b>	<b>100.0</b>
Supervisors	1,417	
<b>Overall Total</b>	<b>23,204</b>	

\*Other includes a variety of DSP schemes, but excludes CE Supervisors

Table 3 outlines the welfare status of participants at April 2012, prior to entry to CE. Participants in receipt of Jobseekers Allowance (9,259) and Jobseekers Benefit (3,691) made up 59 per cent of all participants. Participants in receipt of the One Parent Family Payment made up 21 per cent, and participants in receipt of a disability payment (Disability Allowance, Illness Benefit, Invalidity Pension and Blind Pension) made up 16 per cent of all participants on CE. Together these three cohorts made up 97 per cent of CE participants.

- **Education Level of Participants on Entry to CE**

**Table 4: Education level of Participants, on entry to CE (April 2012)**

<b>Education</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>%</b>
Primary/No education	3,165	1,791	4,956	<b>22.8</b>
Junior Cert or equivalent	3,800	2,704	6,504	<b>29.9</b>
Leaving Cert or equivalent	1,977	3,283	5,260	<b>24.1</b>
3rd Level	918	2,048	2,966	<b>13.6</b>
Unknown	1,060	1,041	2,101	<b>9.6</b>
<b>Total</b>	<b>10,920</b>	<b>10,867</b>	<b>21,787</b>	<b>100.0</b>

Excludes Supervisors

Table 4 outlines the education level of participants, at April 2012, on entry to Community Employment. Fifty-three per cent of participants had FETAC Level 3 or

below on entry to CE. Twenty-three per cent of participants (4,956) had completed primary level education (Level 2) or had no education; a further 30 per cent had completed a FETAC Level 3 Course such as the Junior Cert or equivalent. Nearly a quarter had achieved a Leaving Certificate or equivalent. Fourteen per cent had a 3<sup>rd</sup> level qualification. There was no education entry level recorded for nearly 10 per cent of participants.

There were slightly more male participants than female. More females than males had Leaving Cert level and 3<sup>rd</sup> level education. Thirty per cent of all females had Leaving Cert level education compared to 18 per cent of males. Similarly 19 per cent of female participants had 3<sup>rd</sup> level education compared to 8 per cent of their male counterparts. There is an inverse relationship between education and gender. Nearly 30 per cent of males had primary level/no education compared to 16 per cent of females. Thirty-five per cent of males had Junior Cert level or equivalent compared to 25 per cent of females.

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### **3. Operation of Schemes**

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The majority of schemes are set up as separate legal entities. These schemes are given annual contracts which fund the employment of both Community Employment participants and supervisors and overhead costs. Over the years Community Employment (CE) has become a valuable resource in the provision of a range of services to communities including childcare services, health and social care services, sports services and civic services. There are a number of places on CE that are ring-fenced for special purposes. There are 1,000 drug rehabilitation places ring-fenced, 2,200 places ring-fenced for childcare and 2,800 ring-fenced for health and social care related services. These places were ring-fenced to ensure adequate provision for particular client groups or for the support of the service provided.

The annual budget for CE is made up of the following elements: (a) allowances, (b) materials, (c) training, and (d) supervisor costs. The initial budget for CE was €315m for 2012. This was a substantial reduction on 2011 where the budget was €362m. There is no change to the number of CE places to be provided at 23,300 (this number includes Supervisors).

Following the Budget 2012 announcement of the reductions to the materials and training budgets for CE, the Minister asked that a review of the income and expenditure of individual CE schemes would be undertaken by her Department. The reduction in training and employment grants was implemented in the context of the overarching need to ensure that all exchequer expenditure is targeted appropriately and to comply with savings required within each government department.

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### **3.1 Terms of Reference for the Financial Review of CE Schemes**

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- To examine the income and funding of sponsoring organisations in terms of their ability to continue the programme with reduced funding from the Department of Social Protection (DSP). (There are community and voluntary sponsoring organisations that receive funding from a multiplicity of state agencies.)
- To quantify the expenditure on training and the qualifications achieved by participants.
- Alternative sources of support will be examined particularly with reference to funding from other state agencies to avoid duplication.
- To establish if income is generated by scheme activity and the potential for utilisation of these funds to cover project costs.

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### **3.2 Process of the Review**

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This review was, in the first instance, carried out at local level between DSP staff and CE Sponsors.

During the review, DSP undertook consultations with the main stakeholders including government departments and agencies on whose behalf services are delivered to local communities i.e. Department of Children and Youth Affairs, HSE, Department of the Environment. DSP also took into consideration the potential replacement cost of services to the State.

Terms of Reference and templates for the financial review were circulated to DSP management to be used for the basis of the review. The process commenced at the end of January 2012 and data received up to 27 April 2012 was used in this review. Pending the outcome of the review, the materials and training grant was implemented on the basis that no viable scheme would be allowed to close during the review. It was also stated that schemes where particular financial difficulties were encountered would be dealt with on a flexible basis in terms of financial support up to a maximum grant of €1,000 per place per annum for training and materials.

The review was divided into two stages:

1. Schemes were asked to submit the minimum annual budget required taking account of any income or savings which could be achieved by the scheme. Schemes with income arising from the scheme activities were asked to put this income against the materials costs.
2. The second stage was the analysis of this data by DSP against expenditure incurred in 2011, and in consultation with schemes to agree the allocation required to run the project for 2012 not exceeding the cap set by DSP on the per capita grants available.



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### **3.3 Criteria for Reviewing the Financial Viability of Schemes**

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Following the issuing of the terms of reference for the Community Employment Financial Review, and the completion of stage 1 of the process above, the outcomes of this initial stage were compiled and feedback in relation to schemes costs were given to DSP staff for further examination with the schemes concerned.

Additional Guidelines for Stage 2 of the Review were provided:

- A guide of €1,000 in total for accountancy fees and €50 per person per annum for insurance was provided. Newly agreed insurance rates in the community sector were explored to reduce costs to schemes. For instance schemes coming under the aegis of Government agencies were advised that insurance costs should be included under the agency's cover;
- Supervisor travel and subsistence costs (T&S) were advised to be in line with the Department of Finance regulations;
- A limit was set for broadband and mobile phones;
- CE Operating Guidelines for eligible expenditure were to be strictly enforced (e.g. rent only in exceptional circumstances and directly related to the CE scheme only where no alternative is available).

Regions were also advised to request the annual accounts of the Community Employment scheme to establish the level of income, profit and cash reserves of the CE scheme and Parent Company.

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## **4. Review of Expenditure**

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### **4.1 Materials Grant**

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A Materials Grant is provided to schemes to meet the cost of the materials necessary for the effective operation of the project in terms of the work of the CE participant. This normally includes such items as Employers and Public Liability Insurances, equipment, administration, audit fees, postage, protective clothing and hire of equipment for the CE participant to undertake the work of the project. The Grant is payable on a per place, weekly basis and is drawn down based on vouched expenditure.

The materials grant was €20 per place per week up to December 2011. This was reduced to €10 per place per week in Budget 2012 and included training costs. This represented a reduction of 67 per cent on the overall budget for training and materials costs on 2011 rates. For materials to be allowable they must, in general, be for the use of or by the participants and/or supervisor and specifically relate to the tasks approved

for the project as agreed in the project plan or with written specific approval from DSP. In 2011 a total of circa €20m was drawn down for materials by schemes.

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## 4.2 Training Grant

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The Community Employment Programme is specifically designed to meet the needs of long term unemployed persons, this is a central aim of CE. A Training Grant is provided for the development of the skills and qualifications of participants on the scheme to support progression and enable them to access employment. This grant enables participants who are very distant from the labour market to gain recognised qualifications and work experience. Literacy and numeracy is a key component of the qualifications provided. Prior to Budget 2012, a training grant of €500 per place was provided annually. With the amalgamation of the CE materials and training grants into a single €500 per place per annum grant, schemes tended to concentrate on the amount of funding available for materials. However €4.2m of the 2012 CE Budget is ring-fenced for training as the funding is from the National Training Fund. This equates to a training budget of approximately €190 per place annually. In 2011, €9.4m was spent on training and development by individuals on CE. Training and development activities are approved, recorded and monitored through a web-based Individual Learner Plan (ILP) system.

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## 4.3 Training Outcomes Achieved

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CE Supervisors have received substantial development over the years in the provision of mentoring and coaching to unemployed and vulnerable persons and are a valuable resource to the programme. In 2011 over 37,000 components of learning were completed by CE participants, of these nearly 17,000 were accredited by FETAC under the National Framework of Qualifications. A further 12,371 were accredited by other accrediting bodies (Table 5). The uncertified training was in the areas of personal development and preparatory training, particularly significant for those furthest from the labour market. Training and educational provision on CE is seen as critical to enabling this particular profile of participants progress to employment.

**Table 5: Individual Learner Plan (ILP) Activities on CE, 2011**

ILP Activities on CE	
Accrediting Body	Learning Components
City & Guilds	82
FETAC	16,985
HETAC	109
Other	12,371
Uncertified	8,048
<b>Total</b>	<b>37,595</b>

73 Major 16,684 Minor 228 Special Purpose
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#### 4.4 Initial Budget Costs for Materials Submitted by Schemes

This section deals with the initial assessment by schemes of costs and presents a summary of budget requests completed by schemes for 2012. The returns are compiled within the following value ranges: 0-€500; €501-€1,000; €1,001-€1,500; and over €1,500 based on costs per place on the scheme for materials only. A summary of these returns from sponsors by region is presented in Table 6.

**Table 6: Summary of returns by value range (Material Costs for Annual CE Place)**

Region	€0-500	€501-1000	€1001-1500	over €1500	Grand Total
Dublin Region	86	122	28	17	253
MR	1	66	36	3	106
MW	22	92	10	3	127
NE	8	49	9	4	70
NW	3	61	30	2	96
SE	34	100	34	13	181
SW	11	90	34		135
WR	7	100	20		127
<b>Grand Total</b>	<b>172</b>	<b>680</b>	<b>201</b>	<b>42</b>	<b>1,095*</b>
<b>Percentage</b>	<b>16%</b>	<b>62%</b>	<b>18%</b>	<b>4%</b>	<b>100%</b>

\* 1,095 returns were received, 41 individual schemes were not returned, were returned as part of a combined return, or were amalgamating or closing.

In total 1,095 individual schemes financial returns were received, some sponsors did not make a return or had more than one scheme and returned a combined financial return. A total of 253 (23%) schemes were in the Dublin region. Overall 172 schemes (16%) showed that they require €500 or less per place per annum excluding training costs. The greater majority, 680 schemes (62%), showed in their returns that they could operate between €501 and €1,000 per participant per annum for materials. A further 201 schemes (18%) required between €1,000-€1,500 and 42 (4%) requested funds in excess of €1,500 for materials.

Variations can be seen regionally. The Dublin Region showed that 86 schemes (34%) could operate on €500 or less per person per annum for materials, this contrasts with the Midlands region where only 1 scheme showed that they could operate on €500 or less for materials. In the North West only 3 schemes indicated that they could operate within €500. Overall 78% of schemes showed that they could operate on €1,000 or under for materials.

#### **Breakdown of Proposed Expenditure on Materials:**

The biggest expenditure cost items on schemes is insurance and audit fees followed by office costs and other/miscellaneous costs. The following tables look in more detail

at accountancy fees, insurance fees and other costs, including office costs, protective clothing, and equipment costs.

- **Accountancy Fees**

**Table 7: Summary of Accountancy Fees**

Region	Max of Accountancy Fees €	Min of Accountancy Fees €
Dublin Region	8,000	424
MR	2,976	424
MW	9,176	370
NE	4,223	540
NW	4,080	300
SE	9,500	20
SW	2,346	300
WR	2,700	250

Note: Excludes – Local Government projects where cost is ZERO

Table 7 details a summary of accountancy fees requested showing the maximum and the minimum fee per region. Large variations are apparent. The South East region had the highest accountancy fees nationally (€9,500).

Outside of the Dublin region the maximum accountancy fee varied from between €2,346 and €9,500. Minimum accountancy fees varied from between €20 and €40 nationally. (In the case where €20 was proposed there is an Accountant on the Committee of the scheme hence the low fee).

- **Insurance Fees**

**Table 8: Insurance Fees**

Region	Maximum of Insurance (€)	Minimum of Insurance (€)	Max of Insurance by Participant	Min of Insurance by Participant	Variance by Participant
Dublin Region	19,263	475	428	28	400
MR	7,150	1,080	285	68	217
MW	7,530	500	303	21	282
NE	10,020	1,100	527	58	469
NW	3,942	1,098	207	61	146
SE	10,360	400	803	27	776
SW	22,390	900	700	53	647
WR	5,375	300	334	15	319

Table 8 provides an analysis of CE Insurance costs per region and per participant respectively as requested by sponsors. It shows the maximum insurance costs and the minimum insurance costs per region. As with accountancy costs large variations can be seen across the regions. Insurance costs varied from €22,390 for a project with 32 participants to a €300 insurance fee for a project with 15 participants. In the Dublin region, the variation was €19,263 for a project with 39 participants to €475 for a

project with 17 participants. The lowest rate charged for insurance was €300 in the West region for 15 participants.

In Table 8 the insurance cost is divided by the number of participants on the scheme to ascertain cost by participant. The highest cost of insurance by participant is in the South East region (€803) this is followed by the South West (€700) and the North East (€527). The lowest fee for insurance was €15 per participant in the West. There was little consistency in terms of fees within a region. The South East region had the largest variance between the maximum and minimum insurance cost per participant with a difference of €776 per participant. This is followed by the South West with a similar difference of €647. The North West region had the lowest variance between the maximum and minimum cost of insurance by participant at €146.

- **Other Material Costs**

There are a range of other costs incurred by schemes which are taken from the Materials Grant. These include:

1. Office Costs
2. Protective clothing
3. Equipment Costs
4. Supervisory Travel and Subsistence Costs
5. Rent

1. Office Costs

There was a large variance in office costs across regions; the average cost varied from €3,445 in the Mid-West to €8,740 in the Dublin region. The highest office costs were in the Dublin region (€104,795). Outside of the Dublin region the highest office costs ranged from €24,000 in the South West region to €42,581 in the North West region. Some of the variation in office costs can be accounted for by rental cost, this is particularly so in Dublin.

2. Protective clothing

A significant proportion of the materials budget is allocated to this item. Protective clothing applies to a range of jobs on the scheme e.g. outdoor work, childcare/social care uniforms. Average cost on protective clothing per annum per scheme ranged from €782 in the Mid-West region to €1,199 in the South East.

The highest cost was €18,500 in the Dublin region followed by €9,350 in the South West region.

3. Equipment Costs

Equipment costs on a scheme include machinery, computers and other items that are required to support the work of the CE participant on the scheme. The highest equipment costs per scheme ranged from €8,250 in the West region to €64,500 in

Dublin. Two regions reported equipment costs of €10,000 or less (the Midlands and the West region).

#### 4. Supervisory Materials Costs

These are costs paid to the supervisor in addition to wages, these are costs associated with the supervision of participants on the scheme. These costs largely relate to travel (where public service rates apply). The highest annual cost was in the South West region where an individual project estimated this cost at €12,798 to the lowest estimate in the Dublin region of €25. Some variations can be accounted for where CE participants are widely dispersed and therefore there are costs related to travel for supervision.

#### 5. Rent

The area of rent deserves special mention. The CE Operating Guidelines specify that rent is not allowable under Community Employment; only in specific circumstances with the written approval of DSP can schemes include the cost of rent. The rent in many cases is used to enable the delivery of the services of the sponsor body, rather than to solely provide specific accommodation for the CE Project. Therefore consideration for the removal of rent in 2012 would affect the delivery of services for a number of organisations and may result in the closure of the CE scheme. To provide an equitable solution to the current situation it is proposed that rent may continue to be funded in 2012 from the materials budget under the following conditions:

1. Details of when the building was acquired/rented and details of current square foot usage and any additional income being received through room rental.
2. Invoices to be on a 3<sup>rd</sup> party invoice with Employer/Individual Tax number.
3. A copy of the Lease Agreement and Tax Clearance Cert or PBRT registration number.

#### Summary of Material Costs

In summary the materials costs requested from schemes was €19m. The average cost of materials per place requested across the programme nationally is €26. This excludes the costs submitted for training.

#### External/Other Income

Many sponsoring organisations are in receipt of funding from other sources for activities outside of the operation of the scheme and in some cases to support the operation of the scheme. There are two types of income to the sponsor organisation – (1) grant-aid which allows for the provision of a range of services; and (2) income generated by the activity of the scheme.

Grants for service provision is not necessarily related to the CE scheme and is allocated for other activities and services provided by the organisation. For example many of the organisations who provide services for people with a disability are also in

receipt of grant aid from the HSE for the provision of other health related services e.g. the Irish Wheelchair Association and the Centre for Independent Living.

Two hundred and sixty-four (264) CE schemes declared income from the activities of their scheme. The level of this income from what can be assessed from returns received is in the range of €100 to €43,421 (An Arts Centre in the South East region). Many schemes hold fund raising events to supplement the activities of the scheme. There is no obligation on behalf of the sponsoring organisation to declare this income or to reinvest this in the scheme activity at the present time.

Of the 264 schemes that declared an income nearly one out of five declared an income of less than €1,500; a further 69 per cent declared an income between €1,501- €10,000 and ten per cent between €10,001 and €65,000. Just three schemes declared an income in excess of €65,000 (two between €10,000-€30,000 and one over €400,000).

Income range	No. of Schemes	%
100-1,500	51	19
1,501-10,000	183	69
10,001-65,000	27	10
over 65,000	3	1
Total	264	100

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#### 4.5 Training Budget Submitted by Schemes

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**Table 9: Requests for Training Budget Submitted by Schemes**

Region	No. of Participants	Cost per Participant €	Training Cost €
Dublin Region	6,186	394	2,439,895
MR	2,145	308	661,120
MW	2,150	144	310,219
NE	1,708	193	330,191
NW	1,617	86	139,239
WR	2,526	186	469,315
SW	972	198	192,486
SE	3,466	344	1,193,328
Total	20,770	276	5,735,794

Cost per participant is rounded to a whole number

Table 9 shows the training costs submitted by schemes for 2012. Only 984 schemes submitted a training request resulting in a budget of €5.7m for 20,770 participants, with an average cost per participant of €276. The reason for the non-submission of a return is that some schemes understood that there was a flat rate of €190 per place for

training. This rate is substantially less than the training budget drawn down in 2011 which was €9.4m. Extrapolating the cost based on 22,000 participants would result in a cost of circa €6.1m. The guideline given to schemes when considering their proposals for 2012 was to focus on essential training to meet the health and safety requirements for the work of the scheme and on occupational training required for the progression of participants.

Schemes were also asked to focus on availing of training and education courses that are available from VECs and FÁS at no direct cost to the scheme. In addition access to the Springboard Programme which provides access to 3<sup>rd</sup> level courses without incurring fees is now available to CE participants, once a participant satisfies the criteria.

Schemes were advised that the estimated amount per place for training is €190 within the CE Budget 2012. This would account for the difference in the amount requested - €5.7m and the amount spent last year circa €9m and probably does not reflect the true need for training by CE participants. Considerable effort is invested in identifying the learning needs of individual CE participants which is detailed in the Individual Learner Plan (ILP) and forms the basis for training provision on CE.

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## **5. Review of Materials Budget Requested by Sector in CE**

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This section provides a further breakdown of submissions by sub-sectors in CE. Under the CE Programme most sponsoring organisations can be categorised by type or service provided. The main categories for the purposes of this review are:

- Drug Rehabilitation Services
- Health and Social Care Services
- Community Childcare Services
- Sports and Leisure Activities
- Local Authorities, Public Bodies and Partnerships

Some of the organisations involved in the above services are national organisations with a number of schemes. Currently each CE scheme is funded on an individual basis.

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### **5.1 Drug Rehabilitation Services**

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DSP supports the work of the National Drugs Strategy for the re-integration of people recovering from substance misuse into the labour market. Primary amongst these is the CE programme with 1,000 drug rehabilitation places on dedicated and mainstream CE schemes which are funded as part of the CE budget.



- **Material Costs**

Returns from dedicated drugs schemes showed the average material cost per participant requested was €27.

Dedicated CE schemes are defined, for the purpose of this Review, as schemes, with a specific focus on drug rehabilitation and training. There are 47 such dedicated drugs schemes. There are also schemes that have drug rehabilitation places as part of mainstream CE schemes; these are included in the overall analysis.

Of the 47 dedicated drugs schemes, 45 financial returns were received. Seven (16%) can operate on €500 or less for materials. Twenty-two (49%) indicated that they could operate between €501-€1,000 per place per annum, and 11 (24%) indicated that they could operate between €1,001 and €1,500. Five (11%) indicated that they needed in excess of €1,500 for materials.

There are 35 dedicated schemes in the Dublin region, 7 of these showed in their financial returns that they could operate within the sum of €500 per participant per annum. A further 14 schemes in this region showed that they could operate on a sum between €501-€1,000 and 8 between €1,001 and €1,500. Five schemes in the Dublin region requested a budget in excess of €1,500 (Table 10).

The fees put forward by dedicated schemes for accountancy and for insurance are similar in range to mainstream CE. The average accountancy fees for the dedicated CE schemes were €1,235 this compares to €1,096 for mainstream CE schemes. A similar situation applies to insurance costs where the variation mirrors mainstream schemes.

**Table 10: Summary of Dedicated Drugs Task Force Projects requested Funding by value range (Material Costs for Annual CE Place)**

<b>Region</b>	<b>€0-500</b>	<b>€501-1000</b>	<b>€1001-1500</b>	<b>over €1500</b>	<b>Grand Total</b>
Dublin Region	7	14	8	5	34
SE		1			1
SW		7	2		9
WR			1		1
<b>Total</b>	<b>7</b>	<b>22</b>	<b>11</b>	<b>5</b>	<b>45</b>
<b>Percentage</b>	<b>16%</b>	<b>49%</b>	<b>24%</b>	<b>11%</b>	<b>100%</b>

2 schemes did not make returns

- **Training**

Returns showed that €20,604 was the total amount requested for training on 45 dedicated drug schemes; average training cost per place was €46. This is very close to the previous norm of €500 for training and compares to an average training cost per place of €276 for mainstream CE schemes. Training is seen as an essential component of drugs schemes as many participants have very low educational attainment on

entering rehabilitation and require intensive supports in order to progress and gain a foothold in the job market.

### Recommended Budget

Based on consultation with the schemes DSP recommended €209,570 in total for training on dedicated drugs schemes, this is half of the amount schemes requested. In relation to materials costs the recommended budget is €631,385 which represents 63 per cent of the budget requested.

- **External/Other Income**

A number of Rehabilitation Projects are in receipt of funding/income from other sources. Reference is frequently made to the large number of agencies and funding involved in the sector – these include Local and Regional Drug Task Forces, the HSE, the Probation Services, the VEC, Government Departments and Local Authorities. The multiple sources of funding within the sector presents its own complexities in providing a coherent direction and plan for the development of services such as rehabilitation support, vocational guidance or counselling. Greater coherence between funding organisations may yield a more valuable return in terms of investment.

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## **5.2 Health and Social Care Services**

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CE provides a range of supports to services in the health and social care related sector in the community. A list of the main sponsors of health and social care places ring-fenced on CE is shown in Table 11. The main sponsors are organisations in the disability sector. For example the Irish Wheelchair Association has 366 places nationally ring-fenced on CE; the Association itself has a network of 20,000 members. The total number of ring-fenced places available to support health services is 2,800 places. Other health and social care places on CE are on non-specific or mixed CE schemes. The main objective of the provision of CE places is to support national health and disability related services provided in the community. These schemes are not meant to be stand-alone services but function as an added support to the mainstream statutory or voluntary provider.

**Table 11: Health & Social Care places on CE by Main Sponsor (February 2012)**

Main Sponsor	Ring-fenced Health & Social Care Places
Alzheimer Society of Ireland	225
Centre for Independent Living	183
Enable Ireland	106
Irish Wheelchair Association	366
MS Ireland	44
St. John of Gods	77
Rehab Care	44
Travellers	153
Other community Disability Projects	1,011
<b>Total</b>	<b>2,209</b>

The average cost requested for materials from projects in the social and health service sector was €811 per place. The highest request was for €1,134 and the lowest was €113 per place. Even though projects were advised that the maximum amount allowable was €1,000, twenty-one organisations exceeded this, and a further seven exceeded €1,500, the previous budget allowed in 2011 (Table 12). Where there were a number of schemes under the same organisation the range in requests for materials for individual schemes varied. For example in one organisation the request for materials for a number of schemes ranged from €27 to €2,614 per place. The reasons put forward for this variation are related to local costs and the charging of rent.

Table 12 shows that within the 115 projects who submitted returns 17 per cent showed that they required €500 grant for materials, a further 59 per cent required between €501-€1,000 and 18 per cent required between €1,001-€1,500. Six per cent said that they required a sum that exceeded €1,500.

**Table 12: Health & Social Care places on CE by Main Sponsor: Summary of returns by value range (Material Costs for Annual CE Place)**

Value Range (€)	Number of Projects	Percentage (%)
0-500	20	17
501-1000	67	59
1001-1500	21	18
Over 1500	7	6
<b>Total</b>	<b>115</b>	<b>100</b>

16 schemes did not make returns

#### Recommended Budget for Health and Social Care Services Supported under CE

The total amount of budget requested from sponsor returns in this sector for materials was €2,014,351 the recommended budget following consultation with schemes is €1,439,360. This represents 71 per cent of the budget requested.

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### 5.3 Community Childcare Services

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Childcare is a major government priority and one to which the DSP has made a significant response through the development and provision of a range of quality training and qualification measures on Community Employment. There are 2,200 places ring-fenced for childcare on Community Employment programmes. These places are delivered through dedicated CE childcare projects and through the allocation of places to childcare services as part of mainstream CE schemes.

At April 2012 there were 1,792 participants on ring-fenced childcare places on CE. Lone parents make up 47 per cent of participants on ring-fenced childcare places and are the largest cohort of participants on ring-fenced childcare places providing childcare services. Table 13 below outlines the regional variations. Forty-one per cent of ring-fenced places are located in the Dublin Region. The South West and the North East Region have the largest number of childcare ring-fenced places outside of the Dublin region.

**Table 13: Childcare Places ring-fenced by Region (April 2012)**

Region	Ring-fenced Childcare Places	%
Dublin Region	734	41.0
Midlands	180	10.0
Mid-West	146	8.2
North East	251	14.0
North West	65	3.6
South East	61	3.4
South West	313	17.5
West	42	2.3
<b>Total</b>	<b>1,792</b>	<b>100.0</b>

In total there are 276 schemes with ring-fenced places for childcare. There are 27 schemes that provide childcare services only, making up 381 ring-fenced places. Childcare services include crèche facilities, playschool, childminders and after-school services. Fourteen of these schemes are located in Dublin.

The majority of schemes (249) providing ring-fenced places for childcare are not solely providing a childcare service. These places are part of standard CE schemes.

For the purpose of this review returns from dedicated childcare schemes are considered. Returns were made by 24 of the 27 dedicated CE childcare schemes. The maximum materials requested per place was €2,831 in the Dublin region and the minimum was €341 also in the Dublin region. The average materials requested per place was €360.

Table 14 shows that 71 per cent of childcare projects indicated that they required €1,000 for materials; a further 21 per cent indicated that they could manage between €1,000-€1,500. Eight per cent indicated that they required over €1,500 per place for materials. Only 13 per cent said they could manage with €500 or less.

**Table 14: Dedicated Childcare Schemes: Summary of returns by value range (Material Costs for Annual CE Place)**

Value Range (€)	Number of Projects	Percentage (%)
0-500	3	13
501-1000	14	58
1001-1500	5	21
Over 1500	2	8
<b>Total</b>	<b>24</b>	<b>100</b>

3 schemes did not make returns

A further consideration for childcare projects is that if projects have the capacity to generate fees from the provision of childcare this income should be set against the materials costs. Some schemes set part of this income against the materials costs of the CE scheme in their financial return where others did not.

- **Training**

The majority of participants on ring-fenced childcare places on CE pursuing training in childcare receive training up to FETAC level 5 and valuable work experience.

Returns from the 24 schemes that provide childcare services only showed that €200,106 was the total amount requested for training, at an average training cost per place of €366. It should be noted however that in total there are 276 schemes with 1,792 ring-fenced places for childcare, taking all of these schemes into account €1.7m was the total amount requested for training, average training cost per place was €302.

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## **5.4 Sports and Leisure Activities**

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Sport and leisure activities play a significant role in the community and can have a positive role to play in addressing social cohesion. There are currently circa 2,230 CE places for sport and leisure activities nationally. The main sponsors involved in providing dedicated sports schemes are the FAI and the GAA (Table 15).

Outside of the provision of dedicated sports schemes there are over one thousand sports places provided to sub-sponsors at any one time on mainstream community schemes which are involved in a broad range of activities including sports.

**Table 15: Sport and Leisure by Main Sponsor (February 2012)**

Sponsor Type	Total Places
FAI	202
GAA	209
Other Sports	794
<b>Total</b>	<b>1,205</b>

The average cost submitted for materials per place by sporting organisations was €796. The highest cost was €2,258 and the lowest was €235 per place.

Table 16 shows that within the Sports and Leisure Activities 15 per cent showed they could manage under the €500 limit, 59 per cent of schemes within the €501 – €1,000 range of funding, a further 21 per cent between €1,001–€1,500 and five per cent came in over this amount.

**Table 16: Sporting Organisations involved in CE: Summary of returns by value range (Material Costs for Annual CE Place)**

Value Range (€)	Number of Projects	Percentage (%)
0-500	9	15
501-1000	36	59
1001-1500	13	21
Over 1500	3	5
<b>Total</b>	<b>61</b>	<b>100</b>

1 scheme did not make a return

- **Training**

The average cost requested for training per place by sporting organisations was €54. The highest cost was €618 and the lowest was €47 per place. In total €263,569 was requested.

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## **5.5 Local Authorities, Public Bodies and Partnerships**

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### **Local Authorities:**

The local Authorities have had a long tradition of sponsoring CE schemes. The scheme places were allocated to support the main work areas of Local Authorities under the guidance of Local Authority staff. The work has generally related to the improvement of local amenities particularly in rural areas; this has been a positive association, particularly for job seekers, many who succeeded in achieving employment in these areas on completion of the scheme.

Currently there are 544 CE places on Local Authority sponsored schemes only. There is a significant variation in the levels of materials grant claimed, some Authorities did not claim any materials e.g. Waterford City Council, while others claim the amount previously available e.g. Galway County Council claimed €1,500 per place. In addition there are Local Authorities who do not avail of any CE places e.g. Fingal

County Council. Given that the Local Authorities are state funded for overheads and running costs, it is proposed that costs such as insurance and audit fees are covered by the Local Authority.

**Other State Sponsors:**

As well as the Local Authorities there are a range of other state organisations involved in the sponsoring and management of CE schemes, these include: Údarás na Gaeltachta; Citizen Information Offices; Educational Institutions; Town Councils; Partnerships; VECs and the HSE.

The maximum level of materials budget sought was €1,631 from a Town Council and the lowest budget sought was €48 from an educational institution, the average rate per place sought was €622. Further analysis, in Table 17 below, shows that 24 per cent of bodies could operate with €500 or less and a further 58 per cent between €501-€1,000. Eighteen per cent sought a budget in excess of €1,000.

**Table 17: Local Authorities, Public Bodies & Partnerships: Summary of returns by value range (Material Costs for Annual CE Place)**

Value Range (€)	Number of Projects	Percentage (%)
0-500	23	24
501-1000	55	58
1001-1500	13	14
Over 1500	4	4
<b>Total</b>	<b>95</b>	<b>100</b>

2 schemes did not make returns

- **Training**

Returns showed that €497,797 was the total amount requested for training by Local Authorities and Public Bodies, average training cost per place was €265.

## 6. Regional Recommendations for Materials & Training Expenditure

### 6.1 Recommended and Requested Expenditure by Value Range

Financial recommendations were made regarding 1,128 schemes based on consultation with the schemes. Table 18 below provides a summary of recommendation levels by region. Overall the recommendation is that 69 schemes (6%) require €12,167 at a total cost of €500 or less per place per annum. This means that the regions feel that only 6 per cent of projects can operate within the limit set out in the 2012 CE Budget. The greater majority, 1,059 schemes (94%), will require between €501 and €1,000 per place per annum as recommended by regional operations.

Of note is that three regions (the North East, the South East and the South West) did not recommend that any scheme could run at a cost of €500 or less per place. The West region recommended that 19 per cent of schemes can run at a total cost of €500 or less per place per annum, the highest proportion nationally (shown in Table 18 below).

**Table 18: DSP recommended total expenditure by Region and value range**

<b>Total Material &amp; Training Recommended for Annual CE Place</b>			
<b>Region</b>	<b>€0-500</b>	<b>€501-1000</b>	<b>Grand Total</b>
Dublin Region	36	224	260
Midlands	5	101	106
MW	2	128	130
NE	0	70	70
NW	1	95	96
SE	0	184	184
SW	0	153	153
WR	25	104	129
<b>Total</b>	<b>69</b>	<b>1,059</b>	<b>1,128</b>
<b>Percentage</b>	<b>6%</b>	<b>94%</b>	<b>100%</b>

8 schemes were returned as part of a combined return, or were amalgamating or closing.

Table 19 shows that in total 1,095 individual schemes made financial returns, some sponsors had more than one scheme and combined returns. Overall 54 schemes (5%) requested €500 or less per place per annum, including training costs. Five hundred and seventeen schemes (47%) requested between €501 and €1,000 for both materials and training and a further 404 schemes (37%) requested between €1,001 and €1,500 per place per annum. Ten per cent of schemes (120) requested funds in excess of €1,500 per place per annum.



**Table 19: Summary of Schemes requested total Funding by Region and value range**

<b>Total Materials &amp; Training Requested for Annual CE Place</b>					
<b>Region</b>	<b>€0-500</b>	<b>€501-1000</b>	<b>€1001-1500</b>	<b>over €1500</b>	<b>Grand Total</b>
Dublin Region	23	98	90	42	253
Midlands		28	55	23	106
MW	10	85	28	4	127
NE	1	42	23	4	70
NW	3	53	38	2	96
SE	9	63	71	38	181
SW	8	83	40	4	135
WR		65	59	3	127
<b>Total</b>	<b>54</b>	<b>517</b>	<b>404</b>	<b>120</b>	<b>1,095</b>
<b>Percentage</b>	<b>5%</b>	<b>47%</b>	<b>37%</b>	<b>11%</b>	<b>100%</b>

Broadly, a comparison between schemes requested funding (Table 19) and DSP recommended funding (Table 18) shows that there has been an increase in the recommended range of €0 - €500 to 69 schemes and that all other schemes have been drawn into the outer limit of €501 - €1,000. Initially 48 per cent of schemes requested in excess of this amount.

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## **6.2 Analysis of Recommended v Requested Expenditure by Sector**

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Table 20 shows that taking childcare, drugs, sport, health and disability, and state schemes as one group DSP regions recommend that 15 per cent of these schemes can run at a total cost of €500 or less per place per annum and 85 per cent between €501 - €1,000 per place per annum.

**Table 20: DSP recommended total expenditure by Sector and value range**

<b>Total Material &amp; Training Recommended</b>			
<b>Sectors</b>	<b>€500 or less</b>	<b>€501 - 1000</b>	<b>Total</b>
Childcare	0	27	27
Drugs	3	44	47
Sports	4	58	62
State	33	64	97
Health & Social Care	13	116	129
<b>Total</b>	<b>53</b>	<b>309</b>	<b>362</b>
<b>Percentage</b>	<b>15%</b>	<b>85%</b>	<b>100%</b>

Comparing Table 21 and Table 20, a comparison between schemes requested funding by sector and DSP recommended funding, shows that there has been an increase in the recommended range of €0-500 from 20 to 53 schemes, all other schemes are in the limit of €501-1,000. Initially 50 per cent of schemes requested in excess of this amount.

**Table 21: Schemes requested total Funding by Sector and value range**

<b>Total Materials &amp; Training Requested</b>					
<b>Sectors</b>	<b>€500 or less</b>	<b>€501-1000</b>	<b>€1001-1500</b>	<b>over €1,500</b>	<b>Total</b>
Childcare		8	11	5	24
Drugs	1	12	20	12	45
Sports	3	32	19	7	61
State	8	56	21	10	95
Health & Social Care	8	43	50	14	115
<b>Total</b>	<b>20</b>	<b>151</b>	<b>121</b>	<b>48</b>	<b>340</b>
<b>Percentage</b>	<b>6%</b>	<b>44%</b>	<b>36%</b>	<b>14%</b>	<b>100%</b>

### 6.3 Costs of Recommended and Requested Expenditure

This section summarises the detailed review of each scheme by DSP Officers.

Dublin being the largest division accounts for 24 per cent of the proposed revised budget with €3.3m recommended for materials and €1.5m for training. However, it has the lowest average cost per place.

**Table 22: DSP Revised Budget Allocations by Division<sup>2</sup>**

<b>Division</b>	<b>Materials (€)</b>	<b>Training (€)</b>	<b>Total (€)</b>
Dublin North	961,422	462,653	1,424,075
Dublin South	773,023	370,551	1,143,574
Dublin Central	1,520,941	637,980	2,158,921
Mid Leinster	1,048,278	373,161	1,421,439
North West	1,024,015	385,345	1,409,360
North East	856,331	331,694	1,188,025
Midlands North	886,715	359,126	1,245,841
West	1,509,396	538,486	2,047,882
Mid West	1,222,541	437,019	1,659,560
South West	1,147,336	380,424	1,527,760
Cork Central	1,176,268	373,152	1,549,420
South East	1,102,842	370,826	1,473,668
Midlands South	1,270,892	479,583	1,750,475
Contingency	500,000	-	500,000
<b>Total</b>	<b>15,000,000</b>	<b>5,500,000</b>	<b>20,500,000</b>

The €20m estimate was computed on the basis that some overheads savings were secured immediately and on a retrospective basis. On further review it was felt that whilst these savings could be secured in 2013 a number of sponsors would struggle to secure these in 2012. To reflect this and ensure that schemes could continue to

<sup>2</sup> Division relates to new DSP regional structures.

function in 2012 the Department approved an increase in the budget provision to €20.5m in 2012. This includes a contingency fund of €500,000 for residual costs related to the changes in rates that applied to schemes prior to January 2012.