

An Oifig Náisiúnta um Fhorbairt Eacnamaíoch agus Shóisialta National Economic & Social Development Office **NESDO**

Annual Report For the year ended 31 December 2012







Annual Report For The Year Ended 31 December 2012

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Chapter 1 Introduction

Introduction

The National Economic and Social Development Office (NESDO) was established by the National Economic and Social Development Office Act, 2006. The function of NESDO is to advise the Taoiseach on all strategic matters relevant to the economic and social development in the State.

Following the dissolution of two of its three constituent bodies, the National Economic and Social Forum and National Centre for Partnership and Performance, in 2010, NESDO continues to provide full administration and support services for the National Economic and Social Council (NESC) and to submit to Government all reports, recommendations and conclusions arising from projects carried out by NESC. It also arranged for the publication of such items.

During 2012, all appropriate procedures for financial reporting, internal audit, travel, procurement were carried out.

The NESDO Audit Committee met on once in 2012. The current membership of the Committee is as follows: -

- Mr John Hynes (Chairperson);
- Mr Ray Henry, Department of the Taoiseach;
- Ms Helen Johnston, NESDO.

Internal Audit

The Audit Committee uses the resources of the Internal Audit Unit (IAU) of the Department of the Taoiseach for carrying out its audits. The purpose of internal audit is to provide assurance to the Board of NESDO on the adequacy and effectiveness of NESDO's system of internal controls. It operates as a resource for the Board and management of NESDO through its analysis and appraisal of NESDO's control systems. This includes the preparation and circulation, for consultation by the Board and NESDO management, of generic models of 'Best Practice'. Internal audit may also act in an advisory capacity to projects under development to ensure the adequacy of control measures.

Under the auspices of the NESDO Audit Committee, an internal audit was carried out on Procurement by NESDO in 2012. The main finding was that all payments were made in accordance with the relevant Department of Finance circulars, and

the guidelines set out in NESDO's Internal Financial Control Procedures, and no inappropriate payments were found to have been made. It made three recommendations as follows:

- That Purchase Orders be raised for all expenditure, and that in the case of any exceptions to this rule, NESDO should record the reasons for such exception;
- NESDO should amend its Purchase Order form to include details of the procurement type involved in each expenditure item; and
- NESDO should make arrangements that as far as possible all payments are made electronically.

NESDO has accepted and implemented these recommendations. In relation to the third recommendation, NESDO noted that while the vast majority of payments are made electronically, progress on the remainder will depend on the preference and ability of the relevant payees to receive payment electronically.

The Annual Report for 2011, made reference to two internal audits carried out in that year. These were on (i) the NESDO Payroll 2011 and (ii) Travel and Subsistence payments in 2011. The findings of the second audit were not available at the time of publication of that annual report. It found that all claims and payments of travel and subsistence were made in accordance with the Department of Finance regulations, and the guidelines as set out in NESDO Policies and Procedures Manual and no inappropriate payments were found to have been made. In order to provide further assurance as to the integrity of internal controls, it recommended:

- that claim forms should be expanded to include some additional information;
 and
- consistency should be ensured between data recorded in excel spreadsheet and the Sage accounts system.

NESDO has accepted and implemented both recommendations.

Corporate Governance

NESDO's Policy and Procedures Guidelines outline the corporate governance requirements of the Office. They were reviewed in 2010 to include the various requirements contained in the Code of Practice for the Governance of State Bodies and other statutory changes that had occurred since the Guidelines were originally drafted. The revised Guidelines were approved by the Board at its meeting in June 2011. They are due for review again in 2013. I am satisfied that the Guidelines are being fully complied with.

The NESDO Internal Financial Control Procedures document all accounting procedures and standards, including those for cash, payroll, receipts, payments, travel and expenses, procurement, fixed assets, IT security, budgetary controls and record management and retention. I confirm that no breaches of the procedures

were identified during 2012 and that the Government travel policy requirements were fully complied with.

The positions of Chief Officer of NESDO and Director of the NESC are occupied by the same person. He is paid in respect of his position as Director of NESC and receives no additional remuneration, emoluments or expenses in relation to his role as Chief Officer. All staff of NESDO and NESC, including the Chief Officer/Director, are paid in accordance with relevant pay circulars issued by the Department of Public Expenditure and Reform, and I am satisfied that the circulars are fully complied with.

Finally, I confirm that there were no significant post balance sheet events.

Martin Fraser

Chairperson

National Economic and Social Development Office

Chapter 2
National Economic
and Social Council

NESC Work Programme 2012

Following the Council's first report on quality and standards in human services, *Quality and Standards in Human Services in Ireland: Overview of Concepts and Practice*, (NESC report No.124, published in 2011), a further seven reports and a Secretariat background paper were published in this project 2012. These were;

Policing and the Search for Continuous Improvement (NESC Report No.127), looked at how quality and standards have been advanced within An Garda Síochána since the establishment of several oversight and consultative institutions in 2005. It found there has been considerable focus on preventing obvious misbehaviour, but less attention given to systems that might ensure a high quality service and continuous improvement.

Residential Care for Older People (NESC Report No.128), demonstrated that the Heath Information and Quality Authority (HIQA) standards for residential centres for older people, and the system of inspection in place since 2009, have certainly increased confidence in the quality of care, but suggested that HIQA explore its role driving continuous improvement in the sector.

The School System (NESC Report No.129), documented the significant developments on both the legislative and institutional front over the past decade, with strides being taken in areas of school evaluation, curriculum development, student welfare, and teacher accreditation and development, but argued that there remains some way to go in building a system of quality and continuous improvement in schools. The report proposed two critical areas for attention and development: (1) the need for a greater culture of reflective practice within schools, based upon objective evidence rather than subjective impressions; and (2) the need for a national data and standards framework which provides a sound basis for judgement about quality and improvement.

Home Care for Older People (NESC Report No.130), described and analysed the evolving policy and provider landscape and recommended that national standards and regulations, inspected by HIQA, be applied to all types of home care.

End-of-Live Care in Hospitals (NESC Report No.131), documented the interesting voluntary standards process driven by the Irish Hospice Foundation Programme, *Hospice Friendly Hospitals*, which embedded hospice-type end-of-life care practices in Irish hospitals. The report recommended a number of ways in which the HSE, HIQA and the Department of Health could support generalisation implementation of such standards in the future.

Disability Services (NESC Report No.132), described the complex and incomplete quality and standards landscape in Irish disability services. It reported leading examples of good practice, among providers that have achieved a culture of quality and high performance, measurement and monitoring of outcomes, service user involvement and tailored services. It suggested ways in which the emerging system of national standards and inspection could be designed and implemented in ways that would use the high-quality of the best providers to inform the efforts at continuous improvement among others.

In a final report of this project Achieving Quality in Ireland's Human Services – a Synthesis Report (NESC Report No.133) the main points and conclusions from all the studies are drawn together. If confirmed that, overall, there has been real progress in making human services more accountable for standards and outcomes. However, the Council argued that there remains a considerable challenge in progressing systems of standards and inspection into regimes which drive and support continuous improvement. Furthermore, it argued that a key challenge is to combine quality assurance and improvement of existing services with deeper exploration into whether the existing models of care are the right ones, socially, economically and in fiscal terms.

In *Understanding PISA and What It Tells Us About Educational Standards in Ireland* (NESC Secretariat Background Paper No2), the NESC secretariat reviewed the performance of Irish students in the OECD PISA international assessment of reading, mathematics and science literacy of 15 year olds. The paper states that while the PISA data for Ireland shows a decline in relative student performance, these data need to be interpreted with care and that, on its own, the PISA assessment is not a comprehensive measure of educational standards.

NESC Secretariat Reports on Climate Change Policy

Following a request by the Minister for the Environment, Community and Local Government, in December 2011, the NESC Secretariat undertook two studies to inform the development of Irish climate change policy. Drafts of each report were discussed at the Council meetings in June and November 2012 respectively. The NESC Climate Change project included the development of potential policies and measures to reduce greenhouse gas emissions in agriculture, transport, heat in buildings and renewable energy supply, and a basis for a national transition to a low-carbon future by 2050.

An Interim report, *Towards a New National Climate Policy*, was submitted to the Department of the Environment, Community and Local Government in June 2012, and the Final report, *Ireland and the Climate Change Challenge: Connecting 'How Much' with 'How To'*, was submitted in December 2012. Seven background papers (*Reframing the Climate Change Policy Challenge, Social and Behavioural Aspects of Climate Change, Perspectives on Green Growth, Modelling the Long Run Transition to a Low-Carbon Economy, Transforming Ireland's Energy System, and Decarbonising Energy End Use, A Vision for 2050*) were also produced under this project and made available in January 2013.

Economic and Social Council Meetings (ESCs)

During 2012, Ireland hosted annual meetings of Economic and Social Councils of the member states of the European Union in Dublin. At the meeting of Secretaries Generals in May, each national ESC reported on 'Social and Civil Dialogue in a Time of National and European Crisis' and described the role of ESCs in national responses to the international financial and economic crisis. At the meeting of Secretaries General and Presidents in November, there was an update on social dialogue in the member states and each council reported on 'Labour Market and Welfare/Benefit Reforms'.

NESC Meetings Held During 2012

The NESC met on eleven occasions during 2012;

- 20th January
- 17th February
- 16th March
- 20th April
- 18th May
- 15th June
- 20th July
- 21st September
- 19th October
- 16th November
- 21st December

Other NESC Activities in 2012

During 2012, the NESC Secretariat made numerous presentations on Council work, contributed to a range of conferences, seminars and workshops and served on a number of committees and working groups. A number of these activities are listed below.

The Director, Dr. Rory O'Donnell was a member of the following bodies:

- Executive Committee, Institute of International and European Affairs;
- Economic Governance Group, Institute of International and European Affairs;

He was an invited speaker and contributor at the following events;

- February—Reconciling Economic and Social Europe: Which Reform Strategy? A
 Public Lecture and Discussion, co-organised by the Jean Monnet, Chair in
 European and Transnational Governance, University of Amsterdam (UvA), and
 the Wiardi Beckman Stichting (WBS), Amsterdam;
- October—Dublin Economics Policy Conference, Galway, on 'Reframing the Climate Change Policy Challenge';
- October—2012 Carbon Disclosure Project Ireland report, Dublin;
- December—The Impact of the Economic Crisis on Irish Social Partnership, ILO seminar, Dublin; and
- December—Chaired a session 'Poverty and Work Intensity in Ireland and the EU' at the Social Inclusion Division, Department of Social Protection Conference on Work and Poverty in Ireland, Dublin.
- He also gave presentations on NESC Climate Change interim Report to;
 - The Senior Officials Group on Climate Change and the Green Economy;
 - The Board of Sustainable Energy Authority of Ireland;
 - Joint Oireachtas Committee on Environment, Culture and the Gaeltacht;
 - o The Institute if International and European Affairs.

Dr John Sweeney, Senior Policy Analyst was a member of the following bodies:

- The Advisory Group on Tax and Social Welfare;
- The Interdepartmental Project Board for the Contracting of Private Sector Providers of Employment Services;
- The Board of Young Ballymun; and
- The Expert Advisory Group on Supporting Social Inclusion and Regeneration in Limerick (SSIRL).

He was also the National expert for Ireland to OECD LEED signature project on Local Job Creation 'Background Paper on the Institutional Framework for Local Job Creation in Ireland' (November).

During 2012 Dr Sweeney made presentations to:

• The Nevin Economic Research Institute ('Is Ireland's Social Welfare System Prolonging Unemployment?');

- Pobal ('Serving the Long-Term Unemployed in a Time of Recession');
- The European Anti-Poverty Network ('What's Happening to Ireland's Social Inclusion Strategy?');
- The Irish National Organisation of the Unemployed ('Welfare to Work Strategies: What Works Best?');
- Presidents and Secretaries General of European Economic and Social Councils ('Labour Market and Welfare Reforms'); and
- OECD LEED regional and national roundtables on local job creation.

Dr. Helen Johnston, Senior Policy Analyst, was a member of the following bodies:

- Chairperson of the Centre for Cross Border Studies;
- Social Inclusion Technical Advisory Group;
- West Tallaght Child Development Initiative Evaluation Advisory Group;
- Start Strong Research Committee;
- Peace III Consortium Steering Committee;
- Changing Generations Research Project Advisory Board; and
- Centre for Effective Services Implementation Group.

She was an invited speaker and contributor at the following events:

- February—invited speaker at the Carnegie UK Trust Stakeholder Engagement Seminar;
- April—invited speaker at National Forum on Guidance meeting on 'Quality and Standards in Human Services in Ireland: Overview of Concepts and Practices';
- June—invited speaker at NUIG Conference on 'Overcoming Barriers to Wellbeing in Ireland';
- August—speaker at Implementation Science Summer School, Trinity College Dublin;
- September—invited speaker at UCD conference on 'Health Care Regulation and Governance: How can we improve quality and safety in Ireland';

- October—invited speaker at National Women's Council of Ireland seminar on 'Bearing the Brunt: Women and the Recession'; and
- November—speaker at NESC Conference on 'Quality and Standards in Human Services'.

Dr. Anne-Marie McGauran, Policy Analyst, was a member of the following bodies:

- The Company Secretary and Member of the Board of One Family;
- A Visiting Research Fellow in the Centre for Gender and Women's Studies in Trinity College Dublin;
- The Chairperson of the HSE Crisis Pregnancy Programme Advisory Group; and
- A Member of the expert group on gender mainstreaming at the European Institute for Gender Equality.

Chapter 3 NESDO Accounting Policies

Accounting Policies

3.1.1 Historical Cost Convention

The Financial Statements are prepared on an accruals basis under the historical cost convention in accordance with generally accepted accounting principles except where otherwise stated.

3.1.2 Income Recognition

Grant In-Aid received from the Department of the Taoiseach is recognised in the Financial Statements on a cash receipts basis.

Income from sale of publications and Conference Income is recognised when it is invoiced. If it becomes apparent that the monies may not be received, a provision is made for doubtful debts.

NESDO enters into co-funding projects with other organisations that may last greater than one year. This income is recognised on a cash receipts basis.

3.1.3 Foreign Currencies

Transactions in currencies other than euro are recorded at the rates ruling at the date of the transactions or at a contracted date. Monetary assets and liabilities are translated into euro at the balance sheet date or at a contracted date. Exchange differences are dealt with in the Statement of Income and Expenditure Account.

3.1.4 Tangible Assets

Tangible Assets are stated at cost less accumulated depreciation. Depreciation is calculated in order to write off the cost of tangible assets to their estimated residual values over their estimated useful lives by equal annual instalments.

The estimated useful lives of tangible assets by reference to which depreciation has been calculated are as follows:

• Furniture: 5/10 years;

• Equipment: 5 years.

Superannuation

A number of different pension arrangements are in place for staff. Certain staff who are employees of NESC prior to the establishment of NESDO are in receipt of an allowance of 16 2/3% in lieu of superannuation. Accordingly, there is no liability for pensions for these staff members, although they may opt to join the Non-established State Employees scheme, subject to terms and conditions. None of them exercised this option in 2012.

Four members on secondment from other Government Departments are covered by the superannuation schemes in operation in their parent Departments. The relevant Government Departments invoice NESDO in respect of Salary, Employer PRSI and superannuation for seconded staff. These invoices are accrued on a monthly basis and charged to the Statement of Income and Expenditure. The relevant Department takes responsibility for the payroll and superannuation function concerning these staff.

The National Economic and Social Development Office Act 2006 provides for the establishment of a superannuation scheme. During the year, NESDO agreed to a proposal by the Department of Expenditure and Reform that the Non-established State Employees Scheme will meet this legal requirement. Eleven members of staff participate in this scheme and pension contributions deducted from their salaries are paid over to the Department of Taoiseach.

Chapter 4
NESDO Financial Statement
Financial Statements for the year
ended 31 December 2012

Statement of Income and Expenditure

	Note	2012	2011
Incomo	Note	€	€
Income	4	2 027 000	2 200 216
Oireachtas Grant-in-Aid	1	2,027,000	2,280,216
Other Income	2 _	210	663
		2,027,210	2,280,879
Transfer from Capital Account	11	29,817	54,341
		- / -	- ,-
		2,057,027	2,335,220
<u>Expenditure</u>			
Wages and Salaries	3	1,590,224	1,733,203
Other Operating Costs	5	433,527	551,756
Gain on Disposal		_	(29)
Depreciation	6 _	29,817	52,840
	_	2,053,568	2,337,770
Surplus/(deficit) for the year		3,459	(2,550)
Delegan to the section of the sectio		05.454	07.704
Balances transferred at 1 January		95,154	97,704
Balance carried forward	9	98,613	95,154
	_	<u> </u>	<u> </u>

Balance Sheet as at 31 December 2012

	Note	2012 €	2011 €
Tangible Assets	6	19,226	49,043
Current Assets:			
Debtors and Prepayments	7	7,527	17
Bank Balance and Cash	10	168,030	259,226
		175,557	259,243
Current Liabilities:			
Creditors and Accruals	8 _	76,944	164,089
Net Current Assets		98,613	95,154
Total Net Assets	_	117,839	144,197
Financed By:			
Capital Account	11	19,226	49,043
Income and Expenditure Account	9 _	98,613	95,154
	_	117,839	144,197

Cash Flow Statement

Note Reconciliation of surplus/(deficit) to net cash Inflow/(outflow) from operating activities	2012 €	2011 €
Surplus/(deficit) for the year Interest Received Depreciation Charge Gain on Disposal of Fixed Assets Decrease in Capital Account Increase in Debtors (Decrease) / increase in Creditors	3,459 (154) 29,817 - (29,817) (7,510 (87,145)	(2,550) (323) 52,840 (29) (54,341) (17) 23,823
Net Cash (Outflow)/ Inflow from Operating Activities Cash flow Statement	(91,350)	19,403
Net Cash (Outflow)/Inflow from operating activities Interest Received Receipts from the sale of Capital Items	(91,350) 154 —	19,403 323 1,530
(Decrease)/Increase in Cash in the year Reconciliation of net cash flow to movement in net funds (Note 10) (Decrease) / Increase in Cash in the year	(91,196) (91,196)	21,256
Net Funds at 1 January Net Funds at 31 December	259,226	237,970
	,	, -

Notes to the Financial Statements for the year ended 31 December 2012

1	Oireachtas Grant Income Drawdown	2012	2011
		€	€
	Oireachtas Grant Income drawdown	2,027,000	2,280,216
2	Other Income	2012	2011
		€	€
	Sales of Publications	56	340
	Bank Interest	154	323
		210	663
3	Wages and Salaries	2012	2011
		€	€
	Wages and Salaries	1,464,908	1,614,191
	Social Welfare Costs	125,316	119,012
		1,590,224	1,733,203
	The average number of employees during the year were:	19	20

€101,390 (2011: €97,859) of pension levy has been deducted from staff and paid over to the Department of the Taoiseach.

The Chief Officer of NESDO, who is also the Director of NESC, received €170,546 as remuneration in respect of his role as Director of NESC for the year ended 31 December 2012. As a full time employee of NESC, the Chief Officer was in receipt of an allowance in lieu of superannuation and is not a member of the pension scheme. The Chief Officer was not in receipt of remuneration, emoluments or expenses in respect of his role as Chief Officer of NESDO.

	<u>Pension</u>		
4		2012	2011
		€	€
	Included in wages and salaries in note 3 is the following:		
	Employee contributions to pension scheme	11,185	10,849
5	Operating Costs	2012	2011
3	Operating Costs	2012	2011
		•	e
	Printing and Publications	3,294	18,711
	Travel and Subsistence	6,016	9,486
	Conferences and Seminars	13,726	9,576
	Training	_	7,597
	Post, Taxis and Couriers	937	3,008
	Library Services	4,108	12,052
	Administration	1,281	10,511
	Professional Fees	21,089	18,911
	Audit Fee	4,653	5,828
	Telephone	19,865	15,861
	Stationery	6,853	9,023
	IT and Website costs	35,493	70,565
	Rent and Service Charges	316,212	360,627
		433,527	551,756

6	Tangible Assets	Equipment €	Furniture €	Total €
	Cost	· ·	· ·	e
	Balance at 1 January 2012	336,119	100,255	436,374
	Balance at 31 December 2012	336,119	100,255	436,374
	<u>Depreciation</u>			
	Balance at 1 January 2012	301,047	86,284	387,331
	Charge for year	22,037	7,780	29,817
	Balance at 31 December 2012	323,084	94,064	417,148
	Net Book Value			
	At 31 December 2011	35,072	13,971	49,043
	At 31 December 2012	13,035	6,191	19,226

7	<u>Debtors</u>	2012	2011
		€	€
	Prepayments	7,514	_
	Sundry Debtors	13	17
		7,527	17
8	Creditors	2012	2011
		€	€
	Trade Creditors	503	_
	Accruals	76,441	164,045
	Revenue	_	44
		76,944	164,089
9	Income and Expenditure Reserves (Surplus/(Deficit) The Income and Expenditure Reserve disclosed in the Balance Sheet on Page 8 comprises the following:	2012 €	2011 €
	Balance at 1 January	95,154	97,704
	Surplus/Deficit for year	3,459	(2,550)
	Balance at 31 December	98,613	95,154
10	Cash and Bank Balances	2012	2011
		€	€
	Current Account Balances	29,528	3,061
	Deposit Account Balances	138,296	255,306
	Cash on Hand	206	859
		168,030	259,226

11	Capital Account	2012 €	2011 €
	Balances at 1 January	49,043	103,384
	Transfer to Income and Expenditure Income used to purchase Fixed Assets Amortisation in line with depreciation	– (29,817)	_ (52,840)
	Disposal of fixed assets	(29,817)	(1,501) (54,341)
	Balance at 31 December	19,226	49,043

12 Premises occupied by NESDO

NESDO occupies one premises which is located at 16 Parnell Square, Dublin 1. It rents this premises on a year to year basis from the Office of Public Works and is not tied into a lease.

13 Approval of Financial Statements

The Financial Statements were approved by the Board of NESDO on 26th June 2013.

Appendix

Appendix 1 NESDO Board Membership

- Mr Martin Fraser, Department of the Taoiseach (Chairperson)
- Mr John Shaw, Department of the Taoiseach

Chief Officer NESDO, Dr Rory O'Donnell

Appendix 2 NESC Council Membership

The membership of the Council for 2010-2013 was nominated as follows:

- Mr Martin Fraser (Chairperson)
- Mr John Shaw (Deputy Chairperson)

Four members from Business and Employers:

- Mr Danny McCoy, Director General, IBEC
- Mr Tom Parlon, Director General, CIF
- Mr Ian Talbot, Chief Executive Officer, Chambers Ireland
- Mr Tony Donohoe, Head of Social and Education Policy, IBEC

Four members from Farming and Agricultural:

- Mr Edmond Connolly, Chief Executive Officer, Macra na Féirme
- Mr Pat Smith, General Secretary, IFA
- Mr Seamus O'Donohoe, Secretary, ICOS
- Mr Frank Allen, ICMSA

Four members from Community and Voluntary:

- Fr Seán Healy, Social Justice Ireland
- Ms Brid O'Brien, Irish National Organisation of the Unemployed
- Mr James Doorley, Assistant Director, National Youth Council
- Ms Caroline Fahey, St Vincent de Paul

Four members from Trade Unions:

- Mr David Begg, General Secretary, ICTU
- Ms Sally Anne Kinahan, Assistant General Secretary, ICTU
- Mr Manus O'Riordan, SIPTU
- Mr Shay Cody, General Secretary, IMPACT

Four members from Environment:

- Mr Oisín Coghlan, Director, Friends of the Earth Ireland
- Mr Michael Ewing, Environmental Pillar
- Ms Karin Dubsky, Environmental Pillar
- Ms Siobhán Egan, Environmental Pillar

Twelve nominated by An Taoiseach:

- Prof Mary Daly, Department of Social Policy and Intervention, Oxford University
- Prof Anna Davies, Department of Geography, Trinity College Dublin
- Prof John McHale, Department of Economics, NUI, Galway
- Prof Edgar Morgenroth, Associate Research Profession, ESRI
- Dr Michelle Norris, School of Applied Social Science, UCD Geary Institute
- Prof Seán Ó Riain, Department of Sociology, NUI, Maynooth
- Dr Michael O'Sullivan, UK Research & Global Asset Allocation, Credit Suisse
- Ms Mary Walsh, Chartered Accountant
- Mr John Moran, Secretary General, Department of Finance
- Mr John Murphy, Secretary General, Department of Jobs, Enterprise and Innovation
- Ms Geraldine Tallon, Secretary General, Department of Environment, Community and Local Government
- Ms Seán Ó Foghlú, Secretary General, Department of Education and Skills

Director NESC, Dr Rory O'Donnell

