

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

**Annual Report**For the year ended 31 December 2011









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# Chapter 1 Introduction

#### 1.1 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 as defined in the Act 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. Under the Act, it is possible, in the future, and if the Government so decided, that other bodies could be created within the NESDO framework. There is no such proposal under consideration at present, but it was felt prudent to leave NESDO in place as it will give rise to no substantive additional costs beyond those of the NESC.

During 2011, all appropriate procedures for financial reporting, internal audit, travel, procurement and asset disposal were carried out.

The NESDO Audit Committee met on two occasions during 2011. The current membership of the Committee is as follows: -

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

#### 1.2 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 NESDO Board 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 by 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 Audit Committee, two internal audits were carried out in 2011. These centred on (i) the NESDO Payroll 2011 and (ii) Travel and Subsistence payments in 2011. The audit of payroll found that appropriate procedures are in place in respect of payroll activity. It made two minor recommendations in relation to reviewing and strengthening the procedures in place between NESDO and the Department of the Taoiseach for the recoupment of salaries of staff on secondment, and to the use of one set of employee numbers/codes for all systems in NESDO. Both recommendations have been accepted and are currently in use.

The recommendations of the second internal audit of travel and subsistence payments are awaited.

# 1.3 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 have occurred since the Guidelines were originally drafted. The revised Guidelines were approved by the Board at its meeting in June 2011. I am satisfied that the Guidelines are being fully complied with.

The NESDO Internals 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. The Board approved the Internal Financial Control Procedures at its meeting in June 2011. I confirm that no breaches of the procedures were identified during 2011 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 Finance, 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

#### 2.1 Introduction

During 2011, the National Economic and Social Council (NESC) continued work on its work programme. During the year, the Council published two reports:-

- Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession;
- Quality and Standards in Human Services in Ireland: Overview of Concepts and Practice.

# 2.1.1 Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession (NESC Report 123, August 2011)

This report begins with an examination of how the recession impacted on Ireland's labour market over the three years, 2008-2010, and a review of the adequacy of the first waves of labour market responses taken by the authorities. It then looks in more depth at the different supports and services which public funding makes available for unemployed jobseekers following the sequence in which they typically encounter them. The accessibility and quality of the employment services that seek to route people to either job vacancies or suitable training/ education, therefore, are examined in first place and, then, the quality and adequacy of the further education and training (FET) to which many people are directed. In third place, the adequacy and administration of the social welfare incomes on which many rely while engaged in job-search or FET are studied, with Ireland's Jobseeker's Benefit and Jobseeker's Allowance getting particularly detailed scrutiny. Finally, the manner in which these different supports and services are brought together and sequenced to help people already out of work for a long time (or clearly identified as running such a risk) to gain employment is discussed. This brings the Report to examine what are known as 'activation' strategies, the establishment of the National Employment and Entitlements Service, reforms underway to the National Employment Action Plan, the effectiveness of direct employment programmes (Community Employment, Tús, Community Services, etc) and the appropriate roles of the Community and Voluntary Sector in tackling entrenched unemployment. A short, final chapter makes the case for additional and specifically temporary measures given the speed and scale with which employment was lost since 2008.

# 2.1.2 Quality and Standards in Human Services in Ireland: Overview of Concepts and Practice (NESC Report 124, December 2011)

High quality public services demand much more than minimum compliance with rules and regulation. For human services, such as eldercare and disability, we need to use regulation and standards that focus on performance and outcomes. This is one of the key messages from Report No. 124 which is an initial report in a series of reports on quality human services. The report examines international and Irish evidence of approaches to regulation and standards-setting in human services and the promotion of good practice. One strength of Ireland's standards and quality and improvement systems in some service areas is the range of bodies actively involved, from the public sector, the private sector and voluntary and community organisations. This is the direction other countries are seeking to get to and Ireland already has a head start. The report focuses in on a number of areas, including: the responsiveness of regulation and standards; the involvement of service users; how to have devolution with accountability; how to ensure quality in service provision with limited resources; and the importance of shared learning through monitoring and review. Further reports will be published in this series on: the school system, disability services, residential care for older people, home care for older people, end of life care in hospitals, policing and a final concluding report which will draw together the main points and conclusions from the other reports.

#### 2.1.3 Promoting Economic Activity and Employment

In the final months of 2011, the Council held intensive discussion of possible measures to strengthen Ireland's economic recovery and increase employment. This discussion and analysis resulted in the publication of NESC report No.125 *Promoting Economic Activity and Employment in Ireland*, in January of 2012. It examined domestic demand, the provision of credit to business, welfare reform, training and job creation possibilities, and challenges facing enterprise policy. The report was welcomed by the Government and formed a valuable input to the preparation of the *Action plan on Jobs* and *Pathways to Work*.

#### 2.1.4 Sustainable Development

In September 2011, the Government decided that the sustainable development role previously performed by Comhar should be integrated into NESC. In late 2011 and early 2012, the Council explored how its analysis would integrate economic, social and environmental issues and adopt a sustainable development perspective. In this context, the Government asked NESC to respond to the Draft Framework for Sustainable Development. The Council discussed the Draft Framework in December 2011 and January 2012, and published its observations and suggestions in February

2012, Report No.125, *Draft Framework for Sustainable Development for Ireland: NESC Response.* 

# 2.2 Economic and Social Council Meetings (ESCs)

NESC participated in the annual meetings of Economic and Social Councils for the member states of the European Unions, hosted in The Hauge by the Economic and Social Council of The Netherlands. At the meeting of Secretary Generals in May, the Councils reported on the state of social dialogue in each member state and identified the role of ESCs in national responses to the international financial and economic crisis.

At the meeting of Secretary Generals and Presidents in November, there was a discussion of the youth labour market and the involvement of young people in the work of ESCs.

## 2.3 NESC Council Meetings Held During 2011

The NESC met on seven occasions during 2011

- 18<sup>th</sup> February
- 17<sup>th</sup> June
- 15<sup>th</sup> July
- 16<sup>th</sup> September
- 21<sup>st</sup> October
- 18<sup>th</sup> November
- 16<sup>th</sup> December

During 2011, 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:

• January—Invited participant in HERAVALUE Workshop: Measuring the societal impacts of universities' research into arts and the humanities;

- January—Invited speaker at the Reut Institute, Jerusalem, on the subject 'Lessons Learned from Ireland's Economic Leapfrog and Current Financial Crisis' as part of their "Israel 2021" series;
- February—Sat on roundtable discussion for Government, Business and Consumer Perspectives within a study conducted for UCD Professional Diploma in Regulatory Governance;
- March—Invited speaker on 'Ireland's Experience in the Euro' at the Hume Institute, Edinburgh, seminar on 'Scotland in Europe';
- March—Invited speaker at joint OECD/World Bank conference, 'Challenges and Polices for Promoting Inclusive Growth', Paris;
- April—Participated in the annual meeting of the European Strategic Network, (Centre d'analyse stratégique) in Paris;
- April—Invited speaker at the Statistical & Social Inquiry Society of Ireland symposium "50 Years of the ESRI: Assessing its Contributions";
- June—Invited speaker in two panels for the SASE 2011 (23<sup>rd</sup> Annual) conference, 'Transformation of Contempory Capitalism: Actors, Institutions, Processes', Madrid;
- June—Speaker at the EPA conference, on the National Waste prevention Programme, Co Dublin;
- December—Invited speaker at the School of European Studies, Cardiff University's Conference 'A Federal Europe in the Making?: Europe 2020, the European Semester, and the Euro Plus Pact';

#### Senior Policy Analyst, Dr. Helen Johnston:

- Chairperson of the Centre for Cross Border Studies;
- Member of Social Inclusion Technical Advisory Group;
- Member of West Tallaght Child Development Initiative Evaluation Advisory Group;
- Member of Start Strong Research Committee;
- Member of National Education and Welfare Board Research Committee;
- Member of Peace III Consortium Steering Committee.

#### Senior Policy Analyst, Dr. John Sweeney:

- Member of the Advisory Group on Tax and Social Welfare appointed by the Minister for Social Protection:
- Director and board member of Young Ballymun;
- March—Invited speaker at Seeking Reform with Retrenchment in Social Spending', address to Social Policy Association, DIT;
- March—Invited speaker at 'A Response to the Policy and Value for Money Review of Child Income Supports', DSP Consultation Seminar, Dublin Castle;
- August—Invited speaker at Guest lecture, 'What is 'activation', and does it work?', Social Welfare Summer School, NUIM;
- September—Invited speaker at 'Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession', NESC Conference, Royal Irish Academy.

#### Policy Analyst, Dr. AnneMarie McGauran:

- Member of The Board of One Family;
- Member of The Committee of the Social Policy Network;
- Member of The special interest group on Evidence Informed Work with People in Communities at the Centre for Effective Services';
- Member of The expert group on gender mainstreaming at the European Institute for Gender Equality;
- Chair of HSE Crisis Pregnancy Programme Advisory Group;
- Research Associate in the Centre for Gender and Women's Studies in TCD.

#### Policy Analyst, Dr Barry Vaughan:

 Attended in place of Rory O'Donnell the Government Forum '2011 International Public Sector Strategy Workshop', Abu Dhabi.

#### Policy Analyst, Dr. Jeanne Moore:

 Member of The Health Research Board Population Health Sciences Research Committee in April 2011;

- May—Invited speaker at the National Disability Authority's Seminar Employment and Mental Health on 'Mental Health in the Workplace';
- October—Participated in a stakeholders workshop as part of the UCD School of Applied Social Sciences' external evaluation.

# Chapter 3 NESDO Accounting Policies

## 3.1 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 installments.

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.

### 3.2 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 scheme, subject to terms and conditions. None of them exercised this option in 2011.

Four members on secondment from other Government Departments will not be covered by the NESDO superannuation scheme. 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. At present the scheme is in the process of being approved by the Taoiseach with the consent of the Minister for Finance as required by Section 27 of the Act. Twelve members of staff participate in this scheme and pension contributions deducted from their salaries are paid over to the Department of Taoiseach.

Pending approval of the NESDO superannuation scheme by the Taoiseach, the Board has not implemented the provisions of FRS 17.



Chapter 4
NESDO Financial Statement

Financial Statements for the year ended 31 December 2011

# **Statement of Income and Expenditure**

Income	Note	<b>2011</b> €	<b>2010</b> €
Oireachtas Grant-in-Aid	1	2,280,216	2,534,750
Other Income	2	663	995
		2,280,879	2,535,745
Transfer from Capital Account	11	54,341	18,812
		2,335,220	2,554,557
Expenditure			
Wages and Salaries	3	1,733,204	1,785,173
Other Operating Costs	5	551,754	848,464
(Gain)/Loss on Disposal		(29)	4,010
Depreciation	6	52,840	52,871
		2,337,770	2,690,518
Deficit for the year		(2,549)	(135,961)
Balances transferred at 1 January		97,704	233,665
Balance carried forward	9	95,155	97,704

# **Balance Sheet as at 31 December 2011**

		2011	2010
	Note	€	€
Tangible Assets	6	49,043	103,384
Current Assets:			
Debtors and Prepayments	7	17	-
Bank Balance and Cash	10	259,227	237,970
		259,243	237,970
Current Liabilities:			
Creditors and Accruals	8	164,089	140,266
Net Current Assets		95,155	97,704
Total Net Assets		144,198	201,088
Financed By:			
Capital Account	11	49,043	103,384
Income and Expenditure Account	9	95,155	97,704
		144,198	201,088

# **Cash Flow Statement**

	Note	<b>2011</b> €	<b>2010</b> €
Reconciliation of surplus to net cash inflow/(outflow) from operating activities			
Deficit for the Year before interest received		(2,549)	(135,961)
Interest Received		323	(140)
Depreciation Charge		52,840	52,871
(Gain)/Loss on Disposal of Fixed Assets		(29)	4,010
Decrease in Capital Amount	11	(54,341)	(18,812)
(Increase)/ Decrease in Debtors		(17)	31
Increase/(Decrease) in Creditors		23,823	(45,171)
Net Cash Inflow/(Outflow) from operating activit	ies	19,403	(143,172)
Cash flow Statement			
Net Cash infow/(outflow) from operating activities	es	19,403	(143,172)
Interest Received		323	140
Receipts from the sale of Capital items		1,531	5,115
Capital Expenditure	11	-	(43,184)
Increase/(Decrease) in Cash in the year		21,257	(181,101)
Reconciliation of net cash flow to movement in net funds	10		
Increase/(Decrease) in Cash in the year		21,257	(181,101)
Net Funds at 1 January		237,970	419,071
Net Funds at 31 December		259,227	237,970

# **Notes to the Financial Statements** For the year ended 31 December 2011

•	<b>2011</b> €	<b>2010</b> €
Oireachtas Grant Income Drawdown     Oireachtas Grant Income drawdown	2,280,216	2,534,750
2 Other Income		
Sales of Publications	340	855
Bank Interest	323	140
	663	995
	<b>2011</b> €	<b>2010</b> €
3 Wages and Salaries		
Wages and Salaries	1,614,192	1,645,624
Social Welfare Costs	119,012	139,549
	1,733,203	1,785,173
The average numbers of employees during the year were:	20	21

€97,859 (2010: €98,416) 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 €169,836 as remuneration in respect of his role as Director of NESC for the year ended 31 December 2011. 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.

Approval was received from the Department of Taoiseach and the Department of Finance to pay the former Chairpersons of the NESF and NCPP, €50,000 and €20,000 respectively in full and final settlement of any claims in respect of the cessation of their employment. The Chair of the Board and the former Chair of the Board did not receive any remuneration for the year ended 31st December 2011. The Board members were full time employees of NESDO and Department of Taoiseach and were not in receipt of fees or expenses for their positions on the Board of NESDO.

4 Pension	<b>2011</b> €	<b>2010</b> €
Included in wages and salaries in note 3 is the following:		
Employee contributions to pension scheme	10,849	9,606

# **Notes to the Financial Statements** For the year ended 31 December 2011

Continued

	2011	2010
	€	€
5 Operating Costs		
Consultancy Fees	691	25,091
Printing and Publications	18,711	88,169
Travel and Subsistence	9,486	20,472
Conferences and Seminars	9,576	30,195
Training	7,597	47,657
Post, Taxis and Couriers	3,008	13,461
Library Services	12,052	25,412
Advertising and Public Relations	-	90
Administration	10,509	1,982
Professional Fees	24,048	44,215
Telephone	15,861	18,415
Stationery	9,023	17,472
IT and Website costs	70,565	97,004
Rent and Service Charges	360,627	418,829
	551,754	848,464

# **Notes to the Financial Statements** For the year ended 31 December 2011

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Continued	Equipment €	Furniture €	Total €
6 Tangible Assets  Cost			
Balance at 1 January 2011 Disposals	336,119	104,800 (4,545)	440,919 (4,545)
Balance at 31 December 2011	336,119	100,255	436,374
Depreciation			
Balance at 1 January 2011	259,896	77,639	337,535
Charge for year	41,151	11,689	52,840
Depreciation elimiation on disposal	-	(3,044)	(3,044)
Balance at 31 December 2011	301,047	86,284	387,331
Net Book Value			
At 31 December 2010	76,223	27,161	103,384
At 31 December 2011	35,072	13,971	49,043

	2011	2010
	€	€
8 Debtors		
Sundry Debtors	17	-
8 Creditors		
Trade Creditors	-	4,457
Accruals	164,045	88,381
Revenue	44	47,428
	164,089	140,266

Continued

# **Notes to the Financial Statements** For the year ended 31 December 2011

		<b>2011</b> €	<b>2010</b> €
9	Income and Expenditure Reserves (Surplus/(Deficit))  The Income and Expenditure Reserve disclosed in the Balance Sheet on Page 9 comprises the following:		
	Balances at 1 January	97,704	233,665
	Deficit for year	(2,549)	(135,961)
	Balance at 31 December	95,155	97,704

#### 10 Cash and Bank Balances

Current Account Balances	3,061	69,060
Deposit Account Balances	255,306	168,352
Cash on Hand	859	558
	259,227	237,970

#### 11 Capital Account

Balances at 1 January	103,384	122,196
Transfer to Income and Expenditure		
Income used to purchase Fixed Assets	-	43,184
Amortisation in line with depreciation	(52,840)	(52,871)
Disposal of fixed assets	(1,051)	(9,125)
	(54,341)	(18,812)
Balance at 31 December	49,043	103,384

### 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 19 June 2012.



#### **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)

#### 4 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

#### 4 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

#### 4 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

#### 4 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

#### 4 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

#### 12 nominated by An Taoiseach:

- Prof Mary Daly, School of Sociology, Social Policy & Social Work, Queens 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, Head of 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

