

17 Kildare St.,
Dublin 2.
5th December 2023

Mr Paschal Donohoe,
Minister for Public Expenditure and Reform,
Department of Public Expenditure and Reform,
Government Buildings,
Upper Merrion Street,
Dublin 2.

Dear Mr Donohoe,

We are writing to you to request a meeting with you to express our concern at a reported reduction in Skillnet Ireland funding in 2024.

Budget 2024 saw an overall reduction of 30% in NTF funding to Skillnet Ireland when compared to its 2023 allocation. This apparently arose from the cessation of Brexit Adjustment Reserve funding and Covid funding. We understood that this shortfall in funding would be met through additional ESF+ funding, which has yet to materialise.

As I write to you in the first week of December, we have exhausted all our 2023 allocation, and have only €1,200 in our ISME Skillnet account. This is not just due to the hard work of our ISME Skillnet team, it is also due to the high demands for training from the ISME network. We have little doubt this is replicated across the Skillnet Ireland network.

Because of the rising demand for training from our network, ISME has sought a significant increase in funding above its 2023 allocation for next year. While we understand that extra spending on Skillnet funding is regarded as “additionality” for budgetary purposes, the manner in which the National Training Fund is financed via a PRSI deduction into a dedicated fund means it is seen very differently by employers. This is a charge to payroll which employers understand will be reserved exclusively to meet the increasing skills and training needs of the Irish workforce. The fact that the NTF surplus has swollen in recent years has been a matter of real concern for us.

These monies can never be viewed as part of the general Exchequer fund. They can also never be diverted into areas of expenditure for which they were not intended. To be explicitly clear: employers in general, and ISME member businesses in particular, see the NTF as their money. It should be allocated to workplace training requirements as soon as those are identified by Skillnet Ireland.

As you know, the NTF was set up in 2000 with the legislative mandate to:

- (a) to raise the skills of those in employment, or
- (b) to provide training to those who wish to acquire skills for the purposes of taking up employment, or

(c) to provide information in relation to existing, or likely future, requirements for skills in the economy.¹

This legislative mandate means NTF funding cannot be used for tertiary education purposes, nor can it, as was suggested in some quarters during the Covid pandemic, be used to mitigate state expenditure in areas such as the social fund.

Any failure to maintain Skillnet funding in 2024 would be seen as bad faith by employers. Furthermore, it would undermine confidence among employers that red-circled funding would be spent on the projects for which it was secured. A reduction in Skillnet funding while the NTF surplus continues to expand would be intolerable.

In our view, any fiscal issues that arise regarding 2024 expenditures should be addressed by tackling those expenditures individually. We do not see Skillnet expenditures being included in them, as the funding for them has been secured not via general taxation but through a dedicated levy. In our view, these monies are held “on account.” While ISME accepts that its views on Skillnet expenditure may not coincide with a strict interpretation of the stability and growth pact, we would view any threat to Skillnet expenditure as requiring Government intervention on the collection side, i.e. the training levy should be reduced pro-rata until normal NTF spending can be resumed. As a matter of principle, the Exchequer should not undermine or withdraw funding from any area for which a dedicated levy has been imposed: employers have not forgotten the termination of the Statutory Redundancy Rebate in Budget 2013, a rebate which was funded by employers since 1979, when the Redundancy Contribution was rolled into PRSI at a 0.5% premium; we will not accept the training levy going the same way.

We would like to meet with you as a matter of urgency to discuss the Skillnet budget for 2024.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Neil McDonnell', with a stylized flourish at the end.

Neil McDonnell
Chief Executive

CC Patrick O’Donovan TD, Department of Public Expenditure, NDP Delivery and Reform
David Moloney, Secretary General of the Department of Public Expenditure, NDP Delivery and Reform
Declan Hughes, Secretary General, Department of Enterprise, Trade and Employment
Pauline Mulligan, Assistant Secretary, Department of Enterprise, Trade and Employment
Margaret O’Rourke Doherty, Image Skillnet
Adam Weatherley, ISME Skillnet

¹ <https://www.irishstatutebook.ie/eli/2000/act/41/section/7/enacted/en/html#sec7>