

19 January 2004

Mr Reuben Irvine  
Economist  
Advocacy Division  
Competition Authority  
Parnell House  
14 Parnell Square  
Dublin 1

**RE: STUDY OF COMPETITION IN PROFESSIONAL SERVICES IN IRELAND:  
CONSULTATION DOCUMENT 2 – ARCHITECTS**

Dear Mr Irvine

Thank you for forwarding the above consultation document to the HEA and for providing us with an opportunity to respond to the issues raised. The document reflects a very comprehensive study and in-depth analysis of the architecture profession in Ireland.

As a general comment, we would have concerns that while analysis of individual sectors is helpful, it may lead to a partial or segmented view of wider issues. In particular, the higher education sector, in its capacity as a supplier of skilled graduates to the economy, is subject to the constraint of overall enrolments. Providing additional output in one area may have implications in other areas. While this is not a particularly important issue in the area of architecture, it may well apply in the case of other professions, e.g. engineers, where extra engineer output may lead to declining output in other areas such as science, apprenticeships, etc.

Our remaining comments relate mainly to section three of your paper and to consultation questions seven and eight. This section raises a number of specific points regarding third level education for architecture students and proposes a draft recommendation for the HEA. We would like to respond in particular to these issues and draft recommendation.

## **DRAFT RECOMMENDATION FOR THE HEA AND EDUCATIONAL INSTITUTIONS**

The draft recommendation is directed at both the HEA and educational institutions and might be interpreted as suggesting that the HEA is responsible for determining the number of places available within third level courses and how these courses are run. In fact, these are not functions that fall within the legislative remit of the HEA.

The HEA is the funding body for the universities and a number of other HEA designated institutions. Recurrent funding is allocated for the purposes of both teaching and research in the form of a block grant. Allocations are informed by a formula based unit cost system, the main inputs to which are the universities' audited financial statements and universities' certified student enrolments. The HEA advises the Minister for Education and Science on higher education policy issues and also carries out review functions in relation to strategic development plans, quality assurance and equality in respect of the universities.

However, the universities are autonomous institutions. The Universities Act, 1997 sets out their statutory objectives and functions. Within these objectives and within their individual budgets, they have the freedom to innovate and to develop programme provision in anticipation of, and in response to, the economic, social and cultural needs of the community and student demand. Universities make decisions regarding programme provision on the basis of perception of student demand and perception of national needs and in the context of their own institutional mission and strengths. Given that most courses last at least one or two years and generally much more, these decisions have to be based on a long-term view. An analysis of the student demand/supply ratio by subject area and award level over the past ten years illustrates that the higher education system has been, on the whole, responsive to changes in student demand (please see table 1 enclosed). Institutions have demonstrated the capacity for successful self-regulation and innovation.

In addition, the Government also has the capacity, when particular and urgent needs arise, to intervene and create incentives to increase provision and demand in certain subject areas, based on perceived national, economic, social and cultural needs.

The Expert Group on Future Skills Needs is one advisory body to the Government that makes recommendations on initiatives to address skills needs. The Expert Group on Future Skills Needs operates under the aegis of Forfás and it is one element of the Business, Education and Training Partnership established by the Government in 1997. The Group was set up to develop national strategies to tackle the issue of skills needs, manpower estimating and training for business and education in Ireland.

An example of one such initiative is the Information Technology and Investment Fund. Based on the recommendations of the Expert Group on Future Skills Needs, the Minister for Education and Science and the Tánaiste and Minister for Enterprise, Trade and Employment established an Information Technology Investment Fund to support the provision of high-level IT skills by third level institutions. The amount of the Fund is €160 million, to be allocated over the period 2001 to 2006. The Fund is administered by the HEA with the support of an Advisory Group comprising the third level institutions, the Expert Group on Future Skills Needs, the Skills Initiative Unit, the Department of Education and Science and IBEC.

Other recent examples of Government intervention have occurred in the areas of construction and engineering based on recommendations made by the Expert Group on Future Skills Needs, and also in the pharmacy and therapies programmes arising from recommendations made by the HEA and the Department of Health and Children.

The position regarding the institutes of technology (ITs) is somewhat different. The ITs are not designated institutions under the HEA Act, 1971. They are funded directly by the Department of Education and Science. The Department is also responsible for new programme provision approval within the institutions.

#### **SIZE OF ARCHITECTURE SCHOOLS**

The consultation paper suggests that the market demand for architects exceeds the supply of architects from higher education institutions (paragraph 3.7), however, we did not see the evidence in the document to support this view. However, if it were to be the case that there is a need for an increased number, there are procedures that would have to be followed.

The procedures used in the evaluation and implementation of capital projects operate in the statutory context of the HEA Act, 1971 and the Universities Act, 1997 and also within the general public sector guidelines for management of exchequer financed projects. Under this legislation the HEA has a specific statutory responsibility in respect of capital planning and funding and allocates funding to the universities for the purposes of various building projects and capital proposals made by the universities.

At any time universities may submit an application to the HEA for exchequer funding for a capital project, e.g. construction of new facilities. The HEA evaluates these proposals on the basis of a range of factors including projected student numbers, requirement for new development, etc. Arising from this evaluation the HEA makes a recommendation to the Department of Education and Science. The final decision on an exchequer funding allocation rests with the Department.

An alternative approach may apply in the event that the Government takes a decision that additional provision is required in certain areas. In these cases higher education institutions may be invited to participate in a competitive tendering process for the supply of this additional provision (or part thereof). Interdepartmental groups / expert panels may be established to evaluate the tenders received. Tenders are evaluated according to criteria set down in the invitation to tender including consideration of both recurrent and capital costs. This is the type of approach that was followed to increase provision of therapies programmes following the publication of a Government commissioned report into supply and demand conditions for certain professional therapists.

Most recently, the HEA has been requested by the Minister for Education and Science to undertake a review exercise of all capital projects in the third level sector (both the university and IT sectors), already submitted or which institutions intend to submit. This is with a view to prioritisation and phasing in the context of a multi-annual funding programme. This review is being undertaken against a background of very considerable demands on the Exchequer for capital financing, as well as the limited availability of capital funding from the Exchequer across all areas of Government expenditure. A working group has been established to conduct the prioritisation exercise, and submit a schedule of projects, with recommendations. The HEA will make its recommendations to the Minister early this year.

## RECOMMENDATION FOR ADDITIONAL STUDENT PLACES

The Executive Summary of the document states that “..the HEA has recommended a moderate increase in the number of places for architects..”. This recommendation was in fact made by the Expert Group on Future Skills Needs. In its fourth report (October 2003) it recommended that an additional 45 places should be provided for students who wish to study architecture.

I trust that the above comments will be of assistance to you in the context of finalising your report. Should you have any questions or require any additional information, please do not hesitate to contact me. We would be happy to work with you further to clarify any outstanding issues.

Kind regards.

Yours sincerely.



Tom Boland  
Secretary / Chief Executive

**TABLE 1: DEMAND/SUPPLY RATIO BY SUBJECT AREA & AWARD LEVEL**

<b>Degree</b>		
<b>Subject area</b>	<b>Average Demand/Supply ratio (1991-2001)</b>	<b>Range</b>
<b>Arts/Social Science</b>	2.23	1.87 - 2.47
<b>Science/Applied Science</b>	1.79	1.51 - 2.17
<b>Administration/Business</b>	3.44	2.75 - 5.26
<b>Engineering/Technology</b>	3.13	2.64 - 3.40
<b>Aggregate for four disciplines</b>	<b>2.57</b>	<b>2.38 - 2.83</b>
<b>Diploma/Cert</b>		
<b>Subject area</b>	<b>Average Demand/Supply ratio (1992-2001)</b>	<b>Range</b>
<b>Arts/Social Science</b>	10.03	6.51 - 15.83
<b>Science/Applied Science</b>	2.64	2.15 - 3.11
<b>Administration/Business</b>	3.90	2.99 - 5.27
<b>Engineering/Technology</b>	2.48	2.09 - 2.87
<b>Aggregate for four disciplines</b>	<b>3.35</b>	<b>2.76 - 3.70</b>

The ratio of CAO first preferences to CAO net acceptances by subject area generates an average demand/supply ratio. A low average demonstrates a close matching of programme provision to student demand.

The range of this demand/supply ratio over a period of time can be seen as an approximation of how quickly and to what extent institutions adjust their supply to reflect student demand. A broad range would therefore indicate programme provision which is at significant variance to student demand.

An overview of the data contained in table 1 indicates that the higher education system has been, on the whole, responsive to changes in student demand. Within a system, which allows for institutional innovation in programme provision, institutions have demonstrated the capacity for self-regulation.