

1.1 BACKGROUND TO VFM AND POLICY REVIEW INITIATIVE

In 1996, the Co-ordinating Group of Departmental Secretaries established under the Strategic Management Initiative (SMI) in their report on Delivering Better Government identified a need *“for a systematic analysis of what is actually being achieved ... (with) Government resources ...”* They recommended that *“agreements between the Department of Finance and individual Departments on delegated authority for programme expenditures (should) provide a schedule of reviews of expenditure to be carried out during the currency of the agreements, with the aim of ensuring that each programme of expenditure is subject to a thorough review at least once every three years”*.⁶ The Government accepted this recommendation and approved a programme of reviews under the Expenditure Review Initiative (ERI), with the twin aims of providing (i) a systematic analysis of what is actually being achieved by expenditure in each spending programme and (ii) a basis on which more informed decisions can be made on priorities within and between expenditure programmes.

In 2006, the Department of Finance Central Expenditure Evaluation Unit (CEEU) carried out a detailed evaluation of the ERI process, focusing on the process in each Department, the quality of reviews carried out and the impacts achieved from these reviews. Furthermore, the OECD, as part of its review of the Irish public service and of reform initiatives, considered the expenditure review process and identified specific concerns in relation to the independence of the process, evaluation capacity within Departments, the contribution of reviews to the estimates and budgeting processes and the lack of follow-up of review recommendations. The OECD review made a number of recommendations to improve the operation of review process.

In 2008, the Government decided that the process should be refocused to take account of the Department of Finance review and the OECD recommendations. In particular, the Government agreed that the 2009-2011 programme of reviews would focus more on major areas of expenditure particularly in the Health, Education, Social Welfare and Justice sectors which, between them, accounted for almost 75% of total gross expenditure in 2008. In addition, it was agreed that each of these four Departments would conduct one review per

⁶ *Delivering Better Government, Second Report to Government of the Co-ordinating Group of Secretaries - A Programme of Change for the Irish Civil Service* (May, 1996), p. 50.

year, while all other Departments, the Office of Public Works and the Office of the Revenue Commissioners would each carry out two reviews over the three-year period.

1.2 VfM and Policy Review Initiative and the DSP

Since the launch of the Expenditure Review Initiative in 1997, the Department of Social Protection has completed a total of 26 expenditure/VfM reviews including disability schemes, payments for lone parents and the supplementary allowance scheme. Under the new arrangements announced in 2008, the DSP decided that a review of child income support payments would be appropriate and timely for a variety of reasons: expenditure on Child Benefit, Qualified Child Increases and Family Income Supplement had increased significantly in recent years (from just over €881 million in 1997 to over €3 billion in 2008); the fact that these payments had not been reviewed under the expenditure review or VfM processes; questions in relation to the appropriateness and effectiveness of existing child income support payments have been raised in a number of earlier studies and within the social partnership process. Furthermore, despite significant extra resources directed at child income supports payments, most notably Child Benefit, children still accounted in 2007 for nearly 40% of all those in consistent poverty and had higher poverty rates than working age adults or older people.

More generally, policy statements had included a number of commitments to keep the system of child income supports under review. The National Action Plan for Poverty and Social Exclusion 2007-2016 includes the following commitment: *“maintain the combined value of child income support measures at 33%-35% of the minimum adult social welfare payment rate over the course of this Plan and review child income supports aimed at assisting children in families on low income.”*⁷ The National Partnership Agreement *“Towards 2016”* lists a number of actions which are intended to progress the objective of eliminating child poverty including a commitment to *“progressing, as a matter of priority, further work aimed at assisting children and families on low incomes.”*⁸

Until now CIS policy has not been the subject of a policy and value-for-money (VfM) review, despite being the primary subject matter in many reports over the last thirty years. As part

⁷ *National Action Plan for Social Inclusion, 2007 – 2016*, Department of Social and Family Affairs (Dublin, 2007), p. 33.

⁸ *Towards 2016 Ten-Year Framework Social Partnership Agreement 2006-2015*, Department of the Taoiseach (Dublin, 2006), Section 30.2.5, pp 45-46.

of the Government's ongoing programme of spending reviews, the Department of Social Protection (DSP) initiated in 2009, a review covering policy around the CB, QClIs and FIS payments as well as aspects of the BtSCFA and ECS payments. The review was undertaken over a period of 18 months in 2009/10 by the Department under the supervision of a Steering Group established by the Secretary General of the DSP. This report outlines the approach taken and key themes emerging within specific chapters and presents the analysis, conclusions and recommendations of that review.

The current review therefore presents an opportunity to meet the obligations of the DSP under the Government's decision to refocus the expenditure review process as well as addressing the broader policy issues arising from Child Income Support payments. In line with the overall approach of the expenditure review process, conclusions reached in the review do not necessarily represent Government policy in this area but are expected to play a role in informing future policy development particularly directed at securing more coherent, effective and efficient spending of public money on families with children.

1.3 Scope of review

1.3.1 Child Income Supports and broader policy on children

The public sector in Ireland provides a wide range of supports and services for families with children. These extend across a wide range of government services such as **education** supports (free access to schools, school transport, DEIS⁹ programmes, school meals, books and educational materials); **childcare** facilities and supports; **child health** and paediatric services; **child protection services** and **local services and facilities** (such as playgrounds and parks). Certain provisions within the tax code also provide support to families with children. A comprehensive review of all publicly funded supports to families with children would go well beyond the scope of the current review and would, in effect, need to address a wide range of issues related to the scope, adequacy and mix of services and supports for households with children. In particular, it might address the issue of whether such support needs to be provided at all, whether it should be provided through either services or income supports, whether they should be available for all households (universal) or some households (targeted) or whether they should seek to head-off difficult situations (preventative) or address the problems of families already in difficulty. The current review

⁹ Delivering Equality of Opportunity in Schools.

looks in detail at one part of this range of questions (child income supports) while bearing in mind the bigger picture (addressed in more detail in Chapter 6).

1.3.2 Terms of Reference

In line with the overall objectives of the expenditure review initiative, the review of child income support policies and programmes will examine the objectives of child income support (CIS) policy, consider if they remain valid, if programme spending and associated administrative costs are well configured to meet these objectives and if alternative approaches would achieve better outcomes and impacts. The specific terms of reference for the review are set out below:

- 1. Identify child income support policy and programme objectives, consider the validity of policy and supporting programmes on providing income support to families with children, the role of CIS in a strategy for tackling child poverty through income support and work, and the consistency of these objectives with government objectives and commitments and the overall mission and strategy of the DSFA.*
- 2. Define the outputs associated with relevant programme activity and identify the level and trend of those outputs. Identify the level and trend of costs and staffing resources associated with the relevant programmes and comment on the efficiency with which they have achieved their objectives.*
- 3. Consider the extent to which policy objectives have been achieved and whether they could be achieved more effectively through an alternative programme spending mix.*
- 4. Consider the wider impact of policy and associated programmes for society over the medium to long-term.*
- 5. Evaluate the degree to which the objectives warrant the allocation of public funding on a current and ongoing basis and examine the scope for alternative policy or organisational approaches to achieving these objectives on a more efficient and/or effective basis (such as through international comparison).*
- 6. Identify performance indicators that might be used to better monitor the performance of CIS policy and associated programmes.*

1.3.3 Evaluation questions

The VfM manual was used to derive a list of evaluation questions to be addressed and these questions together with the relevant terms of reference are shown in Appendix 3. In summary the review addresses policy and programme effectiveness and efficiency at three distinct though related levels:

- a) Does the overall level of spending effectively and efficiently achieve child income support policy objectives?
- b) Is the mix of universal and targeted measures still appropriate in current economic and fiscal circumstances, taking into account the main CIS policy objectives and other objectives such as retaining labour market incentives and addressing the cost of childcare? Would a different policy mix achieve better outcomes?
- c) Do specific issues of design, performance and administration of specific schemes need to be changed in order to improve policy performance?

1.3.4 Time period covered

The review primarily covers the period from 1997 to the present time bearing in mind that high-level administrative data (covering programme outputs) are available to reflect the current position but data covering outcomes and impact (particularly household survey data) are only available with a lag. It is expected that developments in earlier periods will need to be considered, particularly to assess the objectives underlying child income support policy.

1.4 Approach and methods adopted

The VfM and Policy Review initiative guidance manual requires that the scope of the review be defined under a number of headings (programmes covered, time period etc). This manual was used to scope and organise the areas for review and in particular the evaluation questions to be considered.

A Steering Committee¹⁰ was established chaired by an external chairperson and comprising of members representing the relevant areas of the Department of Social Protection, i.e. Planning, Child Benefit, FIS Sections and Social Inclusion Division (from February 2010)¹¹, together with representation from the Department of Finance (social welfare vote and central expenditure evaluation section).

The review examined the following sources:

- relevant legislation and background information,
- scheme guidelines and relevant case history,
- previous reviews and relevant research
- Information on the organisational delivery of the current supports,
- International practice,
- Statistical reports on social welfare services,
- Management information reports,
- Specific scheme system abstracts as required,
- CSO statistics, particularly EU-SILC reports,
- Other statistical tools such as the ESRI's SWITCH model.

1.5 Review outline

Chapter 2 examines the policy rationale for CIS policy and programmes by identifying the particular objectives pertaining to each scheme including their role in tackling child poverty. Chapter 3 provides broad descriptions of the main CIS payments and the key developments relating to each scheme since their inception. It also examines trends in expenditure on the individual schemes as well as the number of beneficiaries since 1997. Chapter 4 identifies available evidence and data around the extent to which policy objectives have been achieved and considers whether this could be done effectively through an alternative programme spending mix. Chapter 5 evaluates the effectiveness and efficiency of specific CIS programmes and examines the administrative and service delivery efficiency of these CIS payments. Chapter 6 considers the wider impact of policy and associated programmes for intended beneficiaries over the medium to long-term. Chapter 7 looks at child income supports in an international context as well as looking at recent trends in reforms in other countries. Chapter 8 provides an overview of the main findings from the consultation exercise undertaken as part of the review. Chapter 9 assesses the extent to which the objectives warrant the allocation of public funding on a current and ongoing basis and

¹⁰ Membership in Appendix 1.

¹¹ The functions of the Social Inclusion Division were transferred to the Department of Community, Equality and Gaeltacht Affairs from 2 May 2010.

examines the scope for alternative policy or organisational approaches to achieving these objectives on a more efficient and/or effective basis. Chapter 9 also identifies those performance indicators that might be used to better monitor the performance of CIS policy and associated programmes.

