



Department of Social Protection

Briefing Material

For

Minister

Joan Burton T.D

2011

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INTRODUCTION

Minister,

This Ministerial Brief sets out the main areas of responsibility of the Department of Social Protection. It reflects the current structure and responsibilities of the Department. Obviously, these will be revisited in the light of the new Programme for Government and in discussion with you regarding your priorities, timing and implications. The brief is structured as follows:

- Section 2 provides an overview setting out the high level objectives of the Department and some key facts and figures. It also provides an extract from the interim Statement of Strategy setting out the current five key objectives.
- Section 3 sets out brief details on the main issues which the Department is currently dealing with. These are highlighted as areas which may require your more immediate attention. Each of these issues will be the subject of detailed briefing and discussion with you over the first number of weeks.
- The current management and organisational structure is set out in Section 4. This gives an overview of the way in which the Department is organised, as well as details of the members of the Management Board and all Principal Officers. Contact details for this group will be supplied separately to you.
- The policy and scheme information set out in Section 5 is the most detailed part of the brief. It provides basic details on all activities of the Department across all the main schemes. It is set out in terms of the lifecycle approach: children, working age, people with disabilities, older people and the supplementary welfare allowance scheme. For each of these areas, the main policy developments are outlined, followed by some basic information on each of the schemes within that policy area. Relevant statistics are included in appendices at the back of this report.
- Details of a range of other areas are set out in Section 6, including the legislative programme, PRSI policy and issues relating to EU and international responsibilities.
- Section 7 provides an overview of the finance, budget and estimates process. This includes an overview of the Department's expenditure position and outlook and timetable for the remainder of 2011 and 2012.

- The delivery of services is dealt with in Section 8. This sets out the critical importance of our IT systems and the major changes proposed in our service delivery modernisation programme. Other areas include the importance of the Department's records and identity services.
- The final two sections of the brief (9 & 10) set out details of the agencies under the aegis of the Department and also provides statistics on the main schemes.

The Department is heavily engaged in developing and assessing social policy development and has recently published a number of key policy documents, setting out reform proposals for the future. The main reports are:

- *The National Pensions Framework* – March 2010
- *A Policy and Value for Money Review of Child Income Support and Associated Spending Programmes* – November 2010
- *Report on the Desirability and Feasibility of Introducing a Single Social Assistance Payment for People of Working Age* – November 2010
- *Value for Money Review of the Disability Allowance Scheme* – November 2010

These reports and other scheme details are available and can be outlined to you as part of the overall briefing meetings which will be scheduled. There may be other areas of interest to you for which we can arrange briefing or information.

The above brief is aimed at giving you an introductory set of information which I hope will be helpful to you in the initial weeks. If there are any other elements or further detail required, I will be happy to arrange that for you.

Niamh O'Donoghue
Secretary General
9 March 2011

OVERVIEW

DEPARTMENT OF SOCIAL PROTECTION

Mission and Functions

To promote active participation in society through the provision of income supports, employment services and other services.

The Department supports the Minister for Social Protection in the discharge of governmental, parliamentary and departmental duties. Our main functions are:

1. to advise Government and formulate appropriate social protection policies,
2. to design, develop and deliver effective and cost efficient income supports,
3. activation and employment services,
4. to advise customers and other related services,
5. work towards seamless service delivery in conjunction with other Departments, Agencies and bodies in the delivery of Government policies.

Scale of the Department's business

Each week approximately 1.4 million people receive a social welfare payment and, when qualified adults and children are included, a total of almost 2.1 million people benefit from weekly payments. More than 600,000 families receive child benefit payments in respect of over 1.2 million children each month.

Over the course of a year

- 2.5 million applications are processed each year
- Almost 85 million payments are made
- 450,000 assessments are conducted by inspectors
- 750,000 control reviews are carried out
- 6.5 million telephone calls answered
- promotion and distribution countrywide of over 60 information booklets/leaflets and a wide range of forms
- processing applications for Personal Public Service (PPS) Numbers for customers from 200 countries.

Expenditure on schemes and services provided by the Department accounts for almost one third of gross voted Government current expenditure. In 2010, the total expenditure by the Department was €21 billion. (See Tab 10 – Appendix 1).

The Department is committed to providing a top quality service to our customers within the overall context of the need to drive down costs. This requires us to continuously develop our operational capabilities, modernise and be innovative.

We are currently engaged in an extensive multi-year programme of modernisation, involving fundamental redesign of business processes and supporting ICT infrastructure, which has already led to efficiencies and service improvements. The *Public Service Agreement* provides a framework for achieving further improvements. In particular, it provides a basis

for increased flexibility and full staff co-operation with the Department's modernisation programme.

Our Strategic Objectives

In the interim *Statement of Strategy*, we set out five strategic objectives of the Department over the next three years. The five high-level objectives are aimed at social well-being and supporting economic success and these are detailed by the key actions and activities which we will undertake to ensure that these are delivered. We also outline the performance indicators which we will use to enable us to track and measure progress.

Objective 1: *To contribute to the well-being of children, especially their economic security, through the provision of income and other supports*

High-level strategy: To provide well-designed income supports to households with children so as to ensure their economic security in line with the objectives of the national children's strategy. Such supports to include universal financial support to families with children as a contribution to the cost of raising children and further targeted support to those who are at risk of poverty in a way that minimises disincentives for parents to take up paid work.

Key Outcomes: To reduce the risk of child poverty for households with children and to support parents on low income to take up or remain in paid work.

High-level indicators: Extent to which financial support for families with children at risk of poverty reaches NAPS inclusion target;
Consistent poverty rates for families.

Objective 2: *To provide people of working age with income supports and/or opportunities to enable them to reach their full economic and social potential*

High-level strategy: To provide income support and other services to people of working age facilitating them to engage in employment, training, education or development opportunities.

Key Outcome: To raise employment participation levels thereby reducing long-term dependence on social welfare payments.

High-level indicators Consistent poverty rates for people of working age.
Social welfare dependency rates among working age population.
Employment participation rates.
Integrated service delivery.
Participation rates in activation measures (employment, training or development opportunities).
Meeting the Governments agreed EU employment targets.

Objective 3: *To provide income and other supports to retired and older people to enable them to participate fully in society*

High-level strategy:	To provide and promote adequate, secure and sustainable pensions and other appropriate supports for retired and older people in line with the Government's National Pensions Framework
Key Outcomes:	To reduce pensioner poverty.
High-level indicators	Poverty rates for older people. Supplementary pension coverage rates.

The remaining two objectives relate to the capability and support services of the Department.

Objective 4: *To improve the collection, sharing and use of customer information across public services*

High-level strategy:	To efficiently and effectively collect, manage and share data with public service agencies by contributing to the formulation of policy, setting standards as appropriate, collecting high-quality customer information and sharing sufficient information in a secure manner with other agencies.
Key Outcome:	Faster and less intrusive customer access to services and more efficient management of data by agencies.
High-level indicators:	Operation of efficient General Register Office systems to collect and make vital records information available. Progress made in the implementation of the Standard Authentication Framework Environment Programme. Effective and efficient customer identity management systems developed and implemented; usage of these systems. Effective and efficient eligibility information (e.g. means, taxation information) management systems developed and implemented; usage of these systems.

Objective 5: *To improve the Department's Operational Capabilities*

High-level strategy:	To ensure that the Department continues to develop the appropriate capacity to deliver on its mandate from Government
Key Outcome:	To deliver seamless customer service in a more pro-active, efficient and effective manner.
High-level indicators	Achievement of Public Service Action Plan targets. Achievement of the Department's Business Transformation Programme. Development and implementation of appropriate corporate support strategies in the new environment. Internal and external customer satisfaction as measured by periodic surveys. Appropriate management of Service Level Agreements with agencies providing services on behalf of the Department.

Organisation of the Department

The Department has over 5,022 staff (excluding the staff of the Community Welfare Service and FÁS). The headquarters offices are located in Buncrana, Carrick-on-Shannon, Dublin, Dundalk, Letterkenny, Longford, Roscommon, Sligo, Tubbercurry and Waterford. The delivery of services locally is organised on a regional basis with offices in Cork, Dublin, Galway, Longford, Sligo and Waterford. Services are delivered locally through a nationwide network of 63 Social Welfare Local Offices, and 62 Social Welfare Branch Offices. Services are also provided through FÁS Employment Services Offices and the Community Welfare Service.

The Civil Registration Service provides for the registrations of births, deaths and marriages in the State. It is managed by the General Register Office in Roscommon, while registration services are provided by registrars appointed by the Health Service Executive (HSE) at various locations across the State. The GRO also operates a genealogical research facility in Dublin.

The Social Welfare Appeals Office is independently responsible for determining appeals against decisions on social welfare entitlements, insurability of employment issues and certain decisions made by the HSE under the Supplementary Welfare Allowance Schemes.

A number of Agencies operate under the aegis of the Department namely:

The Pensions Board is responsible for overseeing the implementation of the Pensions Act which provides for the regulation of occupational pensions and Personal Retirement Savings Accounts. The Board also advises the Minister in relation to pension policy.

The Office of the Pensions Ombudsman investigates complaints of financial losses due to maladministration and disputes of fact or law, in relation to occupational pension schemes and Personal Retirement Savings Accounts. The Pensions Ombudsman is a statutory officer and exercises his functions independently.

The Social Welfare Tribunal is a statutory body set up in 1982 to deal with cases where entitlement to Jobseeker's Benefit or Jobseeker's Allowance is refused due to an involvement in a trade dispute. Where a person feels unreasonably deprived of employment because an employer refused or failed to engage in the mediation process for settling disputes, application may be made to the Tribunal for adjudication on the matter.



The Citizens Information Board is the national agency responsible for supporting the provision of information, advice and advocacy on social services and for the provision of the Money Advice and Budgeting Service (MABS).
For more information on agencies see Tab 10.

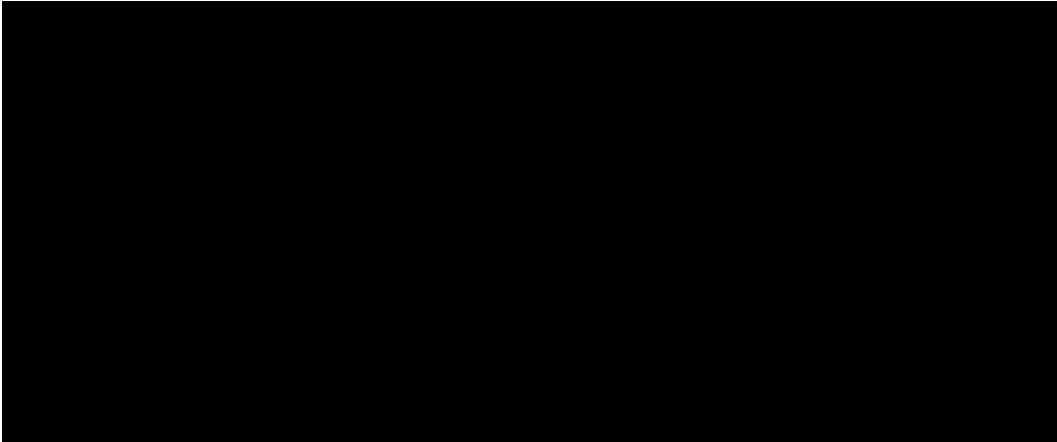
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(i) FINANCIAL

1. Budget 2011

The social welfare package in Budget 2011 was designed to achieve total savings of **€873 million in 2011**. In round terms, €623 million was to be achieved through rates of payment reductions and the continuation of measures under the Treatment Benefits Scheme and a further €1 million from efficiencies in administration. * 




2. 2011 Estimates

Total expenditure schemes, services and administration is estimated (Revised Estimates Volume, Feb. 2011) at **€20.615 billion** in 2011 - €1.55 billion on Vote 38 and €9.06 billion on the Social Insurance Fund. This represents a decrease of **€734 million or 3.44%** over 2010 expenditure of **€21.35 billion**.

The estimate for SIF income in 2011 is almost €7.24 billion. Accordingly, the SIF will have an operating deficit estimated at almost **€1.8 billion** in 2011. This is over €900 million or 33.4% below the outturn for 2010. This reduction is mainly accounted for by 2011 Budget measures introduced to increase SIF income e.g. the abolition of the employee contribution ceiling and a 1% increase in the rate of social insurance payable by the self-employed. The operating deficit will be funded in its entirety by Vote 38 as the SIF surplus was fully exhausted in 2010.

It should be noted that the 2011 estimate is based on an average weekly Live Register of **405,000** in 2011. The live register was 444,299 at the end of February.

*** For Schedule of the redacted material under the FOI Acts, see end of document.**

3. Expenditure proposals for 2012

The 2012 Estimates and Budget will be prepared later this year, having regard to the commitments in the new Programme for Government.

The National Recovery Plan 2011 - 2014 published by the previous Government, provided for the introduction of DSP measures to reduce expenditure by **€1.9 billion** over the forthcoming three years. €650m of this is required in 2012.

4. EU /IMF Programme of Financial Support for Ireland

Reporting Requirements

1. There are significant monthly and quarterly reporting requirements under the EU/IMF Programme, including specific commitments regarding actions to be taken at specific points between now and the end of next year (i.e. over the next eight quarters). The relevant reports will be provided to the Department of Finance who will formally report to the relevant bodies.

Monthly Requirement

2. Monthly data on adherence to budget targets (Exchequer statement, details on Exchequer revenues and expenditure with information on Social Insurance Fund to follow as soon as practicable) – this is to be provided 10 days after the end of each month.

Note: This data will be supplied by DSP to the Department of Finance on the 5th working day after the end of each month.

Quarterly Requirements

3. **Actions for the first quarterly review (actions to be completed by end Q1-2011);** These are as follows:

- **Reduction of the current expenditure**

A reduction of the current expenditure across all Departments in 2011 of at least €2,090m will be implemented including:

- Social protection expenditure reductions.
- Reduction of public service employment numbers in 2011.
- A reduction of the existing public service pensions on a progressive basis averaging over 4% will be introduced.
- Other expenditure savings of €1,030m including savings on goods and services.

Note: Budget 2011 provided for DSP expenditure reduction measures of €873 million as a major part of that total.

- **Reduction in the risk of long-term unemployment**
Reform the unemployment benefit system in such a way as to provide incentives for an early exit from unemployment - part of overall reforms in the welfare system to reach budgetary savings of €750m in 2011.

At each subsequent review of the programme, the Government will submit reports containing an assessment (including by means of quantitative indicators) of the management of activation policies and on the outcome of job seekers' search activities and participation in labour market programmes.

Legislative measures should come into effect by May 2011.

4. Actions for the second quarterly review (actions to be completed by end Q2-2011)

To enhance long-term fiscal sustainability

- The Authorities undertake to introduce legislation to increase the state pension age. Under the Government's National Pension Framework the age at which people will qualify for the State Pension will be standardised at 66 years in 2014, 67 in 2021 and 68 in 2028

5. Actions for the fourth quarterly review (actions to be completed by end Q4-2011)

- The 2012 budget will provide for a reduction of expenditure in 2012 of €2,100m including:

- Social expenditure reductions.
- Reduction of public service numbers and public service pension adjustments.
- Other programme expenditure, and reductions in capital expenditure.

6. Actions for the eighth quarterly review (actions to be completed by end Q4-2012)

- The budget will provide for a reduction in expenditure in 2013 of no less than €2,000m, including:
- Social expenditure reductions.
- Reduction of public service numbers and public service pension adjustments.
- Other programme expenditure, and reductions in capital expenditure.

See section 7 page 156 for detail.

(ii) CHILD INCOME SUPPORT POLICY

- Child income support policy generally refers to the main child-related payments provided by the Department of Social Protection - Child Benefit (CB), Qualified Child Increases (QCIs) and Family Income Supplement (FIS). Together these account for significant spending (estimated €3 billion in 2011). The primary purpose of child income support programmes is to provide all families with some support for the cost of raising children and targeted assistance to no or low-income households with children in a way which minimises labour market disincentives.
- CB is paid on a universal basis (without regard to household income) while QCIs and FIS are paid on a selective basis. From the mid-1990s to 2007, the policy has been to increase the universal support to families while maintaining the value of QCIs. Since 2008, this policy has been somewhat reversed through firstly maintaining the value of CB and then reducing it, while increasing the level of selective payments.
- As a result, spending on child income supports has fallen from approximately €3.3 billion in 2009 to an estimated €3 billion in 2011. Further reductions in spending will most likely be required if the macro-fiscal targets under the National Recovery Plan are to be met.
- The key issue (which has been so for many years) is whether CB should continue to be paid to all families regardless of income level. There have been many debates over time regarding taxing or income testing it.
- In light of this, a review of child income support policies and associated programmes was undertaken by the Department and published in November 2010. The review found that there is a need to rationalise the current system of child income support payments and selective programmes in particular in order to provide more consistent assistance to low income families and to encourage parental employment. It is likely that a “mixed” strategy where the level of support to low-income households is made up of both universal payments and selective payments of roughly the same value will provide for the optimal achievement of objectives (as opposed to “mainly selective” and “mainly universal” approaches in the past). There is a need to rationalise the current system of child income support payments and selective programmes in particular in order to provide more consistent assistance to low income families and to encourage parental employment.
- The National Recovery Plan, 2011-2014, states that structured reform measures could include *‘The development of a rebalanced and integrated child income support payment system’*.
- As a follow-up to the publication of the child income support review, a consultation seminar, to which various interest groups and stakeholders are being invited, will take place on 29 March.

See section 5 page 25 for more detail

(iii) WORKING AGE AND TRANSFORMATION AGENDA

Policy for income support to persons of working age and the transformation agenda of the Department are intrinsically linked. Further information in relation to the report on Desirability and Feasibility of a working age payment is detailed in Section 5 of the brief.

Transformation and Change Agenda

1. The transformation agenda is a multi-annual programme of change in the Department. It is being coordinated by a dedicated team with the objective of
 - a. Moving from a transaction based focus in our operations to a customer focused one using modern case management approaches;
 - b. Integrating income supports with activation i.e. a range of supports and policies with the objective of assisting social welfare recipients to improve their life chances by facilitating access to employment, work experience, education and training. **In other words, moving from a passive model of income support to a proactive model which is clearly focused on progressing people to social and economic participation;**
 - c. Reconfiguring the structure and operations of the Department to fully integrate the Department, the employment and community employment services of FÁS and of the Community Welfare Service (formerly in the HSE);
 - d. Using modern technology to maximise efficiency and effectiveness in the use of resources;
 - e. Ensuring that the many improvement and change projects currently underway in the Department are rolled out in a co-ordinated way to achieve the objectives of the Transformation Agenda.
2. A case management approach with a focus on the individual, and the development of a tailored plan for each person, produces better outcomes than the traditional transaction focused delivery of scheme services. The Department is committed to developing and implementing such a case management approach, across the full range of its services, with a focus on working with the person rather than the scheme. Our vision is one in which skilled and knowledgeable case managers will work with individuals in need, to ensure that they not only receive the appropriate income supports but are also helped to find a way in which they can participate to the fullest extent possible in their community, economy and workforce.

Transfer of Functions to the Department of Social Protection

1. Last year, the Government reconfigured the Department by the transfer to it of responsibility for
 - a. the Rural Social Scheme and Community Services Programme from the Dept of Community, Equality and the Gaeltacht (D/CEG),

- b. the Redundancy and Insolvency Schemes from the Dept of Enterprise, Trade and Innovation and
 - c. the employment and community employment services of FÁS.
2. Some years ago the Government decided to transfer the Community Welfare Service (CWS) to the Department from the HSE.

Summary of Progress to-date

1. The **Rural Social Scheme and Community Services Programme** transferred to the Department in mid-2010. The schemes and staff are based in Tubbercurry and have been fully integrated into the Department.
2. The **Community Welfare Service** transferred to the Department on a secondment basis from 1 January 2011. The CWS employs over 1,000 staff and administers the Supplementary Welfare Allowance Scheme including Rent and Mortgage Interest supplements on the Department's behalf.
3. **The Redundancy and Insolvency schemes** transferred to the Department with effect from 1 January 2011. The permanent staff transfers from that date while the temporarily assigned staff and NERA telephone service will continue during 2011 to address the backlog of claims. The Department of Enterprise, Trade and Innovation is continuing to host the schemes on its IT and payments systems. An RFT is currently being drafted by DSP for the development of a new system to be deployed by September 2011.
4. Substantial progress has been made in relation to the transfer of **FÁS** employment and community services which will involve around 700 staff moving to the Department later this year.
5. Case management is being developed:
 - i. the necessary IT system has been developed for the Medical Referees (disability and illness schemes) and is currently being developed for the Department's Facilitators who assist people on jobseekers payments to access training, education and employment
 - ii. profiling is being introduced i.e. the collection and assessment of data to help identify those who should be prioritised for early intervention
6. In conjunction with FÁS a number of improvements have been made to the operation of the National Employment Action Plan.
7. Various improvements have been made, and will continue to be made in the operation of Local Offices through the introduction of new technology and process improvements.

See section 5 page 40 for more detail

Working Age - Reform of The One-Parent Family Payment

- Despite significant levels of State spending on one-parent families as well as improvements made to the OFP over the years, the results have been poor in terms of tackling poverty and social exclusion and of encouraging economic independence.
- Legislative changes were introduced to the One-Parent Family Payment (OFP) and these will come into effect from 27 April, 2011.
- The current OFP provides long-term income support to lone parents until their youngest child is aged 18, or 22 if in full-time education.
- Under the amended scheme, for **new customers**:
 - payment will be made until the youngest child reaches the age of 14;
 - there will be a special provision to allow for the continuation of the OFP for lone parents who are in receipt of the Domiciliary Care Allowance and those recently bereaved.
- New recipients of the payment will henceforth be encouraged to avail of educational, training and back-to-work opportunities from when their youngest child reaches the age of 11.
- Existing payments will be phased out over a six-year period.
- It is planned, over time and as resources permit, to provide more structured interventions from the Department, FÁS and the Local Employment Service to support lone parents into education, training and employment from the claim-award stage.

See section 5 page 61 for more detail.

Working Age – People with Disabilities

The Department operates a number of payments for people who are ill and people with disabilities.

A value for money review of the Disability allowance Scheme was published in November 2010. This examined the significant increase in the number of recipients and proposed a number of reforms.

The Department is also proceeding to introduce a Partial Capacity Scheme provided for in 2010. This scheme recognises that the current structure of the welfare system, which categorises people as ‘fit to work’ or ‘unfit to work’, does not reflect the reality for many existing welfare customers. It will provide an opportunity for people with disabilities, and assessed to have an employment capacity which is restricted when compared to the norm, to avail of employment opportunities while continuing to receive an income support payment.

See section 5 page 77 for more detail.

Rent Supplement and Mortgage Interest Relief

The number of recipients and expenditure on Rent Supplement and Mortgage Interest Supplement has increased significantly in recent years.

Rent Supplement

As part of Budget 2011 it was announced that there will be a number of reforms to the rent supplement schemes with a view to achieving savings of €60m in 2011. These reforms include:

- Entering discussions with the Department of Environment Heritage and Local Government with a view to more closely aligning the minimum contribution payable by household couples with that paid by equivalent households under the local authority differential rent scheme.
- Reviewing entitlement of people who refuse local authority housing.
- The reduction of payments made to landlords with a corresponding reduction in rent limits, where appropriate, and
- Increased control activities through efficiencies arising from the transfer of the Community Welfare Service staff to the Department of Social Protection.

In addition, the introduction of a €2 differential between the rate of basic SWA and other schemes from January 2011 will generate approximately €10m in savings between the rent and mortgage interest supplements.

The Social Welfare and Pensions Act 2010 introduced a new condition that rent supplement is not payable until such time as the landlord has provided the HSE with his or her Tax Reference Number or provided the HSE with the reasons for not having a Tax Reference Number.

Mortgage Interest Supplement

No explicit changes to mortgage interest supplement were announced in Budget 2011. However, the introduction of a €2 differential between the rate of basic SWA and other schemes from January 2011 will generate approximately €10m in savings between the rent and mortgage interest supplements.

In July 2010 the Department published its review of the administrative, policy and legal aspects of mortgage interest supplement.

The Department is currently developing an implementation plan incorporating the recommendations and findings from the Department's review with those from the reports from the Mortgage Arrears and Personal Debt Review Group and will discuss these in more detail with the Minister in due course.

See section 5 page 119 for more detail

(iv) PENSIONS POLICY

[REDACTED]

[REDACTED]

- **Defined Benefit (DB) Pension - Funding Crisis**

Defined benefit occupational pension schemes are experiencing funding difficulties having suffered losses in the financial downturns over the last number of years. They are also under pressure from increased longevity, with an increased number of pensioners drawing pensions for a longer duration.

- **The McCarthy Proposals in relation to the merging of certain State Agencies**

The McCarthy report proposed the merging of the Pensions Board with the Financial Regulator and the merging of the Pensions Ombudsman with the Financial Services Ombudsman. This matter has been examined and due to the financial and pension crisis it was recommended that it should not take place **at this time**. A report is available on this.

- **Other Recent Developments and Future Reforms**

Budget 2011 provided for:

- the extension of flexible options on retirement as set out in the National Pensions Framework (NPF).
- the overall life-time limit on the amount of tax-free retirement lump sums that an individual can draw down from pension arrangements to be reduced to €200,000.

The National Recovery Plan 2011-2014 sets out revised plans in relation to tax relief on pension contributions.

See section 5 page 95 for more detail.

(v) OPERATIONAL ISSUES

Social Welfare Appeals Office

The Social Welfare Appeals Office has received much adverse comment in recent times relating to the length of time customers are awaiting the outcome of their appeal application.

The reason for the backlog is that there was a very significant increase almost 130%, in the number of appeals received in 2009 and 2010.

A number of initiatives have been put in place to enhance the capacity of the office to deal with the current caseload and inflows.

See section 8 page 189 for more detail.

Control of social welfare fraud and abuse

Control Strategy

The approach being adopted to control fraud and abuse of schemes can be summarised as follows:

- **Prevention** - having systems and procedures in place that prevent and minimise the risk of fraud, abuse and error;
- **Detection** - detecting fraud, abuse and errors at the earliest possible stage, and detecting unpaid Pay-Related Social Insurance (PRSI) contributions by employers and the self-employed;
- **Deterrence** – to develop an anti-fraud culture among staff and the public by ensuring that the public is aware of the risks and penalties of defrauding the Social Welfare system and dealing decisively with cases of fraud and abuse detected;
- **Debt Recovery** – to actively pursue the recovery of all debts.

Control Targets:

Control targets for savings and reviews are agreed for each social welfare scheme.

For 2011, the Department has a target of reviewing 780,000 individual welfare claims and to achieve €540m in control savings.

The control savings target for 2010 was €533m. Due to industrial action, the total 2010 control savings were not fully recorded. Some €483m control savings (91% target) were recorded as achieved at end 2010 but this underestimates and does not fully represent the total savings that would have been made from all activities undertaken in 2010.

See section 6 page 148 for more detail.

Public Services Card

- The Public Services Card project is being progressed since sanction to proceed was received in November 2009.
- It is a major project which will underpin service delivery in the Department and other public bodies in the future.
- The work involved in the rollout of the card is very significant it will commence this year and will take several years to complete.
- The new Public Service Card will include a photograph and signature. One of the anticipated advantages of the new card is that it will help to reduce fraud and error which result from the incorrect identification of benefit claimants.

See section 8 page 179 for more detail.

(vi) LEGISLATIVE ISSUES

Social Welfare Legislation

- A Social Welfare and Pensions Bill is currently being drafted to provide for the implementation of two requirements in the IMF/EU Memo of Understanding relating to social welfare matters -
 - the abolition of the State Pension Transition from 2014 and for a phased increase in the qualifying age for the State Pension from 66 to 67 years from 2021 and to 68 years from 2028 (*actions to be completed by end June 2011*), and
 - the strengthening of activation measures through the introduction of instruments to better identify jobseeker's needs (by profiling) and increased engagement (*actions to be completed by end March 2011*).
- The Bill also provides for a number amendments arising from Budget 2011 which, due to time constraints, could not be included in the Social Welfare Bills enacted late last year.
- This Bill will also provide for amendments to the Pensions Act 1990 to implement article 17 of Directive 2003/41/EC on the Activities and Supervision of Institutions for Occupational Retirement Provisions (IORPS Directive) on the funding of occupational pension schemes.

Gender Recognition

There are a number of issues in relation to gender recognition. [REDACTED]

Gender Recognition Advisory Group

On foot of the Lydia Foy High Court ruling, the Minister for Social Protection established an interdepartmental group – the Gender Recognition Advisory Group to advise on the legislation required to provide for legal recognition of the acquired gender of transsexuals.

The Group is finalising its report at present and it is expected that the report will be presented to the Minister in the coming weeks.

Marriages in Embassies

Marriages have been conducted at certain foreign embassies in Dublin. [REDACTED]

[REDACTED] The matter has been the subject of representations by foreign States and has been widely reported on in the press. The GRO, Department of Social Protection and Department of Foreign Affairs are in consultation to see how the issue might be resolved. [REDACTED]

See section 6 page 132 for more detail.

Structure of the Department

The current structure of the Department at senior management level is set out in the attached organisation chart. It comprises a Secretary General, a Deputy Secretary and Assistant Secretaries. Assistant Secretaries have responsibility for both policy oversight and service delivery (including control) of specific areas of business such as pensions policy and pension payment delivery; child income policy and child income payments. This ensures a seamless business delivery, breaks down structural conflicts that can arise between policy development and operational implementation and ensures that all aspects of the Department's business are dealt with in a comprehensive and coherent way.

This structure was put in place in 2010 following a detailed review and on foot of experience. It also enables us to deal with the additional responsibilities being assigned to the Department and the significant downsizing in the number of senior managers on the Management Board.

The management board is focused on reforming and modernising the delivery of services, taking into account both the high level policy objectives and the pragmatic and service delivery considerations. The appointment of a Deputy Secretary and senior level appointments with cross-functional responsibilities has proven to be an essential element in managing the transformation agenda of the Department and the integration of its responsibilities with the Community Welfare Service and FÁS.

Prior to this change, the Department operated on the basis of a strong division of functions between policy and operational areas. The policy area, referred to as the Aireacht, was set up as the central core of the department where the Minister and the main policy advisors were concerned with policy development, analysis and overall direction and control. The Aireacht was led by the Secretary General and was responsible for the overall strategy, the general policy of the department, the preparation of legislation, the budgetary process and the co-ordination and continuous appraisal and review of existing policies. The operational aspects of the Department, customer service and the delivery of schemes and services through a regional structure were delivered by the Social Welfare Services area. This area was the responsibility of the Director General (Deputy Secretary level) who reported on overall performance to the Secretary General.

Although relatively recent, the experience to date with the new structure has proven to be very positive and has ensured that the senior management team operate more corporately resulting in greater efficiencies and a higher quality customer service. This approach has also permeated throughout the organisation with staff operating in a more joined-up and seamless way.

See Appendix 40 for Organisation Structure Chart.

Accommodation

The Department's office accommodation portfolio includes:

- * 11 headquarter buildings in Dublin including the Pension Ombudsman's Office
- * 9 decentralised offices (one each in Longford, Carrick-on-Shannon, Tubbercurry, Roscommon, Sligo, Letterkenny, Buncrana, Dundalk and Waterford).
- * Over 200 regional, local and branch offices throughout the country.

The Department is working closely with the Office of Public Works to acquire new local office accommodation in a number of locations throughout the country i.e. Balbriggan; Swords; Mallow; Killarney; Portlaoise; Loughrea; Castlebar; Navan; Limerick ; Bantry; and Edenderry.) An annual provision of €2.5million has been included in the Department's Capital Budget for this purpose for each of the years 2011, 2012 and 2013. A provision of €2 million has been provided for in 2014.

Integration of the Community Welfare Service and certain FÁS Services

The integration of the CWS service from the HSE and the transfer of the work placement and community programme services from FÁS will lead to the formal transfer of office premises from these bodies to the Department. The Social Welfare and Pensions Act 2010 makes provision for this transfer. The details are currently being worked out with both these organisations.

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- 2. Child Benefit**
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- 5. Domiciliary Care Allowance (DCA)**

Children - Policy

Child Income Support Policy

1. Background

- The Department of Social Protection makes a number of payments to families with children.
 - Child benefit (CB),
 - Qualified Child Increases (to primary social welfare payments) (QCIs),
 - Family Income Supplement (FIS),
 - Back to School Clothing and Footwear Allowance (BtSCFA).
- The broad objectives of child income support programmes are:
 - to provide assistance to all households with children in recognition of the higher costs incurred in child-raising and child care in a way which allows choice to parents in how this is undertaken, and
 - to provide targeted assistance to no or low-income households with children in a way which minimises labour market disincentives or positively contributes to labour market incentives in order to reduce poverty in households with children.
- The evolution of policy has also seen a number of secondary objectives emerge over time with varying significance. These include:
 - the reduction of financial disincentives for parents to take up work;
 - financial assistance with specific costs such as the cost of paid childcare; and
 - the provision of an independent income source for women in the home.
- Appendix 2 and 3 sets out a range of statistics on child income support payments since 1997 (spending and numbers of child beneficiaries).

1.1 Child benefit

- Child benefit is a monthly payment made to families with children in respect of all qualified children. It is a “universal” payment (that is not relying on a means test of a social insurance contribution), paid in respect of qualified children up to the age of 16 years. The payment continues to be paid in respect of children up to their 18th birthday who are in full-time education, or who have a physical or mental disability. CB is normally paid directly to mothers although it may be paid to fathers in certain circumstances.
- Between 2000 and 2009, there were significant increases in child benefit payments. The monthly rates of payment for child benefit increased from just €3.96 for the first child and €11.11 for the third and subsequent children to €166 and €203 respectively. In the same period, overall expenditure on child benefit grew from just €38 million to approximately €2.5 billion per year.

- As a result of the need to reduce the structural level of government spending and the urgent need to restore order to the public finances, child benefit rates were reduced in both Budgets 2010 and 2011. With effect from Budget 2011, the lower and higher rates of child benefit were reduced to €140 and €177 respectively. Budget 2011 also introduced a third child benefit rate of €167 per month. It was decided to introduce a third rate of CB so as to limit the effect of the €20 reduction to the third child and thereby maintaining a higher rate of child benefit for larger families, with 4 or more children (CB payment rates set out in Appendix 4).
- While compensatory measures in QCIs and FIS were introduced in Budget 2010 in order to protect families with children most likely to be affected by decreases in CB rates, Budget 2011 did not provide for compensatory measures.

1.2 Qualified Child Increases (QCI)

- Most weekly social welfare payments include an additional payment in respect of each qualified child up to age 18, which is extended to encompass older school/college going children to age 22 under certain circumstances. These are referred to as qualified child increases (QCIs).
- The rates of payment of QCIs were maintained at the same level for a considerable period of time from the mid 1990s to 2006 at a lower rate of €16.80 and a higher rate of €21.60 a week. During this period child income support policy focused on targeting additional resources towards the provision of substantial increases in child benefit, as there was a recognition that the loss of QCIs could act as a disincentive to taking up available work opportunities.
- In 2007 QCIs were standardised into one higher rate of €22 a week, as the impact of the loss of QCIs reduced with the introduction of the minimum wage and improvement in the family income supplement programme. QCIs rates were increased in each subsequent Budget from 2008 to 2010, with the increases in 2010 being provided to compensate families with children dependant on social welfare with the reduction in child benefit payments. Budget 2011 maintained the QCIs rate at €29.80 per week. (QCI payment rates set out in Appendix 5)

1.3 Family Income Supplement

- The Family Income Supplement (FIS) scheme provides income support to families with children that have employees on low earnings. The payment effectively preserves the incentive to take up or remain in employment in circumstances where the employee might only be marginally better off than if s/he were claiming other social welfare payments. FIS applies equally to one and two-parent families.
- To qualify for FIS, a family must have a combined total of at least 19 hours employment per week (or 38 hours per fortnight) and have earnings below a specified income limit, which is adjusted by family size. (FIS Income limits from 2007 – 2011

are set out in Appendix 6) FIS is payable at a rate of 60% of the difference between the weekly income (net of tax and PRSI) and the relevant income limit for that family size.

- Although policy in the recent past was to provide increases for all families in line with the rise in social welfare rates, with additional increases to larger families, the income limits have been maintained in the most recent Budget, despite the reductions in social welfare rates.

1.4 Back to School Clothing and Footwear Allowance

- The back to school clothing and footwear allowance is designed to help towards the cost of uniforms and footwear for children who are attending school. The scheme operates from the 1 June to the 30 September and provides assistance in respect of school-going children for whom a QCI is payable. It is administered as part of the supplementary welfare allowance (SWA) scheme.
- The BtSCFA rates were not changed in Budget 2011 and are €200 for children aged 2-11 years and €305 for children aged 12-17 years. (Further details on this payment are set out in the SWA section).

2. Recent developments / Value for Money Studies

- A review of CIS policies and associated programmes was established in 2009 in line with the government's expenditure review initiative. The report examines the objectives of CIS policy, considers 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 report was published on 24 November 2010.
- The key findings of the Review are:
 - The objectives of child income support payments are to provide some assistance to all households with children, supplementary assistance to low-income households in a manner that minimises disincentives to parents taking up employment,
 - In view of the significant level of spending and the current fiscal circumstances, it is unlikely that better outcomes would be attained with more spending, and that while less spending of itself will not lead to better outcomes, these might be secured if it resulted in better child-related services or in a rebalancing between universal and selective spending,
 - It is likely that a "mixed" strategy where the level of support to low-income households is made up of both universal payments and selective payments of roughly the same value will provide for the optimal achievement of objectives (as opposed to "mainly selective" and "mainly universal" approaches in the past),

- There is a need to rationalise the current system of child income support payments and selective programmes in particular in order to provide more consistent assistance to low income families and to encourage parental employment. The report identifies a broad approach to bringing together the main child income support payments over a number of years and sets out in broad terms the more detailed work that would have to be undertaken to accomplish this.

3. Current Issues in child income support and future proposals

3.1 Consultation process

- As a follow-up to the publication of the CIS review, a consultation seminar, to which various interest groups and stakeholders are being invited, will take place on 29 March.
- This seminar will provide stakeholders with an overview of the findings of the review; get reaction to the findings from stakeholders; and gather views as to the future direction of policy on CIS payments.

3.2 Integrated Child Income Support Feasibility Study

- In line with the finding of the CIS review to further examine an outline proposal to bring together the components of the various CIS payments into a unified payment, the Department of Social Protection has commenced preliminary work on a feasibility study for an integrated CIS payment
- A key part of the overall approach would be the eventual replacement of the existing separate payments with an integrated payment per child combining both universal and selective components. This could ensure future agility in the balance between universal and selective supports; a balance that is not provided by the current system. This approach would have considerable implications for the structure of the FIS and in particular in a proposal to split it into child income support and in-work support components.
- In order to inform any future decisions in this area, the feasibility study will take account of technical, operational and financial issues and will consider the key design aspects of an integrated payment, how it would work in practice and when it could be introduced.
- A working group is to be established within the Department to progress this work and it is anticipated that the feasibility study would be completed by the end of the third quarter of 2011.

3.3 Cost of a child study

- The CIS review identified that there is currently an information and data gap in relation to the estimates around the cost of a child. Arising from the finding of the review that there is a need for research into this issue, a study is to be conducted, which will be used to inform future decisions on the level of support provided to assist with child-raising.

3.4 Current plans and strategies relating to Child Income Supports

- ***The National Recovery Plan, 2011 -2014***, referenced the child income support review in the context of identifying key areas of structural reform for the social welfare system. The Plan states that structured reform measures could include *‘The development of a rebalanced and integrated child income support payment system. This would provide for a universal component to replace child benefit with one single payment rate per child. This payment will be supplemented with a further payment in the case of children of families in receipt of a social welfare payment or in low income employment. These supplements will replace qualified child payments and family income supplement as appropriate.’*
- ***Towards 2016, (2006)***: The current Social Partnership Agreement underlined the ongoing commitment in relation to income support for children citing that as a priority action: *“Progress towards the existing NAPS target for those relying on social welfare payments, which the parties agree remains valid and appropriate – i.e. that the combined value of child income support measures be set at 33% - 35% of the minimum adult social welfare payment rate”*.
- ***National Action Plan for Social Inclusion 2007 – 2016 (NAP Inclusion)***
 - One of the high level goals of the NAP Inclusion is to *‘maintain the combined value of child income support measures be set at 33%-35% of the minimum adult social welfare payment rate over the course of this Plan’*. Following Budget 2011, the value of the combined child income supports (CIS) measures (child benefit plus qualified child increases) is equivalent to 33% of the main working age payment rates, meaning that this target continues to be met.
 - The NAP Inclusion also sets out the poverty reduction target, which is *‘to reduce the number of those experiencing consistent poverty to between 2% and 4% by 2012, with the aim of eliminating consistent poverty by 2016 under the revised definition.’* The most recent poverty statistics available refer to 2009, when the consistent poverty rate for children (aged 0-17) was 8.7%, an increase from 6.3% in 2008. Children remain the age group that are most vulnerable in terms of exposure to consistent poverty.

4. Work with the Office of the Minister for Children and Youth Affairs

- The Department of Social Protection works in conjunction with the Office of the Minister for Children and Youth Affairs in relation to the following projects:

- The National Longitudinal Study of Children in Ireland '*Growing Up in Ireland*', which seeks to examine the factors that contribute to or undermine the well-being of children in contemporary Irish families and, through this, contribute to the setting of effective and responsive policies.
- The formulation of a new National Children's Strategy, expected to be published in 2012.

Child Benefit

Description of Scheme

- Child benefit (previously known as children's allowance) is payable to the parents or guardians of children under 16 years of age, or under 18 years of age where the child remains in full time education. It is paid monthly in respect of each qualified child. There are no PRSI conditions and it is not means tested or taxable. To qualify for child benefit the applicant must satisfy the habitual residence condition.
- A child is a qualified child for child benefit if s/he is:
 - Under 16 years of age
 - Aged under 18 and either in full-time education or incapable of self-support by reason of long-term physical or mental disability
 - Ordinarily resident in the State
 - Not detained in a reformatory, industrial school or in legal custody.
- Generally, claims are processed within four weeks.
- The rate for the 1st and 2nd child is €140.00 per month, €167.00 for the 3rd child and €177.00 for the 4th and subsequent children.
- In 2010, the total cost of child benefit was €2.2 billion, which was paid to 591,432 families in respect of 1,124,003 children.

EU/EEA Workers

- EU/EEA citizens and Swiss nationals working in Ireland qualify for child benefit under EU Regulations and do not have to satisfy the habitual residence condition. Their children may be resident either here or in their home countries.
- In 2010, a total of €19m was paid in respect of approximately 10,000 non resident children.

Control Programme

- The child benefit control programme issues certificates, targeted on a risk basis, to specific groups of customers as follows:
 1. A residency certificate programme aimed at 51,000 non EU nationals who are asked to confirm that they are still resident in Ireland.
 2. The employment certificate programme aimed at 20,000 EU nationals who are asked to confirm that they are still employed in Ireland.
 3. A certificate programme aimed at Irish nationals who are paid into a bank account and who are asked to confirm that they are still resident in Ireland.

4. A special project was carried out in November 2010 which involved 90,000 customers whose nationality was listed as 'Other' on departmental systems to establish their ongoing entitlement and identify their correct nationality.
- Customers are given 21 days to complete the certificate and return it to the Department. Certificates which are not returned within 42 days are suspended and the claim is stopped after a further 90 days if no reply is received.
 - Some 525,000 reviews were undertaken in 2010, with savings of over €100 million returned to the Department. A control target of €80 million and 300,000 reviews has been set for 2011.

Current Operational Issues

- The habitual residence condition is a complex matter and has given rise to issues for child benefit as for other areas. The main problem has been inconsistency of decisions across areas. New guidelines are currently being finalised to address this problem.
- In the meantime, child benefit section has been challenged on a number of occasions in the Courts, specifically on this issue. Two cases are currently before the Courts and two other customers have notified their intention to serve Judicial Review proceedings in recent days.
- A large number of child benefit customers have moved address in recent years but, because they are paid by EFT and have not informed the Department of their new address, the letters are returned not known at this address or are simply not returned. Customers may only become aware that a certificate was issued to them when the payment does not appear at their bank. The Control programme ensures that customers are paid their correct rate and that their correct address and information is held by the Department.

Guardian's Payment Scheme (contributory and non-contributory)

- Guardian's Payment is payable to the guardian of an orphan. A child is regarded as an orphan when
 - both parents are dead
 - or
 - one parent is dead or unknown or has abandoned and failed to provide for the child

In order to qualify for the contributory payment, there must be at least 26 weeks PRSI paid by one of the orphan's parents. For the non-contributory payment, the orphan's means are assessed and payment can range from the maximum of €161 per week to €3.50 per week

Receipt of the payment is not connected to legal guardianship of a child. A guardian for the purposes of the scheme is the person in whose care an orphan normally resides.

- There are 1,353 recipients of guardians payment (919 contributory and 434 non-contributory)
- Numbers in receipt of the contributory payment have shown a 14% increase over the last five years while the number on non contributory payment has shown a slight decrease of 2%
- Expenditure in 2010 amounted to €16.158 million (€1.462m contributory and €4.696m non-contributory)
- In regard to the guardians (contributory and non contributory) payment scheme, a specific processing target is not set. This is because factors outside of the Department's control can impinge on claim processing times. These factors include the need to liaise with outside bodies to obtain the required information to determine entitlement.

Back to School Clothing and Footwear Allowance Scheme

Background

The back to school clothing and footwear allowance scheme provides a one-off payment to eligible families to assist with the extra costs when children start school each autumn. The allowance is not intended to meet the full cost of school clothing and footwear but only to provide assistance towards these costs.

Qualifying Condition

A person may qualify for payment of an allowance if they are in receipt of a social welfare payment (including family income supplement), or Health Service Executive payment, are participating in an approved employment scheme or attending a recognised education and training course and have household income at or below certain set levels.

The rates of back to school clothing and footwear allowance have been increased significantly in recent years. Since 2005, the allowance has increased from €80 to €200 in respect of qualified children aged from 2 to 11 years and from €150 to €305 in respect of qualified children between the ages of 12 and 22. These are increases of 150% and 103% respectively. These rates have been maintained for the 2011 scheme.

Recipients and Expenditure

Approximately 163,000 families with 330,000 children benefitted from the scheme in 2010 at a cost of €77.5. The financial provision for 2011 is €82.8m

Ongoing Issues

The scheme is administered by the Community Welfare Division of the HSE on behalf of the Department through the recruitment of temporary staff. As a result of the transfer of functions this scheme will be managed by the Department for the first time this year. A number of options for the management of the scheme are currently being formulated and will be discussed with the Minister in more details in due course.

Domiciliary Care Allowance (DCA)

DCA is a monthly payment to parents of children with a disability that require a substantial level of additional and continuous care, it is paid in recognition of additional burden involved in caring for children with a severe disability in the child's home.

- The DCA scheme transferred from the HSE to the DSFA, under the CORE functions initiative to reallocate certain functions between Departments and Agencies. This transfer took place in two stages, from April 2009 new claims have been processed by the DSFA, from 1st September claims previously paid by the HSE became the responsibility of the DSFA .
- The qualifying conditions are the same now as they were previously in the HSE, however their application has become more consistent and this has lead to an increase in the refusal rate.
- Qualifying conditions: Children from birth to the age of 16 who are living at home and who have severe disability requiring continual or continuous care and attention which is substantially in excess of that normally required by a child of the same age may qualify. This care and attention must be given by another person, effectively full-time so that the child can deal with the activities of daily living. The child must be likely to require this level of care and attention for at least 12 months.
- The scheme is not means tested, is paid at €309.50 per month, the respite care grant of €1700 is also payable.
- Approximately 90 new claims per week are received.
- Cost of the scheme in 2010 is estimated at €138m including €43m on the respite care grant.
- DCA claims are on average decided with 7-8 weeks in over 85% of cases.
- Some 25,150 children are currently in receipt of DCA.
- Claim Processing procedures are detailed in Appendix 7.
- Detailed statistics on claim volumes, allowance rates, appeals etc are at Appendix 8.
- Live Issues are detailed in Appendix 9.

Review of existing cases:

- Over 25,000 claims migrated from the HSE in September 2009, around half had a review date entered.
- There is a need to initiate a review program for these migrated cases as analysis of a sample subjected to medical review indicated that 50% would not qualify for the scheme if they applied now.

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Working Age – Policy Developments

Working Age: Desirability and feasibility of a working age payment

1. Background

- For working age the policy developments and the transformation agenda are intrinsically linked, as set out in this section.
- During 2009/2010, the Department examined the desirability and feasibility, both from a policy and operational perspective, of introducing a single social assistance payment for all people of working age (18-65), with the objective of improving the outcomes for this group.
- The decision to undertake this review was driven in part by the fact that trends in the social welfare population of working age indicate persistent welfare dependency and poor outcomes and this is so despite an earlier sustained period of economic growth.
- The vision for such a payment in the short term is to develop an overarching framework for all people of working age including those who would currently be classified under a contingency approach as unemployed, sick, disabled, or parenting alone.
- The rationale for a single payment is based on both the Department's Strategy Statement (2008-2010) and builds on the NESC Report: *The Developmental Welfare State* (2005).
- The report of the review on the desirability and feasibility of introducing a single social assistance payment for people of working age examines the current system of social assistance payments against the background of the broader policy rationale for a single payment, which is based on the policy that people are given or directed to the supports or services that they need in order to return to or take up work or other training or educational opportunities, matched by a requirement that they avail of that support i.e. there is a right and a matching responsibility. It is also based on the rationale that the outcomes for people from a poverty and social inclusion point of view must be improved, and also that any changes to the current system must 'make work pay'.
- The development of supports and services is central to the vision for a single social assistance payment for working age people – without this any such arrangements would not work. Therefore, services including in particular childcare, health, education, training and employment services must be available in parallel with any revised payment arrangements. As responsibility for some of

these services is outside the control of the Department of Social Protection their development requires a whole of Government response.

2. Key Findings in the Report

- The current system has its own set of rules and leads to complexity. Several benefits are not designed to encourage people to work to fulfil the maximum of their potential.
- Despite a period of economic growth, the numbers in receipt of social assistance payments has remained static over the past number of years - although the composition has changed with increases in the numbers in receipt of illness and lone parent payments.
- People get categorised according to the payment they receive and there is less focus on work related activities resulting in people being left on payments for long periods of time – people are seen as being outside the workforce rather than as unemployed members of it.
- Trends in the social welfare population of working age indicate poor outcomes for this group.
- Other EU/OECD countries have embarked on reforming their systems – characterised by a shift from passive income support to a system of individualised support. In this respect Ireland lags behind.
- The report identifies a possible prototype for a single payment and for the purposes of illustration uses the current rules applying to jobseekers allowance.
- A key part of this overall approach would be to replace the existing social assistance payments for people of working age with a single payment.

3. Recent developments

- The report was published on 24 November 2010, along with the value for money reviews of child income support and the disability allowance scheme. The three reports were published in the context of the wider transformation agenda and the budgetary constraints with emphasis on savings to be achieved through a combination of structural reform, labour activation and enhanced fraud control.
- The reports are referenced in the National Recovery Plan (2010-2014) as providing a possible basis for structural reform.
- In relation to working age payments, the NRP states that structural reform could include the development of a single social assistance payment to replace the different means-tested working age payments, including some secondary and

supplementary payments, as part of a more purposeful labour activation strategy which will involve:

- More participation by people in receipt of social assistance working age payments in labour activation measures; and
- the provision by the State of more personalised labour market measures targeted at all working-age recipients who would previously received one parent family payments, disability payments and jobseekers payments.

4. Future Proposals

- The report envisages a wider consultation process and in order to meet this it is proposed, as a first step, to hold a seminar on the issues explored in the feasibility study. The main purpose of this seminar will be to broaden the consultation base and allow stakeholders to contribute to shaping a framework for a single social assistance payment. It is envisaged that the seminar will also cover those aspects arising from the review of disability allowance scheme which have a direct bearing on such a framework.
- Following the consultation process a number of key issues identified in the feasibility study need to be addressed. In particular, the role of in-work support in the context of a single payment for people of working age is a key aspect that will require further consideration.

Working Age – Change Agenda

Transfer of FÁS Employment & Community Services

1. From 1 January 2011 policy and funding responsibility for FÁS functions in relation to employment and community services was transferred to this Department in accordance with the provisions of the Social Welfare (Miscellaneous Provisions) Act 2010
2. This is a transitional arrangement only. The Social Welfare and Pensions Act 2010 provides for the transfer of all employment and community services including staff and other resources from FÁS to this Department. The relevant provisions will be subject to a Commencement Order. A Service Level Understanding is in place to govern the provision of services by FÁS to the Department during the transition period.
3. Appropriate Governance arrangements have been established to oversee the process including a Programme Board (comprising the SGs of DSP and Education & Skills and the DG FÁS) and a Steering Group of Assistant Secretaries from DSP, D/Finance, D/Education and Skills and Assistant Directors of FÁS.
4. A Communications Strategy has commenced. An information pack will be prepared for FÁS staff giving an outline of DSP and some information of the transfer. In addition a communications video is being prepared which will give staff the opportunity to see the SG of DSP and the DG of FÁS outlining plans for the future.
5. ‘On the Ground’ co-operation between the staff of FÁS and the Department is continuing with regard, for example, to the delivery of the NEAP and the dissemination of information regarding employment supports for disabled people and their employers.
6. A full time FÁS manager at PO level has joined the internal DSP project team.

Transfer of Community Welfare Service to this Department

7. Legislation providing for the integration of the CWS with the Department, including the transfer of staff and buildings was passed in the Social Welfare and Pensions Act 2010. It is subject to a Commencement Order.
8. In practice, the Service transferred to the Department with effect from 1 January 2011 with the secondment of staff for a period of 9 months. This is to allow for the various HR and administrative systems (such as payroll records) to be put in place and for the conclusion of IR negotiations. During this time CWS staff will remain employees of the HSE and retain their current terms and conditions of employment.
9. All CWS staff were issued with a welcome pack at the beginning of January. These packs included a welcome letter from the Secretary General, an overview of the Department and information on proposals for the transfer.
10. Meet and Greet sessions for all CWS staff have been held in 5 locations (Dublin, Cork, Sligo, Galway and Waterford) with the last session planned for Limerick on 14 March 2011.
11. The current IR processes are continuing with a view to achieving full agreement on the definitive transfer by end September 2011.
12. The CWS outside of Dublin continue to provide services in relation to medical cards and other services on an agency basis for six months until the HSE establishes alternative systems for providing these services.
13. An interim management structure has been put in place for the CWS with the majority of the service reporting to Regional Managers. 6 temporary Transition Management posts are also being established to assist the Department in the transition period.
14. An Internal Project Group on the Transfer of the CWS and FÁS is meeting on a monthly basis to ensure that the necessary practical arrangements are in place both to the interim secondment period and the full transfer from the end of September. A similar group has been established in the HSE.
15. Overall governance of the project is being managed by the inter-departmental Core-Functions Steering Group comprising representatives of the Departments of Health, Finance, Social Protection and the HSE.

Redundancy & Insolvency

On 1 January 2011, the Department of Social Protection (DSP) assumed responsibility from the Department of Enterprise, Trade and Innovation (D/ETI) for administering the redundancy payments scheme. Redundancy Payments has a complement of 26.53 equivalent full-time staff. It is due to move from Adelaide Road to the Earlsfort Centre this summer.

Redundancy Payments Scheme – operational details

The purpose of the Redundancy Payments Scheme is to compensate workers, under the Redundancy Payments Acts, 1967 to 2007, for the loss of their jobs by reason of redundancy. Compensation is based on the workers' length of reckonable service and reckonable weekly remuneration, subject to a ceiling of €600.00 per week.

There are two types of payment- rebates to those employers who have paid statutory redundancy to eligible employees, and lump sum payments to employees whose employers are insolvent.

Employment Appeals Tribunal (EAT)

The EAT remains under the auspices of D/ETI. Any differences on statutory redundancy entitlements between an employer and employee can be referred to the Employment Appeals Tribunal (EAT).

Statistics

New redundancy claims received in 2010 amounted to 58,731 – a fall of just over 24% on the same period in 2009 when 77,001 new claims were lodged. The backlog of claims hands decreased from 43,740 in December 2009 to 25,167 at the end of December, 2010.

Processing Times

Claims in general dating from August 2010 are currently being processed so that the waiting time is now around 6 months

Backlog of claims:

At end 2010 there was a backlog of some 25,000 claims. A project has commenced to design and build a new processing system which should be in place later this year. Under a transitional arrangement there are 35 staff (31.7 full time equivalents) from the Department of Enterprise, Trade and Innovation (D/ETI) assisting with the backlog of cases on a temporary basis to end March.

Trends & Expenditure

See table below

Redundancy Claims and Expenditure 2002 - 2010

Year	<i>Claims Received</i>	<i>Expenditure</i>
2002	24,432	€53.98M
2003	25,769	€88.93M
2004	25,041	€152.16M
2005	23,156	€149.17M
2006	23,684	€166.48M
2007	25,459	€183.33M
2008	40,607	€193.71M
2009	77,001	€335.86M
2010 *	51,385	€470.27M
*provisional		

NB. Expenditure in a given year may include claims received in a previous year.

Insolvency Payments Scheme

On 1 January 2011, the Department of Social Protection assumed responsibility from the Department of Enterprise, Trade and Innovation for administering the insolvency payments scheme. Insolvency Payments has a complement of 7.1 equivalent full time staff. It is due to move from Adelaide Road to the Earlsfort Centre this summer.

Insolvency Payments Scheme – operational details

The Insolvency Payments Scheme operates under the Protection of Employees (Employers' Insolvency) Act, 1984, and is designed to protect certain outstanding pay-related entitlements due to employees in the event of the insolvency of their employer. Such entitlements include wages, holiday pay, sick pay, payment in lieu of minimum notice due under the Minimum Notice & Terms of Employment Act and certain pension contributions. Various other statutory awards made by the Employment Appeals Tribunal, Rights Commissioners, etc., are also covered by the scheme. The legislation derives from EU Council Directive 987/80. Payments calculated by reference to an employee's wages are subject to a limit of €600.00 per week (applicable from 1 January 2005); and arrears of wages, sick pay, holiday pay and minimum notice are limited to 8 weeks.

Statistics

New claims totalling 23,263 were received in 2010, an increase of 8.65% on the same period in 2009. A total of 21,302 claims were processed, a 5.6% increase on the same period in 2009.

Recent Trends

According to Insolvency reports the number of companies in Ireland declared insolvent during 2010 exceeded 1,500 an increase of over 8% on the 2009 figure. The worst affected sectors continue to be the labour intensive industries of construction, service and retail sectors.

Expenditure

In, 2009 a total of €19.96m was paid under the scheme. In 2010, the total paid was €22.86m (provisional).

Processing Times

On average an application currently takes 13 weeks to process

Main Issues Arising:

There is a current backlog of some 5,700 applications. A project has commenced to design and build a new processing system which should be in place later this year. Under a transitional arrangement there are 12 staff (9.8 full time equivalents) from the Department of Enterprise, Trade and Innovation (D/ETI) assisting with the backlog of cases. The temporary assignment of D/ETI staff is due to end in March 2011.

Working Age – Jobseekers – Operational details

The jobseekers scheme comprises two strands – contributory based jobseekers benefit and the means tested jobseekers allowance. The maximum duration on jobseekers benefit is 1 year. Jobseeker customers can claim for a qualified adult and qualified children on both schemes. Customers must satisfy the conditions of the scheme which include being available for work and genuinely seeking work.

Expenditure

	<i>2010 Provisional outturn (€000)</i>	<i>2011 Estimate (€000)</i>
JB	1,286,593	1,037,060
JA	2,807,743	2,644,620

The main focus over the past 2 years has been dealing with the unprecedented increase in the Live Register as shown in the table below.

Month	Live Register
Jan 2007	158,752
Jan 2008	181,449
Jan 2009	326,272
Jan 2010	436,936
Jan 2011	442,677
Feb 2011	444,299

Claim processing

There were 36,769 jobseeker claims awaiting a decision on 19/2/2011 equating to 7% of the total claimload. Of the 125 Local and Branch Offices 85 were on or below the 7% average. This compares favourably to the 16/1/2010 last year when 62,321 claims (12% of claimload) were awaiting decision and 39,944 claims or 15% in October 2008. Average processing times in January were 2 weeks for JB and 6 weeks for JA. 80% of JB claims were processed within the target of 3 weeks in January and 72% of JA claims were processed within the target of 6 weeks.

Initiatives introduced to deal with the increased claimload and reduce processing times at Local Offices

- The introduction of an appointment system whereby customers can have their claim taken and decided during the appointment.
- There is now a more streamlined procedure for customers moving to jobseeker's allowance when their jobseeker's benefit expires.
- There is also a streamlined process for people who had a claim in the previous two years.

- The Department has the application forms for the jobseeker schemes on its website, which means that anyone who wants to make a claim can print the form at home and bring it to the local office completed. This helps to reduce queuing times.
- It is now easier and more straightforward for customers to supply evidence of their identity and address.
- The Department has also simplified processing methods for some customers who work casually, part-time or on systematic short-time work.

Penalty rates of Payment

The Social Welfare Act 2010 provided for a reduction in jobseeker's benefit, jobseeker's allowance and supplementary welfare allowance where a person:

- i) has, without good cause refused to participate or to agree to participate in a course of training which is considered appropriate.
- ii) has, without good cause, refused or failed to avail of any reasonable offer of training provided or approved of by FÁS, or
- iii) has, without good cause, refused or failed to avail of an opportunity of participating in the National Employment Action Plan, a programme administered by FÁS.

Administrative arrangements are currently being put in place with a view to introducing these rates very shortly.

Activation: Customer Profiling & Case Management (APCM) Project

Legislation

Much of the legislation needed to advance reform of the approach to activation has been enacted – see Appendix 10 for details.

Replacement Rates

The replacement rate (RR) for given income levels measures the proportion of out-of-work benefits received when unemployed against take home pay if in work. While there is no pre-determined level of replacement rate which would influence every individual's decision to work, clearly the higher the replacement rate, the lower the incentive to work. A replacement rate in excess of 70% is considered to be excessive.

Successive analyses of replacement rates demonstrate that, in most cases, people will be significantly better off in employment than on social welfare – even if that employment is at the minimum wage. Analysis of typical family types on the Live-Register shows that:

When compared to National Minimum Wage income:

- 82% have an RR less than 70%
- 18% have an RR less than 80%

When compared to 67% of Average Industrial Earnings income:

- 82% have an RR less than 60%
- 12% have an RR less than 70%
- 6% have an RR less than 80%

Where higher replacement rates occur they tend to be associated with higher numbers of child dependents in family households.

Case Management

- (i) The new case management system, introduced by DSP, provides for the automatic scheduling and case management of appointments for DSP Facilitators in dealing with jobseekers. This is one of the key initiatives to support activation rollout to all customers of working age.
- (ii) The new system was implemented for the facilitator group [10 officers] in DSP's Dublin North region in December 2010. Based on the learning from this initial rollout, training, transition and implementation planning for the facilitators in the remaining six regions is being synchronised with that on profiling, the new EAP

IT system [see below] and will parallel the review of the Department's IT platform (Business Object Model - BOMi).

- (iii) The support team for the 66 Facilitators in DSP [and their managers] is based in the Department's decentralised office in Carrick-on-Shannon. This team is upskilling in the new technology and work processes and has played a key role in the development, testing and ongoing improvement of the new case management system along with supporting the rollout to the Dublin North region while continuing to support the facilitator-teams in the DSP's other 6 regions.

Profiling

- (i) The functionality is now in place to provide for the capture of profile data from jobseekers and the calculation of each person's Probability of Exit from the Live Register within 12 months. This will also provide the facility to segment and select customers based on their probability for referral to appropriate supports. The new functionality is available in two ways:-
 - (a) Online when a customer makes a jobseekers claim to the DSP; and
 - (b) Manually – by means of data entry by DSP claim-taking staff in each Social Welfare Local Office (SWLO).
- (ii) An initial trial of the data capture, using both channels, is being tested in the live environment in Dún Laoghaire SWLO [began 7 February 2011]. Critically, this trial links a jobseeker's claim for JA/JB with the capture of the profiling characteristics. The trial is also templating the business process facilitating future rollout across DSP and its regional and SWLO network. Timetabling for next steps is in train and will parallel with the review of the BOMi and other modernisation initiatives in the SWLOs that are centred on improvements to customer service and more efficient processes.

New EAP System

- (i) The new IT system, designed to replace the existing National Employment Action Plan selection and referral system, includes the facility to schedule individual or group appointments with FÁS, LES etc. A 'live' trial has started [since Monday, 28 February] in Dún Laoghaire SWLO.

FÁS 'lookup' webservice

- (i) This strand of the project involves giving relevant DSP staff access to FÁS case management information, thereby further supporting DSP deciding officers in any decisions they may have to make, particularly in applying reduced rates of payment of JA/JB to a jobseeker due to non-engagement with the NEAP.
- (ii) A prototype web-service giving access to FÁS case management information on individual customers has been developed by a joint DSP-FÁS team. This provides

access to a basic set of data which will continue to be refined and enhanced to meet the DSP business requirements. DSP is testing this service with a range of staff roles [i.e. EAP Officer, Inspector, Facilitator and SWLO Manager] in one SWLO [Thomas Street, Dublin]. The functionality was introduced to Thomas Street in late January and some set-up issues were experienced which will need to be taken account of for the full rollout but the trial is now ongoing and being evaluated.

- (iii) A decision on full rollout will have regard to staff feedback and will take into account IT platform requirements, security and data protection issues, which are currently being explored and addressed.

Group Engagement

- (i) From 19 October 2010, the group engagement process has been rolled out on a trial basis in 3 areas – Galway, Dublin North and Dublin South. Under this initiative, jobseekers are initially referred, in groups of 20+, to ensure attendance of 20, to a single location, facilitated by a joint DSP-FÁS team. This facilitates the DSP and FÁS engaging with increased volumes of unemployed persons in the initial period of unemployment.
- (ii) To date [28 February 2011] over 1,650 people have been referred from the DSP to FÁS under the group engagement process in the three trial areas. 66% (1101) of those referred have attended the group session, with 34% (555) not attending.

	Summary										
	Invited	Attended	Attendance Rate	DNAs	DNA Rate	Notified DNAs	DNAs Sign-off	DNAs Follow-up	DNAs Disallowed	Given individual interview	Attended individual interview
TOTAL	1656	1101	66%	555	34%	273 – 49 of DNAs	121	251	15	846	782 - 92% of those given individual interview

- (iii) Initial feedback on the sessions from jobseekers has been positive. They are more aware of what supports are available to them. The follow-on one to one meeting with the FÁS Employment Services Officer is more constructive and productive. The jobseekers are arriving to this meeting better prepared. Non-attendees are being followed-up by DSP.
- (iv) An evaluation of the group engagement process is almost completed and planning is underway to extend the process to a further 3 SWLOS.

Addressing FÁS ‘walk-ins’ [also known as voluntary engagers]

- (i) At present some jobseekers self-present to FÁS for support / training to help them to re-enter the labour market, rather than wait to be selected by the EAP system. These people are, however, also automatically selected for referral to FÁS under the current EAP when they reach 3 months on the Live Register. This is inefficient, results in duplication and wastes time and resources in DSP and FÁS and, most importantly, does not represent good customer service.
- (ii) FÁS / DSP have developed an IT solution in accordance with business needs. This will be rolled out to all SWLOs in tandem with the roll-out of the new IT EAP system during 2011.

Working Age - Employment Support Schemes

The Department operates a range of employment support measures designed to encourage and support social welfare recipients of working age to reduce their dependency on welfare payments. Supports delivered by the Employment Support Services (ESS) area include;

- Back to Education Allowance.
- Back to Work Enterprise Allowance Scheme.
- Short Term Enterprise Allowance.
- Employer Job PRSI Incentive Scheme

There are some 36,700 people currently availing of these schemes.

Back to Education Allowance scheme (BTEA)

- The back to education allowance scheme (BTEA) is a scheme which encourages and facilitates people on certain social welfare payments to improve their skills and qualifications and, therefore, their prospects of returning to the active work force.
- Participants in the BTEA scheme are paid a weekly allowance equivalent to the maximum standard rate of the social welfare payment they were receiving prior to starting an approved course of study. In addition to the weekly payment participants are entitled to an annual cost of education allowance of €500.
- The allowance can be paid to people who wish to participate in approved second or third level courses of education. In general, an applicant must be in receipt of a relevant social welfare payment for 3 months if pursuing a second level course or 9 months if pursuing a third level course. However, people who are awarded statutory redundancy may access the scheme immediately, provided an entitlement to a relevant social welfare payment is established prior to commencing an approved course of study.
- The BTEA was modified from 19 July 2010 to allow greater flexibility. Qualifying period for partaking in a full-time third level course was reduced from 12 months to 9 months for those on certain social welfare payments and the condition that participants must be entering the first year of an approved full time course was also relaxed.
- Under the part-time education option unemployed persons may attend part-time courses of education or training and retain their jobseekers allowance or jobseekers benefit provided that they continue to satisfy the conditions of being available for and genuinely seeking employment on an on-going basis.

Numbers on scheme:

- Most recent figures indicate in the region of 25,000 participants (85% of whom originate from jobseekers payments) have been awarded BTEA for the 2010/2011 academic year which represents a 20% increase on the 2009/2010 academic year. The 2009/2010 academic year saw an increase of 79% on the previous academic year.

A breakdown of participation levels and expenditure in recent years is contained in Appendix 11 and 12.

Back to Work Enterprise Allowance scheme (BTWEA)

- The main purpose of the back to work enterprise allowance (BTEA) is to encourage the long term unemployed on a social welfare payment to develop a business while allowing them to retain a reducing proportion of their qualifying social welfare payment, plus they may retain secondary benefits, over two years.
- Prior to the 1st May 2009, the BTWEA was a four year scheme under which eligible participants who set up a business retained 100% of their social welfare payment in year one, 75% in year two, 50% in year three and 25% in year four.
- From the 1st May 2009, the duration of the BTWEA was reduced from 4 years to 2 years at 100% of existing social welfare entitlement in the first year and 75% in the second year. The qualifying period was reduced from 24 months to 12 months, provided a person has an underlying entitlement to jobseeker's allowance. Further changes to the scheme allows for someone with a business idea who previously availed of the back to work enterprise allowance scheme and exhausted their entitlement, to participate a second time after a period of at least 5 years has elapsed.

Numbers on scheme:

- On the 18th February, 2011 there were 8,399 participants in the back to work enterprise allowance scheme; 5,730 under the 2-year scheme and 2,669 carried over from the 4-year scheme. There were 739 people still availing of the back to work allowance (employee strand) which was closed to new applicants on May 1st, 2009.

A breakdown of participation levels and expenditure in recent years is contained in Appendix 13 and 14.

Short Term Enterprise Allowance (STEA)

- The short term enterprise allowance (STEA) is payable to a person who qualifies for jobseekers' benefit and who wishes to commence in self employment. It was introduced from May 1st 2009. This allowance is payable for the duration and rate of their jobseekers' benefit entitlement.

Numbers on scheme

- On the 18th February, 2011 there were 1,197 participants in the scheme.

A breakdown of participation levels and expenditure in recent years is contained in Appendix 15.

The Employer Job PRSI Incentive Scheme

- The employer job PRSI incentive scheme was launched on the 20th June 2010. Under the scheme, if an employer took on an additional member of staff in 2010, who had been unemployed for 6 months or more, s/he would be exempted from paying employers' PRSI for 12 months. The job must be new and additional, be for at least 30 hours a week and last for at least six months.
- The previous Government agreed the extension of the employer job PRSI incentive scheme to end 2011 in the context of the Budget and National recovery plan. For 2011, latest estimates indicate that the scheme could support up to 5,000 employments. The cost, in terms of PRSI forgone, is estimated at €2.6m per 1,000 employments. This cost does not, however, take account of increased income tax intake to the exchequer as a result of the additional jobs.

Numbers on scheme

- Aggregate statistics from June 2010 to 18th February 2011 indicates applications were received from 1,280 employers in respect of 2,062 employees. 866 employers have been awarded exemptions in respect of 1,364 employees. 410 employers have had claims in respect of 629 employees rejected. Employers have been contacted to provide further information or clarifications in relation to 38 employees and applications in respect of 31 employees are on hands.
- From 1st Jan 2011 to the 18th February 2011, applications have been received from 160 Employers in respect of 256 employees. 107 employers have been awarded exemptions in respect of 131 employees. 39 employers have had claims in respect of 59 employees rejected. Employers have been contacted to provide further information in relation to 35 employees to allow their claims to be progressed and applications in respect of 31 employees are on hands.

Credit Union Loan Guarantee scheme

The Department's credit union loan guarantee scheme has been in operation since 1997. An agreement exists with the Irish League of Credit Unions whereby loans to back to work enterprise participants are guaranteed by this Department on recommendation of the facilitator that the person is suitable for a guarantee. The final decision to grant the loan rests with the credit union.

Numbers on scheme

In 2010 there were four approved cases defaulting on their credit union repayments totalling €19,083.

Employment Supports Services - Other Current Issues:

Value for Money and Policy review

- Under the Value for Money and Policy Review Initiative a policy review of 'Activation Supports' for 2011 has been proposed. Given that there are in the region of 23 schemes/ interventions in this area, a higher level policy review may be more appropriate than the traditional VFM approach.
- It is proposed the policy review would mark out the policy context in which activation supports exist, outline how many schemes occupy a similar policy space with similar objectives, highlight duplication and overlap and question if optimum use of resources and expertise is being achieved.

Application for recoupment of monies from European Globalisation Fund (EGF)

- EGF co-financing support is available at a rate of 65% for certain labour market activation initiatives. Applications have been made by Department of Education and Skills (DES) in relation to Dell, SR Technics and Waterford Crystal workers. Currently an application for a cohort of 9,290 redundant construction workers made redundant in the period July 2009 to March 2010 is being prepared by DES.
- ESS are currently in discussions with Department of Education and Skills (DES) in order to determine if subject to satisfying EGF audit requirements monies may be recouped by DSP for qualifying persons who engage with BTEA, BTWEA and STEA schemes.

Labour Market Activation Fund

- Over 11,000 free training and education places were announced by the DES under the Labour Market Activation Fund (LMAF) for jobseekers in 2010. All applications under LMAF were assessed under the BTEA or the part-time Education Option (PTEO)

Second Chance Education Scheme

- Funding under the Second Chance Education scheme was just under €300,000 in 2010. As of 2011 this scheme has been amalgamated with the Activation and Family Support Programme (AFSP). The amalgamation was necessary to ensure compliance with auditing and accountability requirements and to ensure funding is used for appropriate purposes.

Rural Social Scheme & TÚS

Introduction

The rural social scheme, the community services programme and TÚS are managed by the same unit in the Department.

Rural Social Scheme (RSS)

The RSS is available only in rural areas and is confined to persons with eligibility based on farming or fishing activity and in receipt or eligible for certain social welfare payments. Income support by way of payment in the form of a wage is paid in return for work on services that are of benefit to rural communities. Participants are required to work 19½ hours per week.

Implementation Arrangements

The RSS is delivered at a local level by 35 Local Development Companies and Údarás na Gaeltachta in Gaeltacht areas (collectively known as Implementing Bodies).

Types of work undertaken

Practically all types of work can be undertaken by the RSS once it is based on supporting community and voluntary activity and does not displace existing public or private sector employment.

Funding/Pay Rates.

The 2011 provision is €46.1m and enables the employment of 2,600 participants and 130 supervisors nationally. The budget is fully committed and with vacancies and absences remains on target. Pay levels, other than supervisory pay, are based on the underlying value social protection payments benefits plus a small top-up of €20 pw.

Work in Progress

The following tasks are in progress and are to be completed before the end of April:

- Means enquiry to all participants to ensure continuing eligibility
- Annual renewal of Participants contracts is due at the end of April
- Roll-out of on-line tool to support contract renewal and collect weekly changes to payroll

Issues arising

A number of claims under the Payment of Wages Act 1991 have been lodged with the Labour Relations Commission complaining that the reduction in the value of payments on the RSS are contrary to the protection offered by statute.

Community Services Programme (CSP)

The Programme currently supports 445 contracts with community based enterprises providing a broad range of services. Each enterprise is required to generate non-public income from trading and charges to support its operations. The Programme currently supports around 2,700 people in full- and part-time positions. In return for support from the Programme, contract holders are required to recruit at least 70% of staff from the defined target groups.

Funding

The 2011 provision is €47m. The average grant value per service provider is €105,000 pa. Typically grants range from around €40,000 to €200,000 pa, with a small number in excess of this up to €400,000 pa. Contracts are usually awarded for three years renewable subject to satisfactory performance. All service providers operate on a multi-annual contract basis.

Application Process

There are no plans for a call for proposals.

Work in Progress

Of the 445 contract holders, some 315 were subject to review during 2010 and those that continued to meet the Programme requirements were offered new three year contracts to the end of 2013. Around 130 other contract holders, approved from 2008 to 2010 have had contracts renewed to the end of 2013 subject to satisfactory performance. The Programme is not open for new applications although there is limited opportunity for services to transfer from other publicly supported programmes (those supported under FÁS/CE, DCEGA/CDP, and HSE).

Issues arising

There are no issues of significance arising in the immediate future.

TÚS – community work placement initiative

This initiative was announced in Budget 2011 and is currently being developed for roll-out. The previous Government planned for a phased roll-out of the initiative building to 5,000 placements by the end of 2011.

Implementation Arrangements

Similar to the RSS, TÚS will be delivered through the 53 Local Development Companies nationally and Údarás na Gaeltachta in Gaeltacht areas (collectively known as Implementing Bodies).

Eligibility

Participants will, in the first instance, be identified by the Department of Social Protection by applying the following conditions:

- A person must be continuously unemployed for at least 12 months and “signing” on a full-time basis, and
- Be in receipt of a jobseekers payment from the Department of Social Protection for at least 12 months (including jobseekers benefit), and
- In receipt of job-seekers allowance.

The Department of Social Protection will contact persons on the live register who satisfy the criteria and offer them the opportunity to be considered for local employment as opportunities arise.

Rates Paid

Individual pay levels for TÚS, other than supervisory pay, are based on the underlying value social protection payments benefits. Participant’s pay is calculated depending on individual circumstances and eligibility.

Funding

The 2011 provision is €30m building to €100m for a full year’s operation.

Work in Progress

The following tasks are in progress and are to be completed before the end of April:

- Contractual arrangements with the Implementing Bodies
- Identification by community organisations of suitable work placements.
- Finalising procedures for the identification of persons to be recruited and following arrangements for those that refuse a placement.
- Roll-out of on-line tool to support contract, administration tasks and collection of weekly changes to payroll

Issues arising

No particular issue have been raised at this stage of implementation.

Working Age - One-Parent Family Payment

- The One-Parent Family Payment (OFP) is a means-tested payment for men and women who are bringing up a child – or children – without the support of a partner. A claimant must be widowed, a surviving civil partner, separated, divorced, have a dissolved civil partnership, be unmarried, a person who is not party to a civil partnership, or a prisoner's spouse or civil partner.

The person must also have main care and charge of at least one child who is residing with them as well as not be co-habiting with someone and have made efforts to seek maintenance.

- The number of claimants receiving the OFP was 92,326 on 31 December, 2010 (up from 74,119 on 31 December, 2000 – a 20% increase over the last decade). Some 98% of claimants are women.
- Despite significant levels of State spending on one-parent families as well as improvements made to the OFP over the years, the results have been poor in terms of tackling poverty and social exclusion and of encouraging economic independence. Lone parents and their children continue to experience the highest rates of 'consistent poverty' in the country. The latest EU-SILC figures show that, in 2009, 16.6% of lone parents were experiencing 'consistent poverty' compared to 5.4% of two-parent households and to 5.5% of the population as a whole.
- The cost of the OFP scheme in 2010 was €1.11 billion – up from €751 million in 2005 and €480 million in 2000. This represents an expenditure increase of 57% on the scheme over the last decade.
- The current OFP provides long-term income support, until children are aged 18, or 22 if in full-time education, to lone parents – without any requirement for them to engage in employment, education or training. Such long-term welfare dependency and passive income support to individuals of working age are not considered to be in the best interests of the recipient, of his or her children or of society.
- In general, the best route out of poverty is through paid employment. It is recognised that work, and especially full-time work, may not be an option for parents of young children. However, it is believed that supporting parents to participate in the labour market, once their children have reached an appropriate age, will improve both their own economic situation and the social well-being of themselves and of their families.

Information on the current One-Parent Family Payment:

- The OFP is made up of a personal rate for the parent and of extra amounts for dependent children. The current payment rate is €188.00 per week – with a further €29.80 for each additional qualified child.

- The amount of the payment depends on the weekly means of the parent. For those whose weekly means are less than €146.50 per week, the full rate of the OFP may be paid. Earnings above this limit are assessed at 50% – up to a maximum of €425.00 per week. Those in receipt of the payment, and whose earnings subsequently exceed €425.00 per week, will continue to receive a transitional half-rate payment for six months.

Reform of One-Parent Family Payment

- The reform of the OFP aims to put in place a model that:
 - prevents long-term dependence on social welfare support and facilitates financial independence among parents;
 - recognises parental choice with regard to the care of young children, but with the expectation that parents will not remain outside of the labour force indefinitely, and
 - includes an expectation of participation in education, training and employment initiatives, with the appropriate social welfare supports provided in this regard.
- The changes to the OFP that are contained in the Social Welfare (Miscellaneous Provisions) Act, 2010, which was enacted on 21 July, 2010, will help the Government to meet these social policy objectives. The Government Discussion Paper, “*Proposals for Supporting Lone Parents*” (2006), informed deliberations regarding the reform of the scheme.
- Under the amended scheme, for **new customers**:
 - payment will be made until the youngest child reaches the age of 14;
 - there will be a special provision to allow for the continuation of the OFP for lone parents who are in receipt of the Domiciliary Care Allowance – payable until the child reaches the age of 16;
 - there will also be a special provision for those who are recently bereaved (married, co-habiting, in a civil partnership), with no children under the age of 14 (or within 2 years of reaching the age of 14), to claim the OFP for a period of up to 2 years from the date of death, or until their youngest child reaches the age of 18, in order to enable them to come to terms with their changed circumstances, and
 - the Back-to-School Clothing and Footwear Allowance will be paid in the year that the OFP claim ceases, subject to the customer meeting the other qualifying conditions for the receipt of that payment – e.g. the means test.
- When the youngest child reaches the age of 14, if the parent is still in need of income support, they can claim the Jobseeker’s Allowance, or, if in low-paid employment of more than 19 hours per week and earning below the relevant income threshold, the Family Income Supplement.

- New recipients of the payment will henceforth be encouraged to avail of educational, training and back-to-work opportunities from when their youngest child reaches the age of 11.
- Under the amended scheme, for **existing recipients**:
 - existing payments will be phased out over a six-year period, with entitlement to the OFP being maintained at the age of 18 for 2011 and 2012, and then being reduced on a yearly basis from the age of 17 in 2013 to 16 in 2014, to 15 in 2015 and to 14 in 2016;
 - a saver, up to the end of the 2012-2013 academic year, will be provided for recipients with a child in full-time education, and
 - to encourage participation in education and employment, recipients who leave the scheme during the six-year phasing-out period to participate in the Back-to-Education Allowance scheme, or where their earnings exceed the qualifying earnings limit for the scheme, can re-apply for the OFP based on the age conditions within the saver period only (to end 2016).
- Written notification is to be issued to existing customers at the end of March, 2011, to advise them of the changes to the scheme. A reminder will be issued to relevant customers when their youngest child reaches the age of 11 and advising them of education, training and employment opportunities that they can avail of. It is planned, over time and as resources permit, to provide more structured interventions from the Department, FÁS and the Local Employment Service to support lone parents into education, training and employment from the claim-award stage. An appropriate notice, including a 'Frequently Asked Questions' document, will also be displayed on the Department's website. The relevant NGOs (One Family, OPEN, Treoir and the National Women's Council) will also be notified of the commencement date.
- As at 31 December, 2010, there were 92,326 OFP recipients at a cost of €1.11 billion.
- The estimated savings that will arise from the changes to the OFP will be mainly long-term and will amount to some €0.9 million in 2011.

International comparisons:

- The changes to the one-parent family payment (OFP) will bring Ireland's support for lone parents more in line with international provisions – where there is a general movement away from long-term and passive income support.
- Ireland's new age 14 cut-off point is considerably higher than that in other western nations:
 - **United Kingdom** – lone parents are obliged to seek work when their youngest child reaches the age of 7.
 - **Canada** – there is a work obligation when the youngest child reaches the age of 6.

- **The Netherlands, Australia and New Zealand** – there is a work obligation when the youngest child reaches the age of 5.
- **Finland** – there is a work obligation when the youngest child reaches the age of 4.
- **Germany, Italy, Sweden and Norway** – there is a work obligation when the youngest child reaches the age of 3.
- **United States of America** – there is a work obligation when the youngest child is reaches the age of 3 months.

Supports that are currently provided to lone parents:

- Many lone parents need access to education, training and activation measures in order to acquire the skills that they will need in order to gain employment.
- There is a wide range of education, training and work support opportunities available through the Department of Social Protection, the Department of Education and Skills and FÁS for lone parents to strengthen their qualifications and skills base and to thus maximise their chances of meeting the requirements of the modern labour market and gaining employment.

Childcare options that are available to lone parents:

- The previous Government has invested some €1 billion over the last decade in developing a childcare infrastructure under both the National Childcare Investment Programme 2006-2010 (NCIP) and, prior to that, the European Union co-funded Equal Opportunities Childcare Programme 2000-2006 (EOCP). As a result of these programmes, some 65,000 childcare places will be in place this year.
- The free Early Childhood Care and Education (ECCE) programme provides pre-school for children aged between 3 years 3 months and 4 years 6 months in September of each year.
- In addition, the Community Childcare Subvention Scheme (CCSS) funds community childcare facilities to enable them to charge reduced childcare fees to disadvantaged and low-income families. Almost 1,000 community services are now in the scheme, the number of full-time equivalent children who are attending these community childcare facilities is almost at 30,000 and the number of parents using the service has reached 18,000.
- A revised CCSS scheme was introduced in September, 2010. This new scheme has a labour activation focus and will strengthen child care supports available to lone parents. Lone parents can avail of affordable childcare under the CCSS in the form of full- or part-time day care services and sessional playschool services for younger children. Importantly for lone parents, after-school services and homework clubs are included in the services provided.
- The new Childcare Education and Training Scheme (CETS) was introduced in

September, 2010, by the Office of the Minister for Children and Youth Affairs and replaces the previous childcare support schemes implemented by both FÁS and the VECs. Under this scheme, parents who need assistance with childcare costs to access education and training initiatives in order to enter or return to employment, no longer have to pay for childcare.

Localisation of Scheme:

The scheme had been fully operated from Sligo Social Welfare Services. In order to give a more holistic service to recipients and enhance control processes, localisation of all claims had been planned but the economic downturn and associated increase in Live Register and resultant pressures on local offices has delayed this project significantly. Transfer of further claims to Local Offices will occur as offices are in a position to take on this additional work.

The current position is as follows

* 63,497 claims are maintained at various Local Offices throughout the country.

- 28,829 claims are maintained at the Sligo Social Welfare Services HQ.

Claim Processing 2011 - January					
Claims Cleared as % of Target	Average Time to Award (Weeks)	Weeks to Award 90%	Percentage Awarded within Timeframe (90% in x Weeks)		Percentage Awarded within Timeframe
			Current Month		Previous Month
126%	18	37	34%	In 10 Weeks	44%

Note: *Processing of claims is protracted by necessity to have claims sent to Inspectors for investigation due to the complex nature of claims*

Statistics:

- According to Census 2006 returns, there were over 187,000 lone parent families in private households in Ireland (up from some 154,000 in 2002), comprising one in six of all families.
- Lone parents who have never married make up the biggest share of lone parents (66.1%), while just under one-third (29.4%) are separated or divorced, and the remaining 4.4% are widowed.

- The number of claimants receiving the OFP was 92,326 on 31 December, 2010 (up from 74,119 on 31 December, 2000 – a 20% increase over the last decade). Some 98% of claimants are women.
- The cost of the OFP scheme in 2010 was €1.11 billion – up from €751 million in 2005 and €480 million in 2000. This represents an expenditure increase of 57% on the scheme over the last decade.
- 16% of claimants are aged 25 or younger, 58% of them are aged between 25 and 39 and 26% of them are aged 40 or over. The age profile of lone parents is strongly related to their route into lone parenthood. Those who become lone parents through marital breakdown or widowhood are older than those who have never married.
- Some 57% of OFP recipients have 1 child, 28% have 2 children, 10% have 3 children and 5% have 4 children or more.
- The number of teenage OFP recipients has always been relatively small, but has been dropping further – from 4.4% in 1997 to 2.2% in 2004 and to 1.7% in 2010.
- Some 90% of OFP recipients have a youngest child aged 14 or under, 80% have a youngest child aged 11 or younger and 61% have a youngest child aged 7 or under.
- Some 6,500 recipients (or 7% of the current total number of claimants) are involved in community employment (CE) schemes. Some 18,500 (or 20% of the current total number of claimants) are in receipt of the rent supplement (out of a total of 93,500 rent supplement recipients) and a further 7,440 claimants (or 8% of the current total number of claimants) are in receipt of the family income supplement.

Family Income Supplement (FIS) Scheme

- The Family Income Supplement (FIS) scheme provides income support to families (with children) where there is low-earnings employment. The payment effectively preserves the incentive to take up or remain in employment in circumstances where the employee might only be marginally better off than if s/he were claiming other social welfare payments. Both one and two-parent families may qualify for FIS and it may be payable in addition to one parent family payment, widow's pension, deserted wife's benefit or back to work allowance.
- To qualify for payment of FIS a person must be engaged in full time insurable employment which is expected to last for at least 3 months and be working for a minimum of 38 hours per fortnight or 19 hours per week. A couple may combine their hours of employment to meet the qualification criteria. The applicant must also have at least one qualified child who normally resides with them or is part of a family unit supported by them. Furthermore the average family income must be below a specified amount which varies according to the number of qualified children in the family
- FIS is then calculated on the basis of 60% of the difference between the income limit for the family size and the net income of the person(s) raising the children. Net income for FIS purposes comprises of total family income less tax, social contributions, superannuation contribution and pension levy.
- Once the level of FIS payment is determined, it continues to be payable at that level for a period of 52 weeks provided that the person remains in employment. The rate of payment can be increased if an additional child is born in the course of the 52 weeks.

Processing times

- At the end of December 2010 there were approx. 5,133 new FIS applications and approx. 2,654 renewal applications awaiting approval.
- The average waiting time for the quarter ending December 2010 for new FIS applications is 9 weeks.
- The primary reason for processing delay is strong claim intake (over 48,000 new and renewal claims to the end of December 2010).
- Action to reduce delays include overtime working and continuing process improvement work aimed at making the process as efficient as possible and prioritisation of renewal claims to ensure continuity of payment

Control

Claims are reviewed annually.

Details of Family income supplement are at Appendix 16 and 17.

Maternity Benefit Schemes

Maternity Benefit

- Maternity Benefit is a payment made for 26 weeks to women on maternity leave from work and covered by [social insurance \(PRSI\)](#). Application is normally made 6 weeks before commencement of maternity leave (12 weeks in the case of a self-employed person). The rate of payment is dependent on income level. A person in receipt of certain social welfare payments will receive half-rate maternity benefit.
- Maternity Benefit is paid directly into a bank or building society account. Some employers will continue to pay an employee, in full, while she is on maternity leave and in these cases will require her to have any maternity benefit paid to them.
- Originally introduced for insured female employees in 1970 the scheme was extended to include the self-employed from June 1997.
- The main provisions are contained in the Maternity Protection Acts, 1994 and 2004, Chapter 9 of Part II of Social Welfare (Consolidation) Act, 2005, and Chapter 2 of Part II of Social Welfare (Consolidated Claims, Payments and Control) Regulations, 2007 (as amended).
- In 2010, the total cost of maternity benefit was €325.5 million, which was paid in respect of 48,447 claims.

Adoptive Benefit

- Adoptive Benefit is a weekly payment made to an adopting employed or self-employed mother or single male who adopts a child and who meets certain PRSI contribution conditions. Benefit is paid for a continuous period of 24 weeks from the date of placement of the child.
- Main provisions are contained in the Adoptive Leave Act, 1995 and 2005, Chapter 11 of Part II of Social Welfare (Consolidation) Act, 2005 and Chapter 4 of Part II of Social Welfare (Consolidated Claims, Payments and Control) Regulations, 2007 (as amended).
- In 2010, the total cost of adoptive benefit was €896,000, which was paid in respect of 125 claims.

Health and Safety Benefit

- Health and Safety Benefit is a weekly payment for employed women who are pregnant or breastfeeding, and who are granted health and safety leave by their employer where the employer cannot remove a risk to her health or assign her alternative risk-free duties while she is pregnant or breastfeeding. The customer must satisfy certain PRSI conditions. The employer pays for the first 21 days of the health and safety leave and this Department pays the remainder.
- Main provisions are contained in Section 18 of the Maternity Protection Acts 1994 and 2004, Chapter 10 of Part II of Social Welfare (Consolidation) Act 2005, and Chapter 3 of Part II of Social Welfare (Consolidated Claims, Payments and Control) Regulations, 2007 (as amended).
- In 2010, the total cost of health and safety benefit was €589,000, which was paid in respect of 234 claims.

Trends

- Increases in the maximum duration and payment of maternity benefit, in addition to the increases in the female population and the national birth rate, resulted in a significant increase in the expenditure up to end of 2009. It is anticipated that the increase in expenditure in recent years will drop over the coming years due to rising unemployment and the reduction in the rate of benefit.
- Expenditure on adoptive benefit peaked in 2008 and has been decreasing annually since. Numbers availing of the scheme are in decline and are at their lowest level in six years.
- Expenditure on health and safety benefit peaked in 2009. The decline in 2010 is reflective of the downturn in employment

Processing Times

- Customers apply up to 6 weeks in advance of commencement of maternity leave. The target is to process 90% of claims in advance of the first payment due date (i.e. in commencement of maternity leave). In 2010, in excess of 95% of claims were processed in advance of the customer commencing maternity leave. This effectively means that in excess of 95% of claims were processed within 6 weeks.

Treatment Benefit

The treatment benefit scheme offers dental, optical, and audiological benefits to people who meet certain PRSI conditions.

- The Department makes payments on behalf of qualified customers to Irish dentists, Opticians, and audiologists who have opted to join the Department's Panel of Practitioners.
- Qualified customers may also attend for treatment in any other EU country, in which case we pay the customer directly as we do not have contracts with practitioners outside Ireland.
- Since January 2010, only free examinations are available in the dental and optical schemes. (The audiological scheme remains unchanged and still offers a 50% grant for hearing aids subject to a fixed maximum amount of €760 per aid, max of 2).
- In 2010, a total of 559,925 customers claimed treatment benefits.
- In the year from 1st January 2010, when the exam only entitlement was introduced, there has been a 43% decrease in claims, and a 55% decrease in the cost of the scheme. The total expenditure in 2010 was €38,484,200 as opposed to €86m in 2009. 2011 expenditure is likely to be in the region of €25m.
- A further €12,980,000 was paid by this Department to the HSE in respect of customers who have dual eligibility under both treatment benefits and the HSE's medical card scheme and received treatment from the HSE under the medical card scheme in 2009. This is likely to fall below €5m for 2010.
- A previous government decision was made to amalgamate the dental and optical schemes with the Parallel DOH/HSE medical card schemes under the Core functions agenda. This proposal has not progressed past initial discussions between Departments
- Payment is made monthly. All complete claims received by the last day of any given month are paid on the second Tuesday of the subsequent month.

*** The scheme-by-scheme breakdown of claims and costs in 2009 and 2010 was:*

	2010 Claims	2010 Cost	2009 Claims	2009 Cost
<i>Dental</i>	388,938	€25,015,000	733,562	62,284,400
<i>Optical</i>	163,378	€6,197,600	240,817	16,992,100
<i>Audiological</i>	7,609	€7,271,600	7,506	7,368,200

Carer's Allowance and Carer's Benefit Schemes

Introduction

Carer's allowance is a means tested payment for people who are providing full time care and attention to a person who needs it. Carer's benefit is a social insurance payment for people who take time out from the workforce to provide full time care and attention – it can be paid for up to two years. The respite care grant is an annual payment to all carers providing full time care and attention regardless of whether or not they are in receipt of carer's allowance or benefit.

Policy Aspects:

1. Recent Developments

Half-rate carers

The half-rate carer's allowance was introduced as part of Budget 2007. Persons eligible for carer's allowance and another social welfare payment are now entitled to retain this social welfare payment and receive a half-rate carer's allowance. Recipients of carer's allowance also receive the annual respite care grant, the household benefits package and free travel.

Training for Carers Measure under Dormant Accounts Fund

Carers were identified as a priority theme under the 'Economic and Social Disadvantage Category' in the Dormant Accounts allocation for 2007. The focus of the carers measure is to provide training to assist carers in undertaking their caring role. The Department of Social Protection is the lead Department for this measure and the funding is being channelled through the Department's vote. Pobal are administering the measure on behalf of the Department and are responsible for the ongoing monitoring and evaluation of the programme. 12 groups were approved for funding in December 2008 totalling €1.48 million from 2009-2011. The largest allocations were made to the Carers Association (€72,000) and Caring for Carers Ireland (€232,000). At December 2010 €33,827 had been paid to groups (€92,248 in 2009 and €41,579 in 2010).

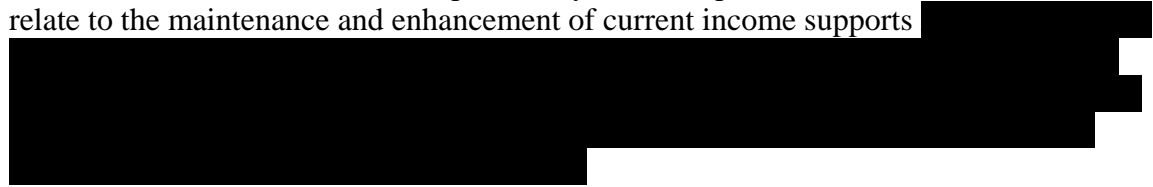
2. Current Issues

National Carers' Strategy

The commitment to develop a National Carer's Strategy was in the *Towards 2016 Agreement* and the Programme for Government. However, despite the work undertaken by the interdepartmental working group during 2008, the economic context changed and remains severely constrained by the fiscal difficulties facing the economy. Rather than producing a document which did not include any significant plans for the future, in 2009, the then Government decided not to publish a strategy. The statement by the Carers

Association in February 2010 at the Joint Oireachtas Committee that the Strategy should be published “when economic, social and political indicators dictate” shows a recognition of the current situation.

The areas which fall within the responsibility of the Department of Social Protection all relate to the maintenance and enhancement of current income supports



Abolishing Habitual Residency Condition

All applicants for carer's allowance, regardless of nationality, are required to be habitually resident in the State in order to qualify. The determination of a person's habitual residence is made in accordance with Section 246 of the Social Welfare Consolidation Act 2005, as amended. The most recent amendment was introduced by Section 15 of the Social Welfare and Pensions (No. 2) Act 2009 which provided that only persons who have a right to reside in Ireland can be regarded as being habitually resident in the State. Following the passing of that Act, the operational guidelines of the Department were examined and all necessary changes on foot of this legislation were incorporated and updated on the Department's website.

The Carers Association has proposed that carers, particularly Irish nationals, be exempted from the habitual residence requirement when returning to Ireland to care for sick or elderly relatives. However, it would not be considered appropriate to exempt one scheme from the requirement. The habitual residence condition helps protect Ireland's social welfare system, while at the same time ensuring that those whose cases are appropriate to the system have access to it when they need it.

EU legislation prohibits discrimination between nationals of EU Member States in the context of freedom of movement of workers and their access to social security or social welfare entitlements. Therefore national legislation cannot provide advantages to non-resident Irish nationals on temporary visits here without extending the provisions to all EU nationals under the same conditions.

Hours carers may work

There have been demands that employment hours allowed should increase from 15 to 19.5 hrs so carers could be eligible for community employment scheme. There are a number of problems with these proposals.

The qualifying conditions for the payment are such that the person receiving care is medically assessed as needing it on a full-time basis. Any further change would necessarily dilute the very notion of ‘full time care and attention’ and directly impact on the person who needs that care.

Increasing the number of hours to 19 hours per week would, for the purposes of family income supplement be considered as full time employment, while simultaneously being considered to be providing someone with full time care and attention.

Any increase would have to be applied to carer's benefit, carer's leave and the respite care grant as well as carer's allowance in order to maintain the consistency of qualifying conditions that currently applies across the schemes. A person must have been in employment for at least 16 hours per week (or 32 hours per fortnight) before giving it up in order to qualify for carer's benefit. Increasing the number of hours a person can work (to 19.5 hours per week), and still be eligible for a carer's payment, would lead to situations where a person could 'give up' work of 16 hours per week in order to claim carer's benefit and then work for 19.5 hours per week while in receipt of the benefit.

3. Operational Aspects – Carer's Allowance

- At end Jan 2011 – 3,747 claims on hands for processing.
- Processing target – 90% in 12 weeks.
- Processing Performance – average achieved in 2010 73% in 12 weeks.
- Average time to award claim in 2010 – 8 weeks
- Claims in Payment @ end Dec 2010 - 50,755
- Provisional Expenditure Outturn 2010 €501m
- The number of claims received for 2010 was 18,212 compared to 16,574 in 2009 which represents an increase of approx. 10%.
- In determining entitlement to the allowance there are, in certain cases, unavoidable time lags involved in making the necessary investigations and enquiries to enable appropriate decisions to be made. In certain instances people applying for the allowance do not supply all the necessary information in support of their claim. This can lead to additional delays in processing their claims.
- The staff and other resources available to the department are regularly reviewed having regard to the workload arising and other competing demands. The department monitors available resources against workload on an ongoing basis with a view to ensuring optimum processing times for claims.
- Carer's allowance has recently commenced a major service delivery modernisation project involving the development of IT functionality and associated business process re-organisation. It is anticipated that the new system will introduce significant processing efficiencies and a more responsive service to the customer.

Refusal rate for carer's allowance:

In 2009 16,574 new claims were received, of which 5,776 (34.8%) were rejected.
In 2010 18,212 new claims were received, of which 6,972 (38.2%) were rejected.
There has been no recent change in the conditions for receipt of the scheme

4. Operational Aspects – Carer's Benefit

- At end Jan 2011 – 378 claims on hands for processing.
- Processing target – no published processing target
- Average time to award claim in 2010 – 9.6 weeks
- Claims in Payment @ end December 2010 - 1,619
- Provisional Expenditure Outturn 2010 €26m
- Carer's benefit is a PRSI contribution-based scheme payable to an insured person who has recently left the workforce and who is caring for an eligible person (s) in need of full-time care and attention. The benefit is payable for a maximum period of 104 weeks for each care recipient and may be claimed over separate time periods.

Respite Care Grant

Respite care section has a staffing level of 9.2 full time equivalent staff plus 7 seasonal temporary staff.

The respite care grant is an once-off annual payment made to all full-time carers, subject to certain conditions that are set out in legislation.

- Prior to 2005, the grant was paid only to people in receipt of certain qualifying primary payments, mainly carer's allowance and carer's benefit. Such people received the grant automatically, and continue to do so. Carers of children who are in receipt of domiciliary care allowance are also paid the grant automatically.
- In Budget 2005, entitlement to the grant was extended to all eligible carers, regardless of means or PRSI contributions. This 'standalone' grant is paid to those who are not in receipt of a qualifying primary payment. The grant is payable on or after the first Thursday of June in each year. All the qualifying conditions must be met on that day.
- The amount of the grant was €1,000 in 2005. It was increased to €1,200 in 2006, to €1,500 in 2007 and to €1,700 in 2008. Overall expenditure on the grant and the estimated number of carers paid each year, since 2005, is set out in **Appendix 18**. Corresponding data for the 'standalone' grant is shown in **Appendix 19**.

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Illness and Disability policy:

Background note

There is a range of social welfare payments available for people who are ill and people with disabilities, including social insurance (or PRSI based) payments, occupational injury benefits (for those injured at work) and social assistance (or means-tested) payments¹. These payments cover a diverse customer group who have widely different needs. At one end of the range they cover those with short-term illness, who may need nothing more than prompt payment of the relevant income support for a brief period until they return to work. At the other end, they cover people with profound disabilities who have a range of needs, many of which are outside the remit of this Department.

Appendix 20 and 21 provide a summary of spending and numbers of recipients across the range of schemes.

Review of Disability Allowance

A value-for-money review of the disability allowance (DA) scheme was published in November 2010. Key findings of the review include:

- Scheme numbers (which have increased from c. 36,000 in 1996 when the scheme was initiated to over 101,000 now) would have increased in any event in line with population growth. Other factors, including the easing of the means test, the extension of entitlement to those in full-time residential care, greater medicalisation of certain conditions etc. have also played a role.
- The DA scheme includes a hugely diverse range of customers with an equally broad range of needs in terms of activation and other supports. Against a background of a severe rise in unemployment, there is a need to ensure that activation services are directed in the most efficient way possible. The review proposes that a process of identifying capacity and segmentation be introduced at the point of application for disability allowance with a view to better matching services and needs.
- In the context of the disregard arrangements which facilitate take-up of employment, further efforts are required to emphasise the message that work pays for DA claimants.

¹ The Department operates a number of separate illness and disability payment schemes as follows –

- the contributory schemes of **Illness Benefit** for people who are incapable of work and **Invalidity Pension** for those who are permanently incapable of work;
- the Occupational Injury Benefits scheme for those injured at work, including **Injury Benefit** for those incapable of work, **Unemployability Supplement** for those permanently incapable of work and **Disablement Benefit** for those who suffer loss of faculty as a result of an accident at work; and
- the means-tested **Disability Allowance** and **Blind Person's Pension** schemes for those whose employment capacity is substantially restricted because of a disability.

- The review recommends that collection of medical data be enhanced in order to enhance the evidence base for identifying the scope for more effective targeted early interventions and for improving the matching of activation services and customer needs.
- The issue of increasing the minimum qualifying age for DA from 16 to 18 should be revisited and the blind person's pension scheme should be merged with the disability allowance scheme.

Current issues – Partial Capacity Scheme

The Social Welfare (Miscellaneous Provisions) Act, 2010 provided for the introduction of a partial capacity scheme. This scheme recognises that the current structure of the welfare system, which categorises people as 'fit to work' or 'unfit to work', does not reflect the reality for many existing welfare customers. It will provide an opportunity for people with disabilities, and assessed to have an employment capacity which is restricted when compared to the norm, to avail of employment opportunities while continuing to receive an income support payment.

A number of key steps are now being taken to enable the scheme to be formally introduced at the earliest possible date.

- Work is underway on the drafting of a series of Regulations, as required by the legislation, to cover, amongst other things, the medical protocols which will determine eligibility for the scheme as well as the rates of payment etc.
- The Chief Medical Advisor is finalising the necessary medical criteria against which partial employment capacity will be assessed. This work draws on the best international practice and is in accordance with established evidence-based disability evaluation protocols. Training will be provided to the Department's Medical Assessors in order to ensure that these protocols are applied in a consistent manner.
- Finally, work is underway to develop the necessary information technology platform to cater for the new scheme. The timing of the formal introduction of the new scheme will be critically contingent on this aspect in particular.

Future Proposals

Recoupment of Collateral Damages in Personal Injury Cases.

The proposal is to provide for the reimbursement to the Department, by the insurers, of social welfare payments deducted from a plaintiff's award of special damages in respect of loss of earnings. The Law Reform Commission (2002) recommended the introduction of such a system modelled on the UK approach which has been in place since 1990.

Introducing compensation recovery would require significant legislative reform (the UK legislation runs to 20 pages and 34 sections).

A Regulatory Impact Assessment would be required in advance of any legislative change. Central to this would be a process of consultation with all interested parties. Apart from other Government Departments, notably D/Enterprise, Trade and Innovation, there would be a need to consult with the insurance industry, legal interests and employer bodies. It can be expected that the proposal would be opposed by many of those involved – e.g. the insurance industry (increased premiums) and employers (negative impacts on competitiveness).

Disability Activation Project:

Background note

In January 2008, the Department obtained approval under the European Social Fund (ESF), Human Capital Investment Operational Programme 2007-2013 for a cross agency programme to develop and assess new approaches to promoting participation in the economy on the part of people with disabilities. The initial phase of the project was undertaken in the BMW region, in Mullingar, Co. Westmeath. The project utilised the departmental activation model, for engagement with and progression of people with disability.

Recent reports

An interim report on project activity and learning to date has been completed.

Current issues/ Future proposals:

The Department is currently in discussions with the ESF Managing Authority and Certifying Authority regarding the future direction of the project.

DSP Sectoral Plan under the Disability Act 2005

1. The Department's role and the context of the sectoral plan.

- The Department of Social Protection has a pivotal role in advancing the National Disability Strategy to provide full participation for people with disabilities because of its responsibility for the provision of income support for people with disabilities who may not be in a position to provide for themselves. Spending on entitlements to recipients of disability or caring related social welfare schemes in 2010 was over €2.8 billion;
- The Department's Disability Sectoral Plan, which was published in July 2006, provides an important blueprint for developing services that not only give people with disabilities financial security but also encourages and supports maximum participation in society;
- Over the period of the Plan the Department seeks to deliver support to people with disabilities which will reduce their risk of dependence. The approach is to encourage them to meet their income needs largely from employment, as well as achieving other social outcomes, such as further education and developing life skills in a way that will ensure that the contributions, talents and aspirations of no individual is overlooked.
- The Department completed the review process of its Sectoral Plan in October 2009. A '*Progress Report 2006-2009*', outlining significant progress made by the Department across a wide range of objectives, was published in February 2010. As part of the review process, the Department is preparing an updated Sectoral Plan. This will not be completed pending further progress of the integration of employment services and community employment services programmes from FÁS, thereby reflecting the Department's new responsibilities.

2. Disability Policy issues addressed in the Department's Sectoral Plan.

The main policy priorities identified in the plan are as follows;

- The provision of adequate income for people with disabilities;
- The activation of people with disabilities;
- Examining the incentive effects of the payment levels and the structures of schemes for people with disabilities and addressing benefit traps and employment disincentives within the structure of welfare disability schemes;
- Supporting carers;;
- Supporting advocacy services for people with disabilities;
- Inter-departmental co-operation to remove barriers to inclusion for people with disabilities.

3. Access to services

The plan details specific provisions to ensure that people with disabilities can access social welfare services along with other citizens. It details a set of actions to ensure access to the Department's offices, that information services and other services are accessible, that its communications with people with disabilities are provided in accessible formats and that as far as practicable the products and services that the Department purchases are accessible to people with disabilities. A series of initiatives for staff with disabilities is contained in the Plan and it includes actions to promote awareness about disability issues throughout the organisation.

4. Agencies under the remit of the Department of Social Protection.

The Department has included the agencies under its aegis in the development of the Sectoral Plan. The role of the Citizens Information Board is particularly significant because of its statutory responsibilities in relation to developing information and advocacy services for people with disabilities.

5. Monitoring Implementation

Progress reports on the plan together with reports of the 5 other Departments covered by the Disability Act, 2005 are provided to the Cabinet Committee on Social Inclusion twice a year. The Department will continue to consult with the Department's Disability Consultative Forum and with the disability sector interests and will continue to work with the National Disability Authority in implementing the sectoral plan.

Disability Allowance Scheme – Operational Perspective:

Background note

- Disability Allowance is a means-tested payment for people with a specified disability whose income falls below certain limits and who are aged at least 16 and are under 66.
- The Department has implemented a considerable number of changes to the scheme in the period 1996 to 2008 particularly in relation to the means test and payment of disability allowance to persons who are resident in institutions where part of their maintenance was being paid by the Health Boards or the Health Service Executive. These improvements have increased numbers on disability allowance and/or retained persons on disability allowance who would have been refused/stopped if the means improvements had not taken place.

Qualifying Conditions in Summary

To qualify for a disability allowance a person must:

- be suffering from an injury, disease, congenital deformity or physical or mental illness or defect which has continued or may reasonably be expected to continue for a period of at least a year and
- As a result of the condition the person is substantially restricted in undertaking work which would otherwise be suitable having regard to the person's age, experience and qualifications.
- This would mean that the person's capacity to undertake or carry out work would be substantially less than that of a person without the specified disability in question.
- be aged 16 and under 66
- satisfy a means test
- be habitually resident in the State

General information

- Claims in payment – 101,111 at end of December 2010 (173% increase on the number in payment at end of Dec 1996 – 37,054)
- Cost of DA scheme 2010 €1,109m (Cost of scheme in 1996 €158m)
- At end of Dec. 2010 – 6,880 new claims were awaiting decision this represents 6.8% of the number in payment
- Processing target – 90% awarded in 12 weeks
- Processing times Jan to Dec 2010 inclusive – 44% awarded in 12 weeks

- Average time to award a DA claim Jan to Dec 2010 inclusive – 14 weeks
- Allowance paid every Wednesday a week in advance
- DA Scheme is currently on PENLIVE computer system. Later this year, DA is scheduled to go on new IT platform as part of Department's business transformation programme

Statistics showing expenditure and nos. in receipt of disability allowance in Appendix 22

Invalidity Pension Scheme

General Information

- Invalidity Pension is a payment for people who are permanently incapable of work because of illness or incapacity. The claimant must satisfy two tests to establish entitlement (i) That they have made a sufficient number of PRSI contributions and (ii) that their illness or disability is such that they are incapable of work.
- As of the end of December 2010 there were 50,766 claims in payment costing approximately €650 million pa.
- 8,774 new claims were registered in 2010 of which 2,701 claims were awaiting decision at end December 2010. The processing target is 90% awarded within 6 weeks. Processing time for 2010 was 20% awarded in 6 weeks with the average time to award a claim of 13 weeks. This includes the time taken to decide EU & bi-lateral cases which take a significantly greater time to process – it is not possible to segregate domestic claim processing times from EU / bi-lateral cases in 2010.

Challenges facing scheme

- As a result of the decision in Budget 2009 to limit payment of illness benefit to a maximum of two years a large number of customers reaching end of illness benefit entitlement are now applying for invalidity pension. This has contributed greatly to the workload of claims administration and medical assessment staff.
- Prior to this illness benefit only expired once the customer was certified by his/her doctor as fit for work or when the customer was found capable of work by the department's medical assessor
- Average new claims in 2009 were 153 per week. Average new claims since Sept 2010 are 242 p.w. which is an increase of 58% over 2009 levels. The impact of this increased workload on claims processing times will be monitored in the light of the implementation of the new computerised claim processing system (see below).
- Invalidity pension is one of the schemes from which a person can qualify for partial capacity benefit. This new scheme will allow a person to work and retain some or all of his/her invalidity pension, depending on level of capacity for work that the person has.

Other relevant information

- In December 2010 the Scheme moved to a new IT platform (BOMi) for processing new claims. This should improve the claim processing times. In May 2011 all existing invalidity claims will transfer to the new BOMi platform.

- Medical eligibility is now desk-assessed by a medical assessor based upon a medical diagnostic report completed by the customer's own G.P. In-person examinations are carried out only as deemed necessary by the medical assessor.

Control Policy

Controls for invalidity continue to be looked at on a risk basis with priority being given to reviewing increases for qualified adults and children, cases where temporary permission to work has been granted and cases requiring medical review.

Blind Pension

Description:

- Blind pension is a means tested payment paid to blind people and certain people with low vision, aged 18 and up to the age of 66 who are habitually resident in the State. This pension was introduced in 1920.

Number of Recipients:

- At the end of January 2011, there were 1,491 customers receiving blind pension.

Expenditure:

- The 2011 estimate for blind pension is €15,360,000.

Recent Trends:

- No significant trends to report.

Processing Times:

- On average it takes 9 weeks to award a blind pension application.

Disablement Benefit and associated Occupational Injury Schemes

Background note:

Disablement benefit may be payable to persons who suffer a loss of physical or mental faculty as a result of an occupational accident or prescribed occupational disease whilst they were in insurable (occupational injuries) employment.

- Disablement benefit is not considered to be a primary income support payment and may be payable while a customer is in employment or on another social welfare payment.
- It is a compensation payment for the assessed percentage loss of faculty. A feature of the scheme is the high level of reviews, dependent on the variation/deterioration in medical condition of the customer. All medical assessments are currently carried out via in-person examination.
- Processing of this scheme is not subject to a performance standard.
- Payment may be made by weekly pension or a one-off gratuity and in certain circumstances, a choice between both.

Claims on Hand at 31/12/2010 = 1,972

Claims on Hand at 31/12/2009 = 1,865

Measures to enhance processing;

- The review of existing processes and procedures on an ongoing basis with the explicit objective of reducing delays in claim processing
- Automation of standard communications to customers
- Examination of the feasibility of medical desk assessment

General Information

- Cost of scheme is approx €82m (€74 million disablement + €8m death benefit)
 - 13,721 disablement pensions in payment at end 2010
 - 640 death benefits in payment at end 2009 (end 2010 figure not available)
- A review of the entitlements of former coal miners, who are suffering with pneumoconiosis (which is a prescribed occupational disease in respect of coal mining under the occupational injuries regulations), is underway at present.

Scheme specific control policies

All medical reviews are prioritised on the recommendation of the Chief Medical Advisor.

Illness Benefit

Illness Benefit (IB) is an insurance based scheme that provides income support to individuals who are unable to work due to illness/incapacity.

New claims

289,962 illness benefit claims were registered in 2010 while 287,846 claims were processed. The average duration of an illness benefit claim is 10 weeks.

Expenditure

In 2010, illness benefit expenditure was €943Million (provisional)

Medical Certification

There are over 2.7 million medical certificates processed per annum. Payment is generated to the customer by keying the details of the certificate on the computer system. The aim is to key-in all certificates within 24 hours of receipt in the branch.

Summary of IB claims in payment by Cert Frequency (18/02/11)

Scheme	Weekly	Monthly	Twice Yearly	Total
IB	23,617	41,074	15,935	80,626

Main priorities

- Ensure customers receive their correct payment by the due date
- Process new claims in a timely, accurate and efficient manner

Challenges

- Complexity of scheme
- Volume of claims

Claim processing times

In 2010, on average 53% of illness benefit claims were processed in one week. The achievement of the processing target (90%) was affected by the high number of claims to be processed and the fact that claims from individuals, who have no other apparent source of income, are prioritised and generally processed within 3 days.

Medical Referral (Control)

Customers are referred for medical assessment as part of the branch's control procedures. 3,336 illness benefit (includes some injury benefit) customers had appointments in

January 2011 for an “in-person” assessment by the Department’s Medical Assessors. Of these 2,324 (70%) attended and 1,012 (30%) did not attend. 508 were found to be capable of work and 1,816 were found incapable.

Sick (No Benefit)

Customers who are ill but who do not qualify for illness benefit due to insufficient PRSI contributions can apply to the Community Welfare service for a basic payment under the supplementary welfare allowance (SWA) scheme. At end December 2010, there were 37,499 recipients of basic SWA of whom 3,247 (9%) were classified as “sick no benefit” cases.

Injury Benefit & Medical Care

Injury benefit and medical care are part of the occupational injuries benefits ² scheme. An insured person in Ireland who is injured at work, on an unbroken journey to/from work or who contracts a prescribed occupational disease is entitled to benefits under the Occupational Injuries Scheme.

Injury Benefit provides income support for a maximum period of 6 months. The average duration of a claim is 6 weeks.

Medical Care covers the cost of certain medical expenses that are not covered by the HSE or the treatment benefit scheme.

Numbers on Scheme

In 2010, injury benefit processed 15,119 claims.

In 2010, medical care processed 1,751 claims.

Recent Trends

The total number of injury benefit claims registered in 2010 was 15,119 as opposed to 14,739 in 2009 an increase in claim intake of 2.6%.

The total number of medical care claims processed in 2010 was 1,751 as opposed to 1,714 in 2009 an increase in claim intake of 2.2 %

Expenditure

In 2010, injury benefit expenditure was €20.97 Million (provisional)

In 2010, medical care expenditure was €0.364 Million (provisional)

The action of keying in a medical certificate to the computer system generates the payment to the customer. Medical certificates are keyed into the computer system within 24 hours of receipt.

² **Occupational Injuries Benefits** scheme also includes disablement benefit, death benefit, funeral grant, incapacity supplement and constant attendance allowance.

Claim processing times

We prioritise all claims from individuals, who have no other apparent source of income, for processing within 3 days and aim to process 90% of all claims within one week. injury benefit process an average of 45 claims per day [11,400 p/a or 950 p/m]

In 2010, on average 81% of injury benefit claims were processed in one week. The achievement of the processing target (90%) was affected by the high number of claims to be processed.

In 2010, 15,157 injury benefit claims were registered while 15,119 injury benefit claims were cleared. The clearance target for injury benefit it was 11,400 claims.

Medical Referral & Assessment

Medical referral & assessment (MRA) section has a staffing complement of 32.5 equivalent full time administrative staff and 24 medical doctors (12 doctors are based in Dublin and 12 in the regions). Some 90 nurses are also employed around the country of whom 11 are on contracts with the remainder employed on a sessional basis.

Main Functions of MRA

- The assessment and review of medical eligibility for all illness, disability and carer income support payments and other related schemes and entitlements.
- To act as a control mechanism for the illness, disability and carer related schemes.
- The registration of medical practitioners for the purpose of issuing medical certificates and reports for the Department's schemes
- Manage the production, issue and distribution of the Department's stock of medical certificates
- The processing of payments to medical certifiers in respect of correctly completed medical certificates and medical reports.
- The provision of expert medical advice with regard to the evolution and operation of the illness, disability and carer related schemes.

Medical Assessments

88,189 "desk" assessments were carried out in 2010. In addition, **57,310** customers were referred for "in person" assessment. Of these **42,918** (75%) attended and **14,392** (25%) failed to attend or submitted final certs.

Control Savings

€67.5m savings were generated by MRA in 2010. Illness benefit accounted for **€49m**.

Payments to Medical Certifiers (GPs)

€28.7m was paid to medical certifiers in 2010 in respect of **3.1m** medical certificates and 65,500 medical reports.

Medical Referral and Case Management Project (MRCM)

A project to modernise the MRA service is nearing completion. While the project has delivered significant benefits a number of technical and administrative issues remain to be resolved. These are being addressed.

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Older People - Pensions Policy

Introduction

The Department has policy responsibility for the pensions system in Ireland which comprises two main elements. The first element is the state-run social welfare system which includes both contributory and means tested pensions (the Department also has operational responsibility for these payments). The second element comprises voluntary supplementary pensions provided through a variety of arrangements and regulated by the State. These take the form of pensions sponsored by the employer, or personal pensions such as Retirement Annuity Contracts (RACs) and Personal Retirement Savings Accounts (PRSAs). Both the Pensions Board and the Office of the Pensions Ombudsman operate under the Department's remit. Public sector pensions and associated policy are the remit of the Department of Finance.

The overall objective of the Irish pensions system is to provide an adequate basic standard of living through direct state supports and to encourage people to make supplementary pension provision so that they may have an adequate income on retirement.

The National Pensions Framework which was published in March 2010 sets out the plan for future pension reform in Ireland. It encompasses all aspects of pensions, from social welfare to private occupational pensions and public sector pension reform. Development of the framework was informed by the range of views raised expressed during the consultation process which followed publication of the Green Paper on Pensions.

The aim of the framework is to deliver security, equity, choice and clarity for the individual, the employer and the State. It also aims to increase pension coverage, particularly among low to middle income groups and to ensure that state support for pensions is equitable and sustainable.

The National Pensions Framework & Associated Developments

1. Introduction

- Following publication of the National Pensions Framework in March 2010 an interdepartmental/agency group was set up to oversee and manage the implementation process. The group is chaired by the Department of Social Protection.
- Four sub-groups were also established to deal with particular elements of the framework (changes to State pension; changes to occupational and personal pension schemes; the development of the new auto-enrolment scheme; and costings & data issues). Work on the implementation process advanced during 2010 and the progress made is detailed in section 2 below.

2. Policy & Legislative Developments

Progress in relation to implementation of the National Pensions Framework is outlined below. In particular, the target in relation to flexible options on retirement was achieved and there were a number of particular developments with regard to defined benefit pension schemes and pension lump sums.

a. Defined Benefit (DB) Schemes

Defined benefit occupational pension schemes are experiencing funding difficulties. Losses experienced over the period 2007-2009 have been well documented. Although many schemes experienced a partial recovery over the last year or so, estimates suggest that 70% of schemes are still under funded. Pension schemes are also under pressure from increased longevity, with an increased number of pensioners drawing pensions for a longer duration.

A number of measures have been taken, in recent years, to ease the funding pressures on defined benefit pension schemes:

- Significant legislative changes in the Social Welfare and Pensions Act 2009 allowed for the restructuring of under funded schemes; removed the priority given to post-retirement increases for pensioners to ensure a more equitable distribution of assets in the event of the wind-up of a defined benefit scheme; and strengthened the powers of the Pensions Board in ensuring that pension contributions are remitted by employers to scheme trustees.
- The Minister for Finance also established the Pensions Insolvency Payments Scheme to reduce the cost of purchasing pensions for trustees where the employer has become insolvent. This scheme came into effect in February 2010 and ensures a more equitable distribution of assets following the wind up of underfunded pension schemes where both the pension scheme and the employer are insolvent.

Defined benefit schemes are subject to the requirements of the funding standard as prescribed in the Pensions Act. Following the downturn in financial markets in 2008, the requirements for the funding standard were eased to allow trustees/employers of pension schemes time to assess and respond to the impact of the crisis. This deadline has been postponed and the funding standard put into abeyance amidst concerns that many schemes still have significant deficits and that, while some schemes have taken very significant action to restructure their schemes and reduce their liabilities, many other schemes have taken no action and are awaiting some 'boost' in equities or further developments. At the same time, work on the development of a new defined benefit model as outlined in the National Pensions Framework, was announced and is underway

[REDACTED]

b. *The Funding Standard*

- Under the Pensions Act, defined benefit pension schemes must meet a minimum funding standard which requires that schemes maintain sufficient assets to enable them discharge accrued liabilities in the event of the scheme winding up.
- Where schemes do not satisfy the Funding Standard, the sponsors/trustees must submit a funding proposal to the Pensions Board to restore full funding within three years. The Pensions Board can allow a scheme up to ten years (or more) to meet the standard in certain circumstances.
- As a result of the recent losses experienced by defined benefit schemes, the Pensions Board has deferred the deadline for receipt of funding proposals – in effect giving schemes in deficit more time to either create viable financial recovery plans or decide to restructure benefits. The latest period of deferral was announced in October 2010 to allow for work to begin on a new defined benefit model.

[REDACTED] In 2011 it is likely that changes will need to be made to the Act to allow for the introduction of the proposed new defined benefit model, [REDACTED]

- In addition, the regulations underpinning the Funding Standard and Preservation requirements (which exclude some public sector schemes and certain other schemes from the provisions of the Pensions Act) are due for update and this will involve consultation with the Department of Finance and the parent Departments of all excluded schemes.
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

d. EU Pensions requirements

- The Department is currently working to transpose an element of a pensions directive – article 17 of Directive 2003/41/EC on the Activities and Supervision of Institutions for Occupational Retirement Provision (known as the IORPS directive).
- This directive prescribes that schemes which themselves provide a guaranteed level of performance (as opposed to one that may be provided by a sponsoring employer) must have appropriate reserves to ensure that this level of promise can be maintained. Although unlikely that any such scheme exists in Ireland, draft legislation is currently being finalised in the Attorney General's office with a view to being enacted shortly.
- Furthermore, it is likely that the overall IORPS directive will be reviewed this year by the EU Commission, to include a closer inspection on the cross-border rules and the mobility of pensions.

e. Sovereign Annuities

Most recently (in December 2010) legislation was introduced to facilitate the purchase of sovereign annuities by scheme trustees. The NTMA will shortly issue bonds on which the annuity products will be based. Schemes that purchase these bonds or annuities in respect of pensioner benefits will benefit from a reduction in their liabilities under the Funding Standard (reflecting the higher yield on these bonds compared with German/French bond rates that currently determine annuity rates). This should encourage a move away from more volatile equity investment. In addition, the purchase of a sovereign annuity in respect of pensioner benefits will discharge the liabilities of trustees who previously would have paid pensioners directly from the pension fund.

The sovereign annuity initiative will provide a measure of assistance to schemes in deficit. However, it does not represent a panacea and does not address the fundamental

problems with the current defined benefit model (currently being addressed in the work on the new defined benefit model).

f. Extension of flexible options on retirement

In line with the framework, Budget 2011 provided for all members of Defined Contribution (DC) pension arrangements to have access to flexible options on retirement while at the same time ensuring that people retain a reasonable income stream in their retirement. This reform includes the following elements:

- The Approved Minimum Retirement Fund (AMRF) option is being retained but the “set-aside” requirement will now be the lesser of 10 times the maximum rate of State pension (contributory) – about €120,000 – or the remainder of the pension fund after taking the tax-free lump sum, as compared with €63,500.
- The specified/guaranteed income limit of €12,700 per year is being increased to 1.5 times the maximum rate of the State pension (contributory) bringing it close to €8,000 per annum.
- The guaranteed income requirement, if not satisfied at retirement may be satisfied any time thereafter, at which point the AMRF becomes an Approved Retirement Fund (ARF).
- As a transitional measure, the current guaranteed income requirement of €12,700 per year will continue to apply for 3 years in the case of people who have already retired.

The option introduced in December 2008 to allow the deferral of annuity purchase on retirement for defined contribution scheme members is being extended by the Revenue Commissioners.

g. Tax Treatment of Pension Lump Sums

The Commission on Taxation recommended that pension lump sums of less than €200,000 should not be taxed. The arrangements for the tax treatment of lump sums greater than €200,000 then fell to be considered and developed during the implementation of the framework.

Budget 2011 provided for the overall life-time limit on the amount of tax-free retirement lump sums that an individual can draw down from pension arrangements to be reduced to €200,000. The excess of this amount will be taxed at the standard income tax rate (currently 20%) up to an amount equal to 25% of the new Standard Fund Threshold (up to €75,000). The excess of retirement lump sum payments over that amount will be taxed at the taxpayer’s marginal rate of income tax.

h. Tax Treatment of Pension Contributions

The framework provides for the introduction of a standard rate of relief (at 33%) to replace the current system of relief at the standard and higher rates of 20 and 41%, with the delivery mechanism to be developed during the implementation phase.

The National Recovery Plan 2011-2014 sets out revised plans in relation to tax relief on pension contributions. Specifically it:

- provides for the elimination of employee PRSI and Health Levy relief on pension contributions in 2011 (Budget 2011 subsequently merged the health levy with the income levy to form a new universal social charge (USC). Pension contributions do not attract relief from the USC and PRSI relief on contributions was also abolished);
- provides for the rate of income tax relief on pension contributions to be reduced from 41% to 34% in 2012, to 27% in 2013 and 20% in 2014; and
- commits, among other changes in 2011, to reducing the annual earnings cap for employee/personal pension contributions by almost 25% from €150,000 to €115,000.

The sub-group had considered the move to 33% in detail during 2010 and a paper on the matter was considered by the steering group. However, the issue is being revisited in 2011 as a result of the new plans set out in the National Recovery Plan.

i. Auto-enrolment scheme

During 2010 the focus was on developing a set of rules which may apply to the auto-enrolment scheme. There was also some consideration of the operational arrangements.

The framework provides for an 8% contribution (within a band of earnings) with 4% from the employee; 2% from the employer and 2% from the State. This meant that the State support equated to 33% tax relief on contributions. This element of the auto-enrolment scheme is being revisited now in light of commitments agreed with the IMF regarding the amount of tax relief provided in respect of pension contributions.

j. Public Service Pensions

The National Recovery Plan 2011-2014 echoes the plans for a new public service pension as had been set out in the framework. Work on drafting the necessary legislation progressed during 2010 and in 2011. It is now expected that the relevant legislation will be published at end March/early April.

k. Pensions Tracing Service

The issue was progressed during 2010, through a number of contacts between the Department of Social Protection; the Office of the Revenue Commissioners; and the Pensions Board. Work is continuing in 2011.

3. Reform of State Pensions

The National Pensions Framework, published in March 2010, outlined a number of significant reforms to State pensions which will be implemented in the years ahead.

Protecting the value of the State Pension

The framework provides for the continuation of mandatory social welfare pension coverage. It states that “*The Government will seek to sustain the value of the State Pension at 35 per cent of average weekly earnings and will support this through the PRSI contribution system.*”

2012: Introduction of Homemakers Credits

Since 1994, homemakers have had their periods of care for children under 12 years of age, or adults with a disability, disregarded when calculating entitlement to the State Pension (Contributory), making it easier to qualify for a contributory pension or to qualify for a higher payment. Up to a maximum of 20 years can be disregarded in this way. A system of homemakers credits will be introduced for new pensioners from 2012 which will be more advantageous to pension claimants.

2012: Increasing the minimum paid requirement

In 1997, legislation was passed to provide for an increase in the minimum number of paid contributions for State pension (contributory) from 260 to 520 for persons who reach 65 years (for State pension (transition)) or 66 years of age (for State pension (contributory)) on or after 6 April 2012. This change will proceed as planned.

2014: Removal of State Pension (Transition) and raising state pension age

Recognising that people are living longer and healthier lives, the state pension age will be increased gradually to 68 years. This will begin in 2014 with the removal of the State pension (transition), thereby increasing state pension age from 65 to 66. State pension age will then be increased to 67 in 2021 and to 68 in 2028.

The Department is also examining ways in which people may postpone receiving the state pension at state pension age so that they can receive a higher state pension or lump sum. In addition, the Department will also consider allowing people to continue in work before state pension age and to continue making social insurance contributions to build up their entitlement to a full pension.

2020: Introduction of a ‘Total Contributions’ approach to State Pension (Contributory)

The average contributions test has been in existence since 1961 when contributory pensions were first introduced. In a scenario where social insurance is long established and is now comprehensive in terms of the workforce covered, the averaging system is no longer suitable.

In 2020, a 'total contributions approach' will be adopted to replace the current averaging system. The level of pension paid will be directly proportionate to the number of social insurance contributions made by a person over his or her working life. This will remove the current anomaly whereby some people qualify for higher pension payments even though they have fewer contributions (but a higher average) than others who do not qualify, or qualify for a lower pension, due to the average contributions test.

In introducing this system, it was considered appropriate to have regard to the potential that people now have to accumulate contributions as a result of the comprehensive nature of social insurance coverage which has been in place for 20 years, and the growth in the labour force over that period. Accordingly, a total contributions requirement of 30 years contributions for a maximum pension will be introduced.

Under the new approach, a minimum rate of State pension (contributory) will be payable at one third (10/30ths) of the maximum rate. A person will accumulate 1/30th of a pension for each year of contributions up to a maximum of 30/30ths.

Upon introduction of the total contributions approach, the maximum number of credits applicable for pension purposes will be 520 (i.e. 10 years).

EU/IMF Memo of Understanding

As provided for in the National Pensions Framework, State pension age will be increased to 67 years in 2021 and to 68 in 2028 and as agreed under the EU/IMF Memorandum of Understanding, these changes will be provided for in legislation by mid 2011.

4. Pensions Board and Pensions Ombudsman

The McCarthy report proposed in relation to the merging of certain State Agencies:

- Amalgamation of the Pensions Board with the Financial Regulator (suggesting that this would deliver an estimated €1.1m in savings to the Exchequer). However, the Pensions Board is self-financing and there is no cost to the Exchequer, apart from the National Pensions Awareness Campaign. The Department has committed to considering the option of amalgamation. It is recommended that such an amalgamation should not take place at this time due the crisis in the financial sector and in the DB pension sector.
- Amalgamation of the Pensions Ombudsman with the Financial Services Ombudsman. There is scope for some savings and efficiencies through such an amalgamation. The existence of a separate Pensions Ombudsman, however, is a specific service and a recognisable location for customer protection in the pensions area. The Pensions Ombudsman has been appointed for a further four-year term. The issue of policy responsibility for pensions would also need to be clarified.

5. Key Statistics

- The task of financing increasing pension spending will fall to a diminishing share of the population as demographic projections indicate that there will be less than two people of working age to every person aged 65 or over by the middle of the century, compared to almost six people today;
- The impact of demographic pressures: over the next 10 years, the number of people over the age of 65 is expected to increase by approximately 50 per cent, while, by 2050 it is expected to have trebled;
- The projected increase in spending on public pensions (social welfare pensions and public service occupational pensions) from approximately 5½ per cent of GDP in 2008 to almost 15 per cent in 2050. This rise in public expenditure is the equivalent of over €8 billion in 2009 present value terms;

Pension scheme membership (at end 2009)

853,397 members in 84,226 occupational pension schemes broken down as follows;

- 254,325 members in 1,192 defined benefit schemes - subject to the funding standard
- 332,163 members in 95 defined benefit - excluded from the funding standard
- 266,909 members in 82,939 defined contribution schemes
- this is an increase of 4,189 members in occupational pension schemes compared to 2008
- 170,862 PRSA contracts with total assets of €2.05 billion an increase of 15,230 contracts and €850 million in assets since 2008
- 89,959 employers who have designated a PRSA Provider an increase of 1,746 compared to 2008.

State Pensions: Number of Recipients and Expenditure at end of 2010

Pension	Number of people in receipt	Expenditure 2010 (provisional)
State pension (contributory) (SPC)	280,419	€3.45 billion
State pension (non-contributory) (SPNC)	97,179	€977 million
State pension (transition) (SPT)	10,206	€108 million
Widow(er)'s (contributory) pension	114,579	€1.34 billion
Widow(er)'s non-contributory pension	1,977	€25 million
Total	504,360	5.98 billion

State Pensions

1. Introduction

Social Welfare/State Pensions include: State pension (contributory), State pension (non-contributory) , State pension (transition) , widow(er)'s and surviving civil partner's contributory pension , mixed rate pro-rata pensions; pre-1953 pensions; self-employed pensions; and special self-employed pensions.

The National Pensions Framework provides for a number of changes to state pension. (See pensions policy briefing note under current issues for more information in this regard.

2. Recent Innovations

A number of innovations have been introduced recently as follows:

- Online application for widow(er)'s and surviving civil partner's contributory pension and State pensions (transition)/(contributory), and Statement request facility
- SMS automatic acknowledgement on receipt of new claims
- All domestic customers paid electronically
- Automatic award of the widow(er)'s and surviving civil partner's contributory pension to eligible spouses of certain State pensions (transition)/(contributory) customers
- Automatic award of widowed/surviving civil partner grant where widow(er)'s and surviving civil partner's contributory pension awarded with an increase for qualified child
- Scanning and associated processing for widow(er)'s and surviving civil partner's contributory pension and State pensions (transition)/(contributory), application forms and specified communications
- Claim Initiation - invites customers to apply on time for State pension (contributory) and encourages on line application
- Automated processes to deal with post death entitlements
- Savings of approx €15m from the pursuit of non-notified deaths through the use of General Register Office

3. Processing Targets - State Pension (Transition)/(Contributory) and Widow(er)'s And Surviving Civil Partner's Contributory Pension

- All customers to receive their correct payment by the due payment date
- All payment changes to be processed within a 5 day turnaround
- All claims processed in a timely, accurate and efficient manner in line with performance targets which are:

SPC domestic claims is 90% by entitlement date	SPT is 90% processed within 6 weeks of receipt	(SPT/C) EU claims is 90% within 16 weeks	WSCPCP is 90% in 6 weeks
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- Achievement of Control Savings targets:
 - In 2010 State pension (transition)/(contributory) achieved control savings of €14.15m & widow(er)'s and surviving civil partner's contributory pension achieved savings of €16.6m.
 - Control targets for 2011: State pension (transition)/(contributory) €25m and widow(er)'s and surviving civil partner's contributory pension €20m

State Pension (Non-Contributory)

Description:

- State pension (non-contributory) is a means-tested payment for people age 66 or over, who do not qualify for State pension (contributory) or State pension (transition) on their record of social insurance contributions.
- State pension (non-contributory) was introduced with effect from the 29 September 2006 and replaced the old age (non-contributory) pension.

Number of Recipients:

- At the end of January 2011, there were 97,029 customers receiving State pension (non-contributory)

Expenditure:

- The 2011 estimate for State pension (non-contributory) is €51,150,000.

Recent Trends:

- During 2010, there has been an increase in the number of customers with an entitlement to reduced rate contributory pension (State pension (contributory) and widows (contributory) pension) applying for State pension (non-contributory) reflecting a reduction in the value of private pensions and investments.

Processing Times:

- On average it takes 9 weeks to award a State pension (non-contributory) application.

Free Travel Scheme

General scheme information:

- The free travel scheme is available to all people living in the State aged 66 years or over, to carers and to customers under 66 who are in receipt of certain disability type payments
-
- There are currently 700,000 customers in receipt of the scheme
-
- The scheme permits customers to travel for free on most CIE public transport services, Luas and a range of services offered by up to 90 private operators in various parts of the country. Free travel is also available on cross border journeys to and from Northern Ireland. Customers aged 66 years and over can travel for free on journeys within Northern Ireland.
- The Department provides annual funding of €1.5 million towards the Rural Transport Programme in recognition of the carriage of free travel pass holders.
- Customers of the scheme who are married, in a civil partnership or cohabiting receive a pass that allows their spouse/civil partner/cohabitant to travel with them for free.
- Certain incapacitated customers can get a companion pass which allows any person over age 16 years to accompany them for free.
- The majority of free travel passes are issued to customers automatically on reaching age 66 years or on receipt of a qualifying scheme from the Department.
- 91% of applications received for the scheme are processed within 2 weeks.

Expenditure:

- The 2011 annual provision for the scheme is €77 million.
- The National Recovery Plan 2011 – 2014 has outlined that funding for the free travel scheme is frozen at 2010 levels of expenditure for the duration of the plan.

Public Services Card:

- The National Recovery Plan 2011 – 2014 has outlined that funding for the free travel scheme is frozen at 2010 levels of expenditure for the duration of the plan.
- The Department is working on the introduction of the public services card which will replace the existing paper based free travel pass. The card will include customer photo identification and will introduce a number of significant improvements, including an improved registration process and new card technology which will bring additional security features and reduce the potential for forgery or fraudulent use.
- The new card will incorporate a contactless integrated ticketing chip for travel entitlement on services which have been enabled with smart card reading devices.
- It is expected that the card will issue to free travel customers during the second half of 2011 in conjunction with the integrated ticketing project which is expected to launch later this year.

Widow/Widower's Non-Contributory Pension or Surviving Civil Partner's Non-Contributory Pension

Description:

- Widow/widower's non-contributory pension or surviving civil partner's non-contributory pension is a means-tested payment payable to a widow or widower or surviving civil partner up to age 66 who does not satisfy the contribution conditions for widow/widower's contributory pension or surviving civil partner's contributory pension.
- Widow/widower's non-contributory pension or surviving civil partner's non-contributory pension is a payment for widow/ers or surviving civil partners who do not have dependent children.

***Note:** A widow/er or surviving civil partner with dependent children may qualify for one-parent family payment.*

Number of Recipients:

- At the end of January 2011, there were 1,981 customers receiving widow/widower's non-contributory pension or surviving civil partner's non-contributory pension.

Expenditure:

- The 2011 estimate for widow/widower's non-contributory pension or surviving civil partner's non-contributory pension is €20,930,000.

Recent Trends:

- The number of customers receiving widow/widower's non-contributory pension or surviving civil partner's non-contributory pension continues to decline reflecting the fact that most widows and widowers now qualify for a contributory pension.

Processing Times:

- On average it takes 11 weeks to award a widow/widower's non-contributory pension or surviving civil partner's non-contributory pension application.

Deserted Wife's Benefit

Description:

- Deserted wife's benefit is a payment made to a woman deserted by her husband.
- Entitlement to payment is based on social insurance contributions paid by the wife or her husband.
- Deserted wife's benefit scheme was closed off to new applications with effect from 2 January 1997, when one-parent family payment was introduced.
- A person whose payment of deserted wife's benefit had been terminated (being under 40 years of age with no qualified child/ren) can apply to have payment restored when she reaches age 40 years.

Number of Recipients:

- At the end of January 2011, there were 8,347 customers receiving deserted wife's benefit.

Expenditure:

- The 2011 estimate for deserted wife's benefit is €86.6m.

Recent Trends:

- No significant trends to report.

Processing Times:

- As no applications for deserted wife's benefit claims are currently being accepted, claim processing times are not measured.

Deserted Wife's Allowance

Description:

- Deserted wife's allowance is a means tested payment made to women under the age of 66 years who have no dependent children, who were deserted by their husband and who do not qualify for deserted wife's benefit.
- Deserted wife's allowance was closed off to new applications with effect from 2 January 1997 when one-parent family payment was introduced.
- Former deserted wife's allowance recipients who had been transferred to lone parent's allowance (now one-parent family payment) in 1990 and who cease to be eligible for one-parent family payment because they no longer have a dependant child, can re-qualify for deserted wife's allowance, subject to the conditions of that scheme, once they are aged 40 years or over

Number of Recipients:

- At the end of January 2011, there were 484 customers receiving deserted wife's allowance.

Expenditure:

- The 2011 estimate for deserted wife's benefit is €4.47m.

Recent Trends:

- No significant trends to report other than the number of customers receiving DWA continues to decline.

Processing Times:

- As no applications for deserted wife's allowance claims are currently being accepted, claim processing times are not measured.

Bereavement Grant Scheme

- This PRSI-based scheme consists of a once off payment of €850 to assist with funeral expenses. There were 24,079 claims in 2010 at a cost of €18.6m
- The Grant is administered from 2 locations in the Department – SWSO Longford and SWSO Sligo.
- The Grants for persons in receipt of the following payments are administered from Social Welfare Services in Sligo (all others are dealt with in SWSO Longford):
 - State Pension Contributory, Transition and Non-Contributory
 - Blind Pension
 - Widows, Widowers & Surviving Civil Partner's pensions
 - Guardian's Payments, Contributory and Non-Contributory
 - Deserted Wife's Benefit and Allowance

The numbers of claims on hands for decision at end December was 981 (in both locations). The performance target is 90% in 4 weeks and the performance for Quarter 4 of 2010 was 96% in Longford and 94% in Sligo.

Household Benefits Package/National Fuel Allowance

General scheme information:

- The Department assists low income households with heating costs through their basic payments, through the national fuel allowance and through the household benefits package of electricity and gas allowances.
- The household benefits package also comprises the telephone allowance and TV licence. The package is available to people living permanently in the State who satisfy specific criteria and is being paid to 390,000 customers.
- The electricity allowance currently covers standing charges, PSO levy and up to 2,400 units of electricity each year. The gas allowance provides for a similar amount of energy as that provided under the electricity allowance. The annual value of the package, including telephone and TV licence, is €98.
- The national fuel allowance assists householders on long-term social welfare or health service executive payments with meeting the cost of their heating needs during the winter season.
- The fuel allowance is paid for 32 weeks each year from end September to early May. In the 2010/2011 heating season it is estimated that over 375,000 recipients will benefit from the allowance.
- Arising from the harsh weather conditions in December 2010, the previous Government in Budget 2011 announced an additional “cold weather” payment of €40 for households in receipt of the fuel allowance at a cost of some €15 million.
- It is estimated that up to 140,000 households are receiving both the fuel allowance and the electricity/gas allowance under the household benefits package to assist with heating and other energy requirements.

Expenditure:

- The 2011 annual provision for the household benefits package and fuel allowance is €382 million and €230 million respectively.
- The National Recovery Plan 2011–2014 states that funding for the TV licence scheme is frozen at 2010 levels of expenditure for the duration of the plan.
- The Department is currently reviewing the energy and telecommunications allowances with a view to maximising the opportunities presented by greater competition in terms of value for money while minimising the impact on customers. Annual savings in the order of €30 million was prescribed in the 2011 budget.

- The Department of Communications, Energy and Natural Resources has overarching responsibility for the energy portfolio and has convened an Inter-Departmental/Agency Group on Affordable Energy to coordinate and drive Government policy in this area (with representation from this Department). They were tasked with devising an Energy Affordability Strategy. This strategy, currently in draft form, will set out existing and future approaches to addressing energy affordability.

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The Supplementary Welfare Allowance (SWA)

Background

The Supplementary Welfare Allowance (SWA) scheme is considered the "*safety net*" within the overall social welfare system in that it provides assistance to eligible people in the state whose means are insufficient to meet their needs and those of their dependants. The main purpose of the scheme is to provide immediate and flexible assistance for those in need who do not qualify for payment under other state schemes. SWA can consist of a basic primary weekly payment and/or a weekly/monthly supplement in respect of certain expenses a person may not be able to meet (e.g. rent or mortgage interest payments).

There is a provision under SWA to make a once-off payment to help with the cost of any exceptional needs of a once-off nature (e.g. purchase of a household appliance) and urgent needs (e.g. need arising from a flood or fire in a person's home). Supplements may also be paid in respect of other needs such as diet and heating.

Administration

The SWA scheme is administered by the Community Welfare Service division of the Health Service Executive on behalf of the Minister for Social Protection in accordance with guidelines issued by this Department. The Department of Social Protection has no function in deciding entitlement in individual cases. There are currently c.800 Community Welfare Officers and 68 Superintendent Community Welfare Officers, and supporting clerical staff, employed by the Health Service Executive to administer the SWA scheme. Gross expenditure on SWA in 2010 amounted to approximately €1.01b. It is expected to be in the region of €951m in 2011, of which approximately €66m (6.9%) is accounted for by administration costs. The Community Welfare Service, currently on secondment to the Department will transfer from the HSE to the Department in the final quarter of 2011.

Recipient Numbers

At 31 December 2010 there were some 168,000 SWA claims in payment:*

- Basic primary weekly payments 37,383
- Rent Supplements 97,260
- Mortgage Interest Supplements 17,974
- Diet Supplements 8,098
- Other payments 7,108

** This figure will include some people who are in receipt of more than one form of SWA payment e.g. basic weekly payment plus rent supplement.*

In addition there over approximately 220,000 individual exceptional needs payments made each year.

Expenditure Review of SWA Scheme

A review of the supplementary welfare allowance scheme was carried out as part of the Government's Expenditure Review Initiative series of Programme Evaluation reviews. Given the extensive and complex nature of the scheme, the review was undertaken in two phases. The Phase I report was published at the end of the first phase in December 2004. This report gave a broad appraisal of the scheme and identified issues for particular consideration in the second phase which commenced in February 2005. This second and final phase of the Review, which was published in November 2006, is an in-depth examination which considered the issues raised in Phase I of the report, examined the validity of the objectives and the efficiency and effectiveness of the scheme. The review also provided a series of recommendations in relation to the future of the scheme.

Overall the review concluded that the scheme has, over the years, met its objective of guaranteeing that every person in the State has a minimum level of income sufficient to meet their basic day to day needs. However, the review also points out that the scheme has gone beyond its original "safety net" role and now plays a more extensive role than was originally intended. In overall terms the main recommendations arising include –

- A unified system of income support delivered at Social Welfare Local Offices and complemented by a range of activation supports;
- Vigorous support of the Rental Assistance Scheme to address housing needs of people in long-term rent supplementation
- A continued role for the Community Welfare Service in delivering a flexible and immediate response to those most in need.

Basic Supplementary Welfare Allowance

Background

The supplementary welfare allowance (SWA) scheme is the “*safety net*” within the overall social welfare system in that it provides a basic income support payment to eligible people in the state whose means are insufficient to meet their needs and those of their dependants. The main purpose of the basic supplementary welfare allowance scheme is to provide immediate and flexible assistance for those in need who do not qualify for payment under other state schemes.

Qualifying Conditions

You will normally qualify for supplementary welfare allowance if you satisfy the following conditions:

- You are living in the state
- You satisfy the means test
- You have applied for any other benefit/allowance you may be entitled to
- You satisfy the habitual residence test, except for the exceptional needs payment.
- You have registered for work with FÁS if you are of working age

You will *not* normally qualify for supplementary welfare allowance if you are:

- In full-time work, that is, working for more than 30 hours per week
- In full-time education
- Involved in a trade dispute. However, you may claim a basic supplementary welfare allowance for your dependants

Recipients and Expenditure

- At end January 2011, there were some 36,000 people in receipt of a basic weekly payment under supplementary welfare allowance scheme
- Net Expenditure for 2010 is estimated at €207 million. The 2011 Revised Estimates Volume provides for expenditure of €166 million.

Ongoing issues:

- Over 60% of individuals in receipt of a basic supplementary welfare allowance payment do so because they have an immediate income support need and are awaiting a decision on their entitlement from another social welfare payment.

The Department is seeking to address this situation in 2011 with a view to minimizing the number of job seekers who have recourse to a basic supplementary allowance payment while awaiting their payment of job seekers allowance.

Rent Supplement

Background

- The purpose of rent supplement is to provide short-term income support to assist with reasonable accommodation costs of eligible people living in private rented accommodation who are unable to provide for their accommodation costs from their own resources and who do not have accommodation available to them from another source.
- Rent supplement is calculated to ensure that an eligible person, after the payment of rent, has an income equal to the rate of supplementary welfare allowance appropriate to his or her family circumstances, less a minimum weekly contribution of €24 which each recipient is required to pay from his or her own resources. Many recipients pay more than €24 a week towards their accommodation costs because they are also required to contribute a portion of any additional assessable means that they may have over and above the appropriate basic supplementary welfare allowance rate.
- The assessment provides for a gradual withdrawal of payment as hours of employment or earnings increase. Those availing of part-time employment and/or training opportunities can continue to receive rent supplement subject to their satisfying the standard means assessment rules. Where a person has additional income in excess of the standard weekly rate of supplementary welfare allowance, the first €75 of such additional income together with 25% of any additional income above €75 is disregarded for means assessment purposes.
- Rent supplement is not payable where a person or their spouse or partner is in full-time employment, i.e. for 30 hours or more a week. However, a person on rent supplement, who is accepted as eligible for accommodation under the rental accommodation scheme (RAS), may return to full-time work, subject to a means test, without losing entitlement to their rent supplement payment.
- The rental accommodation scheme (RAS), which was introduced in 2004, gives local authorities specific responsibility for meeting the longer term housing needs of people receiving rent supplement for 18 months or more.
- Details of these cases are notified regularly by the Department to the local authorities through the Department of Environment, Heritage and Local Government. Local authorities meet the housing needs of these individuals through a range of approaches including: the traditional social housing, the voluntary housing sector and, in particular, the RAS.

- Latest figures from the Department of the Environment, Heritage and Local Government show that at the end of January 2011, a total of 31,895 transfers from rent supplement to local authorities have occurred since 2005. Of these 17,983 were housed directly under RAS and 13,912 were accommodated under other social housing options.

Recipients and Expenditure

- At end January 2011, there are 96,532 people in receipt of rent supplement, an increase of 62% over those in payment at end 2007
- At end December 2010, there were 48,073 rent supplement recipients in payment for 18 months or more.
- Expenditure for 2010 is estimated at €16.9 million. The 2011 Revised Estimates Volume provides for expenditure of €465.5 million.

Statistics on recipient numbers and expenditure from 1997 to 2010 are available at Appendix 24.

Statistics on the Primary Payment at Year End 2010 for Rent Supplement recipients is available at Appendix 25.

Budget 2011 Measures

- As part of Budget 2011 it was announced that there will be a number of reforms to the rent supplement schemes with a view to achieving savings of €60m in 2011. These reforms include:
 - Entering discussions with the Department of Environment Heritage and Local Government with a view to more closely aligning the minimum contribution payable by household couples with that paid by equivalent households under the local authority differential rent scheme;
 - Reviewing entitlement of people who refuse local authority housing.
 - The reduction of payments made to landlords with a corresponding reduction in rent limits, where appropriate, and
 - Increased control activities through efficiencies arising from the transfer of the Community Welfare Service staff to the Department of Social Protection.
- In addition, the introduction of a €2 differential between the rate of basic SWA and other schemes from January 2011 will generate approximately €10m in savings between the rent and mortgage interest supplements.
- The Social Welfare & Pensions Act 2010 introduced a new condition that rent supplement is not be payable until such time as the landlord has provided the HSE with his or her Tax Reference Number or provided the HSE with the reasons for not having a Tax Reference Number.

Ongoing issues:

- Monitoring and reviewing expenditure within the context of revised estimates volumes and provisions of Budget 2011
 - Transfer of rent supplement recipients to a local authority housing solution.
 - Ensuring the rent supplement scheme is targeted at those with a housing need. Monitoring the operation of the provision of Housing Needs Assessments by Local Housing Authorities
-
- Monitoring the maximum rent limits to ensure both value for money to the Exchequer is delivered and that low income families are not priced out of suitable accommodation whilst ensuring adequate income supports are in place for persons seeking full-time employment
 - Supporting the collection of landlord PPS numbers for all rent supplement claims.
 - Reviewing policy on entitlement to secondary benefits to ensure consistency with activation programmes.
 - Ongoing liaison with the Private Residential Tenancies Board, including representation on the PRTB Board, in relation to the interaction between landlord and tenant.

Mortgage Interest Supplement

Background

- MIS provides short-term income support to eligible people who are unable to meet their mortgage interest repayments in respect of a house which is their sole place of residence. The supplement assists with just the interest portion of mortgage repayments which relate to the essential purchase, repair or maintenance of the home.
- MIS is designed to provide *short-term* support to those with mortgage repayment difficulties. It does not provide a long-term solution as the supplement is not payable in respect of the capital element of the loan.
- Mortgage interest supplement provides for two categories of customer –Local Authority Mortgage holders and private mortgage holders.
- Mortgage interest supplement is normally calculated to ensure that a person, after the payment of mortgage interest, has an income equal to the rate of SWA appropriate to their family circumstances less a minimum contribution, currently €24, which recipients are required to pay from their own resources. Many recipients pay more than €24 because recipients are also required, subject to income disregards, to contribute any additional assessable means that they have over and above the appropriate basic SWA rate towards their accommodation costs. Under the means test, all income including income of a spouse/partner is assessed.
- The assessment provides for a gradual withdrawal of payment as hours of employment or earnings increase. However, the supplement is generally not payable where a person or their spouse/partner is in full time employment i.e. 30 hours or more per week.
- Those availing of part-time employment (less than 30 hours a week) and/or training opportunities can continue to receive mortgage interest supplement subject to their satisfying the standard means assessment rules.
- Where a person has additional income in excess of the standard weekly rate of supplementary welfare allowance, the first €75 of such additional income together with 25% of any additional income above €75 is disregarded for means assessment purposes.
- Where a person, who has been unemployed for 12 months or more, and secures open market employment they may retain mortgage interest supplement on the same tapered basis that applies to those participating in employment schemes, (75% in year 1, 50% in year 2, 25% in years 3 and 4), provided that:
 - He or she has been unemployed (but not certified unfit for work) for at least 12 months immediately prior to taking up employment;
 - The new job is full time i.e. at least 30 hours per week;

- Gross household income does not exceed €317.43 per week (family income supplement, PRSI + reasonable travel expenses, if applicable, are disregarded).
- This tapered payment option only refers to retention of mortgage interest supplement.

Qualifying Conditions

- A person may be entitled to a supplement towards the amount of mortgage interest payable in respect of his or her residence provided that:
 - The loan agreement was entered into at a time when, in the opinion of the Health Service Executive, the person was in a position to meet the repayments.
 - The residence in respect of which the loan is payable, is not offered for sale.
 - The amount of the mortgage interest payable by the claimant does not exceed such amount as the Health Service Executive considers reasonable to meet his or her residential and other needs. In exceptional circumstances, the Health Service Executive may award a supplement in excess of this amount for a maximum of 12 months from the date of the claim.
 - It is reasonable to award a supplement having regard to the amount of any arrears outstanding on the loan.
- Certain categories of people are excluded from receipt of mortgage interest supplement including:
 - Claimants or their spouse/partner who are engaged in full time employment, defined as 30 hours a week or more;
 - People engaged in full-time education unless they are in receipt of a back to education allowance;

Recipients and Expenditure

- At end January 2011, there are 18,055 people in receipt of MIS, an increase of 339% over those in payment at end 2007 – see statistical sheet
- Expenditure for 2010 is estimated at €65.66million. The 2011 published Revised Estimates Volume provides for expenditure of €77.25m this year – Appendix 26.
- Statistics on the Primary Payment at Year End 2010 for Mortgage Interest Supplement recipients is available at Appendix 27.

Budget 2011 Measures

- No explicit changes to mortgage interest supplement were announced in Budget 2011. However, the introduction of a €2 differential between the rate of basic SWA and other schemes from January 2011 will generate approximately €10m in savings between the rent and mortgage interest supplements.

Ongoing issues:

Mortgage Interest Supplement (MIS) Review

- In July 2010 the Department published its review of the administrative, policy and legal aspects of mortgage interest supplement.
- The Department is currently developing an implementation plan incorporating the recommendations and findings from the Department's review with those from the reports from the Mortgage Arrears and Personal Debt Review Group and will discuss these in more detail with the Minister in due course.
- The key proposals of review's are as follows:
 - a) Mortgage interest supplement should become a time bound payment.
 - b) The '30 hour rule' should be abolished
 - c) The rule excluding mortgage interest supplement where a property is offered for sale should be suspended and re-introduced when the housing market recovers.
 - d) Mortgage interest supplement should not be provided where repayments of the capital element of the loan are being made to the lender.
 - e) The applicant should be afforded a six month period of forbearance with the lender before the State intervenes with mortgage interest supplement.
 - f) Mortgage interest supplement should not be payable in respect of any housing loans of other State agencies or housing authorities.
 - g) Successful applicants must be assisted to ensure that their long term housing support needs, if any, are met prior to the cessation of mortgage interest supplement payment.

Exceptional needs payments (ENPs) and urgent needs payments (UNPs)

Background

Under the supplementary welfare allowance (SWA) scheme, the Health Service Executive (HSE) may make a single payment to help meet essential, once-off, exceptional expenditure, which a person could not reasonably be expected to meet out of their weekly income. These ENP payments are a vital component of the SWA scheme and link the income support function of the scheme with the wider welfare role of the Community Welfare Service (CWS) of the HSE. Those who qualify are normally in receipt of a social welfare or HSE payment.

Examples of the main types of needs that are met under this provision are:

- assistance towards the purchase of household appliances, bedding, clothing & child related items such as cots and prams
- household repair and maintenance, rent deposits and rent/mortgage interest arrears
- clothing (includes adult clothing and child clothing)
- funeral & burial expenses
- illness – includes confinement costs & hospital requirements
- travel costs
- financial hardship – includes household, insufficient means, lost/stolen money, household budget and heating

Qualifying Conditions

The principal consideration in making a single payment of SWA to address a particular need is that the need to be met must be 'exceptional'. Thus, an exceptional needs payment should be a single payment to meet an unforeseen and/or special need which cannot be met from a client's basic income.

In addition to the payment of ENPs, SWA legislation also provides for assistance in the form of an urgent needs payment. In certain circumstances, this payment can be made to persons who would not normally be entitled to SWA. Examples of situations where such assistance may be provided would be in the aftermath of flooding or a domestic fire where the immediate needs, such as food, clothing, fuel, household goods and perhaps shelter, of the people affected may be met by a UNP in cash or in kind. Consideration is given to whether such people have access to commercial credit, for example a credit card or an overdraft facility, or insurance cover. The legislation also provides that a payment may be recovered in whole or in part where it is made to a person in full-time remunerative employment if the HSE is satisfied that, in all the circumstances of the case, it would be equitable to do so. No such provision applies in relation to ENPs.

The discretionary elements of SWA i.e. ENPs, UNPs and other supplements remain a key support for disadvantaged persons who are at risk during critical life transitions. However the use of ENPs and every such decision must be based on the careful consideration of all the circumstances of an individual case.

Recipients and Expenditure

Approximately 220,000 exceptional needs payments are made each year. €72.1m has been provided for all exceptional needs payments in 2011, expenditure for 2010 was €70.5m.

Ongoing Issues

Humanitarian Assistance

In recognition of the devastation suffered by people in many areas of the country as a result of the flooding from November 2009 onwards, the previous Government set up a Humanitarian Assistance Scheme. Over 3,400 payments, with a total value of over €1.6million, were made to some 1,310 individuals throughout the country.

Humanitarian Aid payments were made, both in the immediate aftermath of the flooding and subsequently to enable eligible households to resume living at their home. Flood relief works were undertaken by OPW and the local authorities in some of the affected areas and other works are at an advanced state of preparation. Discussions took place with representatives of the insurance industry and the Department of Finance in relation to allowing households who suffered from the floods access to appropriate house insurance.

A very small number of people have been unable to resume living at their home and others, while they have resumed living at their home, are still faced with significant problems arising from the flooding. Some of these householders who are continuing to experience significant housing problems as a result of the November 2009 flooding are considering the possibility of relocating rather than resuming living at their original home.

In light of this, the previous Government has decided in November 2010 that further support may be available in such cases where:

- Serious and permanent damage has been caused to the family home by the November 2009 flooding;
- There is a high probability of a recurrence of serious flooding because of flood depth, duration or frequency on a scale that could further damage the family home;
- The house cannot be protected from flooding at an economically feasible cost;
- The household is unable to secure insurance against flooding as a result of the November 2009 floods.

Assistance towards the relocation of these households will only be considered in cases where the cost of remedial works would exceed the cost of relocation, as determined by the Office of Public Works. The following considerations will also apply:

- The gross cost of relocation underpinning the level of support provided will not exceed the cost of providing a reasonable home in the area in question, as determined by the local authority;

- The existing house must be demolished and the site must be rehabilitated , which may require planning permission from the local authority;
- If the household has settled a claim with their insurance company, the funds provided in settlement of that claim will be taken into account in determining the amount of funding, if any, provided for relocation. Beneficiaries will be required to instruct their insurance company to provide information in that regard;

Visits by Departmental Officials to these households began in February 2011.

Diet Supplement

Background

Any person who is receiving a Social Welfare or Health Service Executive payment who have been prescribed a special diet as a result of a specified medical condition, and whose means are insufficient to meet their needs, may qualify for a diet supplement under the supplementary welfare allowance scheme.

Qualifying Conditions

The amount of diet supplement payable in individual cases is calculated by assessing one-third (single people) or one-sixth (couples) of the applicant's weekly income against the cost of the relevant diet.

The basis for calculating the amount of diet supplement remained unchanged between 1996 and 2004. In January 2004, the diet supplement scheme was restructured to take account of increases in both social welfare payment rates and the rate of food inflation since 1996.

In April 2006, revised regulations on diet supplements came into effect and these were subsequently updated in January 2007. These regulations reflect the findings of the report of the Irish Nutrition and Dietetic Institute (INDI) published in January 2006 and the objective that all social welfare recipients, including those with special dietary needs, should be able to purchase an appropriate diet at a cost of no more than one-third of their income.

The healthy eating study was updated in November 2007 in the light of changing prices and ongoing research on nutritional issues.

Recipient Numbers

There are just over 8,000 individuals in receipt of a diet supplement.

Ongoing issues

It is proposed to review the cost of specialised diets in 2011

Heating Supplement

Background

Under the supplementary welfare allowance scheme which is administered on behalf of the Department by the community welfare service of the Health Service Executive a special heating supplement may be paid to assist people in certain circumstances that have special heating needs (e.g. in the case of ill health, infirmity or a medical) condition.

Qualifying Conditions

In order to qualify for a heating supplement, the claimant must live alone or only with an adult or child dependent, they must satisfy the standard means test for receipt of supplementary welfare allowance

Recipients and Expenditure

Approximately 3,200 are currently in receipt of this supplement. These supplements cost €2.24m in 2010.

Ongoing issues

There are no ongoing issues with heating supplements.

Homeless Persons

Background

Under the social welfare system, homeless persons have the same entitlements as any other Irish citizen. This includes entitlements to the full range of social welfare schemes, subject to the normal qualifying conditions. If a homeless person, or indeed any person, does not fulfill the conditions for any of the Department's primary weekly payment they may be eligible for a basic supplementary welfare allowance (SWA) payment, subject to qualifying conditions, if their means are insufficient to meet their needs and those of their dependants.

The SWA scheme can also provides for a weekly supplement to meet specific needs such as rent and or mortgage interest supplement, diet supplement, heating supplement, or a once off payment to help with the cost of any exceptional needs a person may have which they could not reasonably be expected to meet from their own resources.

In 2010, over €4.5m was provided in exceptional needs payments to those requiring assistance with a rent deposit. This form of assistance is very important to those on low incomes who have to rely on the private rented market to meet their housing needs. It is an equally important support to those either at risk of homelessness or trying to progress from a situation of homelessness.

Where a person applies for rent supplement, the amount of supplement payable is subject to a limit which is determined by the type of accommodation required and the location of the accommodation. Where a person is homeless or at risk of homelessness these limits can be exceeded. These special provisions were introduced specifically to assist homeless persons in accessing the rent supplement scheme.

Ongoing issues:

The placement function for homeless person was transferred from the Community Welfare Service, Homeless Persons Unit to Dublin City Council in January 2011.

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Legislation Programme

Background

The normal legislative cycle involves the enactment of 2 Social Welfare Bills each year –

1. A Bill in December to implement the annual Budgetary social welfare changes, and
2. A Bill in spring/early summer to implement miscellaneous amendments to the social welfare code arising from policy, administrative and operational matters.

Where required, further Social Welfare Bills are enacted to progress other legislative priorities. The Minister for Social Protection also has responsibility for the Pensions Act (dealing with occupational pension schemes), the Civil Registration Act (dealing with the registration of births, deaths and marriages) and the Comhairle Act (dealing with the Citizen's Information Board and the Money Advice and Budgeting Service (MABS)).

Recent Social Welfare Legislation Enacted

2 Social Welfare Bills were enacted during December 2010 –

Social Welfare Act 2010

This Act provides for the social welfare changes announced in Budget 2010. These include reductions in the weekly rates of social welfare payments to those aged under 66 years and in the monthly rates of child benefit. The Act also provides for a number of PRSI changes, including the abolition of the employee income ceiling, a 1% increase in the rate of PRSI contribution payable by self-employed contributors, as well as the abolition of the Health Levy.

Social Welfare and Pensions Act 2010

This Act provides for a range of amendments to the social welfare code, including the full transfer of the employment and community services of FÁS and the HSE's community welfare service to the Minister for Social Protection. The Act provides for the introduction of a new Partial Capacity Benefit scheme for people who have a restricted ability to work, for a range of changes to the social welfare legislation arising from the provisions of the Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010 and for miscellaneous other changes to the social welfare code. The Act also provides for amendments to the Pensions Act 1990 to give pension scheme trustees the option of purchasing sovereign annuities.

Current Legislative Priorities

A brief outline of the main legislative priorities currently being progressed by the Department follows –

Social Welfare and Pensions Bill 2011

This Bill will implement two of the requirements in the IMF/EU Memo of Understanding, i.e. –

- to strengthen activation measures through the introduction of instruments to better identify jobseeker's needs (by profiling) and increased engagement (actions to be completed by end March 2011), and
- to abolish the State Pension Transition from 2014 and to increase the qualifying age for the State Pension from 66 to 67 years from 2021 and to 68 years from 2028 (actions to be completed by end June 2011).

Existing legislation enables the collection of information for profiling purposes from new claimants for jobseeker's payments and this Bill will provide for the collection of this information from existing claimants.

This Bill will also provide for a number of amendments arising from Budget 2011 which, due to time constraints, could not be included in the Social Welfare Bills enacted late last year and for amendments to the Pensions Act 1990 to implement article 17 of Directive 2003/41/EC on the Activities and Supervision of Institutions for Occupational Retirement Provisions (IORPS Directive) on the funding of occupational pension schemes.

Social Welfare (Miscellaneous Provisions) Bill 2011

This Bill will provide for a range of amendments to the social welfare code arising for policy, administrative or operational matters and, depending on the Government's other legislative priorities, it would be intended to enact this Bill by end October 2011.

Social Welfare Bill 2011

This Bill will give effect to the Budget 2012 changes in social welfare changes. While in the past this Bill would be progressed in the short time between the Budget in early December and the Christmas recess, any proposals to change the Budget timeframe will have an impact here.

Marriages Bill 2011

Certain foreign embassies have been celebrating marriages and, as these marriages do not comply with the requirements of Irish law, they are not regarded as being valid in this State. The purpose of this Bill is to confer retrospective validity on such embassy marriages. It is also intended that this Bill would make provision to prevent marriages of

convenience. Advice of counsel is awaited as to what legislative measures, if any, might be taken to prevent marriages of convenience.

Civil Registration (Amendment) Bill 2011

The General Registrar's Office has been in discussions with the Law Reform Commission on recommendations for the reform of legislation relating to the general rights of non-marital fathers and grandparents, including the possibility of compulsory joint registration of births where the parents are not married to each other. The Law Reform Commission has recently reported on the Legal Aspects of Family Relationships and it is expected that the relevant recommendations contained in this report, as well as the other necessary amendments to the Civil Registration Act, can be progressed quickly. It is expected that a Bill will be ready to be published in the Autumn session.

Legal Adviser

The Department has an advisory counsel, on secondment from the Office of the Attorney General for the purpose of providing independent and objective legal advice to the Minister, the Department and the Social Welfare Tribunal. He also advises on proposed additions or amendments to the Social Welfare Consolidation Act, the Pensions Act, other Departmental legislative initiatives and related secondary legislation, in addition to litigation strategy involving the Minister and the Department.

PRSI policy

1. Background

- **Principles of PRSI**

The social insurance system is based on two fundamental principles:

The **Contributory Principle** whereby there is a direct link between contributions paid and entitlement to a varying range of benefits and pensions that are payable as a right – if and when particular contingencies arise, and

The **Solidarity Principle** whereby contributions paid by insured persons are not actuarially linked to benefits but are instead redistributed to support contributors who are more vulnerable. It is an expression of solidarity between both earning groups and generations.

The PRSI system draws together a relationship between the employment or self-employment status and the rate of contribution payable and benefits or pensions receivable as a result of these contributions. In common with many social insurance systems throughout the world, the system is not actuarially based, although an Actuarial Review is required under the Social Welfare Act, 1998, every 5 years, but funded through a Pay-As-You-Go approach. Today's contributors support both past and current contributors while also ensuring their own future security by building up entitlement to later benefits and pensions and paying into a mechanism that redistributes income over one's own lifetime.

Employer's PRSI, usually paid at a rate of 10.75% includes the National Training Fund Levy of 0.7%.

2. Recent Developments

- Budget 2011 introduced significant changes to the PRSI system including:
 - **Abolition of the PRSI ceiling for employees.** Above €75,036 employees had paid no PRSI – they now pay PRSI of 4% on all income.
 - **An increase in the self-employed rate** – from 3% to 4%;
 - **Abolition of the Health Contribution.** Health Con. had been paid as part of PRSI and the funding received transferred to the vote of the HSE – it has now been incorporated into the Universal Social Charge (USC). (The USC was originally intended to include PRSI – an approach not favoured by this Dept. In 2010 a working group on the issue, led by Dept. Finance, identified major policy issues with integrating PRSI into the USC).
 - Abolition of employee PRSI relief on employee pension contributions and public service pension-related deduction (pension levy).
 - A reduction by 50% in employer PRSI relief on employee pension contributions.
 - Charge on office holders of 4% on all income is in excess of €5,200pa

- Charge to PRSI on:
 - Approved Profit Sharing Schemes
 - Approved SAYE Schemes
 - Share awards
 - Unapproved share option gains.

- **Actuarial Review**

The Social Welfare (Consolidation) Act, 2005, requires that the Minister undertakes an Actuarial Review of the position of the Social Insurance Fund at 5-year intervals.

The second review of the Social Insurance Fund, published in 2007, examined the financial condition and sustainability of the Fund at the end of 2005 – when SIF expenditure was €5.6 billion, income into the Fund was €6.1 billion and contributors numbered some 2.8 million. The projected income and expenditure of the fund from 2006 to 2061 is set out in the following table:

Projected Income and Expenditure in Real Terms (Central Outcome)

Year	Total Income over Expenditure (as % of GNP)
2006	0.4%
2007	0.1%
2008	0.1%
2009	0.1%
2010	0.0%
2011	0.0%
2016	(0.5%)
2021	(1.1%)
2031	(2.7%)
2041	(4.6%)
2051	(6.3%)
2061	(6.4%)

The next review of the Fund, for 2010, is due to be published in 2012. It is likely that the findings will be broadly similar to the above – that the Fund is facing a substantially increased shortfall over coming years and decades, mainly due to rising long-term (pension) benefit costs.

In this context it is important to note that traditionally, social insurance spending has been funded on a tripartite basis – with contributions coming from the Exchequer, employers and employees. Legally, the Exchequer is the residual financier of the fund and exchequer contributions were the norm for over forty years – for example, in 1967, the State contribution was 38% of SIF expenditure and almost 29% in 1985. However, no Exchequer contribution was required between 1996 and 2009 as the fund was in surplus on foot of contributions from employers and workers.

3. Current issues

- Application of PRSI to shares

Issues relating to the recent Budget changes remain ongoing. The application of PRSI to share based income is complex and a detailed note on this issue will be drafted.

- Employer Job (PRSI) Incentive Scheme

The scheme supports job creation, and counters the drift of people into long-term unemployment and welfare dependency by exempting employers from liability to pay **their share** of PRSI contributions, 8.5% or 10.75% of gross pay, for one year for new employees – subject to certain conditions.

Since its launch in 2010 the scheme has supported some 1,300 employments. The is continuing for 2011.

4. Future proposals

- Reform of PRSI

There is a need to comprehensively review and reform the PRSI system. Issues which would be addressed include:

- The current complexity of the system and compatibility/interaction with the tax system;
- PRSI rates in the context of benefit costs;
- Issues relating to the insurability of certain groups such as Company Directors;
- The efficiency of the current system of credits.

- Actuarial Review

The 2010 Actuarial Review of the Social Insurance Fund will be progressed in 2011 – publication is required by legislation by October, 2012.

EU/International

Background

The Department's responsibilities in the EU and international spheres are broadly:

- **Legal responsibilities through our membership of the EU:** DSP's main *legal* responsibility from membership of the EU relates *to co-ordination of social security rights for migrant workers*. This has given rise to a complex set of Regulations concerning social protection for persons moving within the Union (Regulations 883/04 and 987/09). These regulations do not harmonise the different social security legislations of the 27 Member States, but instead co-ordinate them to ensure that social security rights are protected in the event that a person exercises their right to free movement within the European Economic Area (EU plus Norway, Liechtenstein and Iceland), as well as Switzerland.
- **Policy exchanges at EU level:** Apart from the co-ordination of social security for workers moving between Member States (described above) the EU has limited legal competence in social welfare issues. However, there is an agreed process for exchange of information on social policy. The Open Method of Coordination (OMC) is a process for achieving co-operation between the Member States and the Commission and essentially involves broadly agreed objectives at European Council level, followed by submission of national strategy reports which outline how these objectives are being pursued in each country. This is then followed by joint analysis and evaluation of the reports by the European Commission and the Council (via the Social Protection Committee). The entire process is underpinned by an exchange of best practice and experience throughout. The main focus of the OMC has been on pensions, social exclusion, access to health care/long term care and making work pay.
- **Bilateral Relations with other Countries:** Ireland has concluded bilateral agreements on social security with several non-EU countries for the protection of migrant workers including Australia, Canada, New Zealand, Quebec, Switzerland, USA, South Korea and Japan. The agreements are limited to certain social welfare benefits and generally follow the format of EU Regulations on coordination of social security, but cover a more limited range of benefits (usually only cover pensions).
- **North-South Co-operation:** EU/International section also incorporates the North-South co-ordinating unit for this Department. This Department is represented at meetings of the inter-departmental North-South co-ordinators group, chaired by the Department of Foreign Affairs.
- **Other international commitments:** We also have entered into commitments relating to minimum social security standards under UN and ILO Conventions.

of Social Security.

- **Other bodies:** DSP is a founder member of the International Social Security Association. We also participate in the ‘six countries’ (Australia, Britain, Canada, Ireland, New Zealand and USA) meeting, for senior executives of the relevant social security administrations, which takes place every eighteen months.

Participation at EU Ministerial Councils

The EU business (both legislative and non-legislative) described above ultimately falls for debate/decision at the **Employment, Social policy, Health and Consumer Affairs Council**. Generally there are two formal Council meetings and one informal Council during each 6-month Presidency.

The Council’s brief is wide ranging. Health and Consumer Affairs are dealt with on a separate day and for all practical purposes this is a separate Council. The remaining Employment and Social Affairs items can cover items matters relating to employment, poverty and equality, as well as social protection issues. These span three different Departments.³ In the past, the lead role was taken by the Minister for Labour Affairs (Minister for State in the Dept of Enterprise and Employment). But other Ministers (including the Minister for Social Protection) would attend the Council where significant debates on issues in their remit are signalled.

Recent developments and Current Issues

- **Europe 2020 - EU's growth strategy for the coming decade. (co-ordinated by D/Taoiseach)**

Unlike its predecessor (The Lisbon Strategy for Growth and Jobs), Europe 2020 requires an integrated approach to the setting of targets and objectives across the whole range of areas covered by the programme. There has been some criticism (at both EU and national level) from NGOs that this has led to some downgrading of “social” issues, as social issues (such as employment and poverty topics) are no longer the subject of specific separate strategies.

Europe 2020 includes a European target for poverty reduction – the first time that such a target has been agreed by European Council.

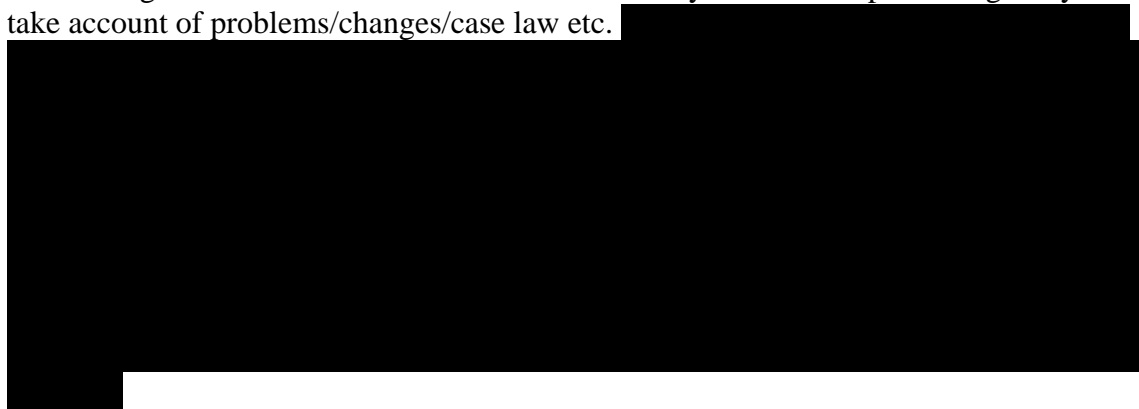
Europe 2020 covers five thematic areas. While DSP does not have overall policy responsibility for any of these, it will have an input into two of the thematic areas: employment and social inclusion.

Under the Strategy, each country is required to submit its National Reform Programme in April. A first draft has previously been submitted to the EU Commission and the final draft will reflect the Commission’s comments.

³ Editing note: If the new Government changes the roles /responsibilities of Departments, this may need to be updated to reflect relevant changes.

- **Changes to co-ordination regulations.**

The EU regulations on co-ordination of social security need to be updated regularly to take account of problems/changes/case law etc.



- **EESSI**

The EU regulations on co-ordination of social security provide for the introduction of a new system of electronic data exchange between Member States. The aim of the system is to replace the existing paper based exchange of information with a view to improving the processing of benefit claims based on EU Regulations. Development of the system is ongoing, both at EU and national level, and it is due to come into effect from May 2012.

- **EU Green paper on pensions.**

In July 2010 the EU Commission launched a Green Paper on Pensions, with the aim of starting a debate on whether and how the EU level pensions framework should be developed to best support Member States in the task of ensuring they provide their citizens with adequate, sustainable and safe pensions. All stakeholders were invited to respond to the Green Paper. The previous Government submitted a detailed response to the Commission on the EU Pensions Green Paper. The response was prepared by DSP pension policy unit. Generally speaking the proposals are in line with our own National Pensions Framework though we have issues in relation to suggestions being made on the solvency of schemes. The EU will publish a subsequent White Paper in 2011.

- **North/South.**

The Secretariat of the North South Ministerial Council (NSMC) recently finalised a paper on Obstacles to Cross Border Mobility and which, amongst a range of issues, highlights difficulties people who are regarded as frontier workers have in the social welfare and tax areas. Discussions with the NSMC on this aspect of the report are scheduled for late March.

Future proposals

- **Presidency 2013**

Ireland takes on the rotating Presidency of the EU in the first half of 2013. This will involve chairing of meetings, including the Employment and Social Affairs Council (see above). Given its cross departmental nature, the question of which Irish Minister(s) will chair this Council will need to be considered in advance of the Presidency.

The question of hosting informal council(s) or other meetings in Ireland will also need to be considered in due course. It is anticipated that the Dept of Foreign Affairs may, in due course, seek an overall direction from the Government regarding the overall approach to the Presidency (scale, resourcing etc), and any DSP-hosted events will be planned in that context.

- **Open method of co-ordination (OMC)**

In the light of the integrated National Reform Programmes (see Europe 2020 above), reporting on social inclusion matters at EU level is now included in the NRP. It was formerly reported on through the OMC. This has implications for the operation of the OMC. This is under discussion through the EU social protection committee.

Human Resources

Transfer of Community Welfare Service (CWS) from HSE:

The staff involved transferred on 1/1/11 on secondment to DSP without change of employment status, i.e. public versus civil service, or their terms and conditions. Discussions involving the HSE, Department of Health and Children, DSP, IMPACT and SIPTU are underway in the Labour Relations Commission to resolve issues relating to changes in terms and conditions consequent on becoming civil servants. This redeployment will be the first large scale redeployment under the PSA 2010-2014 and the outcome of discussions and any resultant Labour Court hearings will create precedent for further redeployments, e.g. Community Employment and Employment Services Programmes from FAS to DSP, due later in 2011/2012. The transfer of CWS is also the subject of ongoing discussions with Civil Service unions (AHCPs, PSEU, CPSU and IMPACT) who have a range of concerns.

Public Service Agreement 2010 – 2014:

While all the Department unions are parties to this agreement, the CPSU are only so on the basis of the Staff Side generally agreeing it at General Council. The CPSU itself rejected the agreement in a ballot of members. This contradictory position has been reflected in discussions between the Department and the CPSU on a range of issues, including the general redeployment of staff into promotion grades in the Department.

Department Action Plan under PSA 2010 - 2014:

The plan has been provided to the unions and is the subject of ongoing discussion through the formal industrial relations process of Departmental Council. [REDACTED]

[REDACTED]

Staffing

As at January 2011, there was a total of 5,022 staff serving in the Department. Of these, 4,200 staff approximately are classified as frontline and have direct dealings with customers of the Department. The remaining 820 approximately are in support and corporate areas of the Department including, Policy, Central Records, the Social Welfare Appeals Office, IT, Finance, HR and Facilities Management.

The number of staff serving in the Department at January for each of the past 3 years has been:

January 2008 4,457

January 2009 4,636

January 2010 4,906

The recently revised Employment Control Framework has set the following staffing targets for the end of each year from 2011 to 2014 respectively as 5,006, 4,999, 4,846 and 4,630, a total reduction of 450 posts approximately.

Since May 2008, some 800 staff have transferred into the Department from other Government Departments, to fill additional posts in local offices, new central support units for local offices and the Departments Inspectorate to deal with the increase in the Live Register and associated matters, and to fill critical staff vacancies in other areas of the Department.

Priority issues for Personnel Branch

Working on the implementation of transforming the Public Service Programme

- Measures being undertaken to achieve a target of a 10% reduction in sick leave/absenteeism by the end of 2011 (manager training, return to work interviews, policy review).
- Introducing improved measures for tackling underperformance identified through PMDS (Civil Service Disciplinary Code).
- Co-operating with Department of Finance on the development of HR Shared Services.

Implementing the Government decision in relation to the transfer of Community Welfare Service, FAS and Redundancy and Insolvency Programme from ET& I.

- Transferring staff records and ensuring the integration of staff from these areas into DSP.

Working to develop the capacity, competence, knowledge and leadership skills of our staff

- Designing and delivering training to foster a learning and development culture in DSP to contribute to the achievement of the business objectives of individuals, sections and the Department.
- Meeting the training needs of new entrants to DSP.
- Achievement of an 80% compliance target for the Performance Management and Development System (PMDS) in 2011

Change & Modernisation Programme

Public Service Agreement 2010 – 2014: Action Plan for Change

On foot of the then Taoiseach's announcement in March 2010, the Department was reconfigured and now has a wider role in the provision of activation, employment, community services and income support. This has entailed assumption of responsibility for community employment schemes, work placement services, emergency income support and Redundancy & Insolvency Payments, working with other Departments and with agencies including HSE, FÁS and Pobal. When the integration programme is completed, the Department will comprise over 20% of the civil service.

The Public Service Agreement 2010 – 2014 (PSA) provides a framework for achieving further improvements in the services provided by the Department. In particular, it provides the basis for flexibility and full staff co-operation with the Department's modernisation programme, including:

- the implementation of new business methods and of the ICT systems that support them;
- a migration over time to a more appropriate grade profile reflecting the range of services provided.

The Department wishes to provide an effective service to its customers in the most efficient manner that can reasonably be achieved. Where this requires changes in current working arrangements, we wish to deliver those changes as quickly as possible as part of our contribution to improving public services and supporting economic and social renewal. The Department is in the course of an extensive multi-year programme of modernisation, involving fundamental redesign of its business processes and supporting IT infrastructure.

The Department's Action Plan contains sixty seven specific actions under the following headings:

- Resources;
- Redeployment;
- H.R. and Performance Management;
- Recruitment;
- Attendance Patterns and Management;
- Business Process;
- Shared Service;
- Procurement;
- New Technology;
- New Business Process;
- Identity Management and Customer Data.

The list of actions is not exhaustive and other actions in the context of these headings may arise over the life of the Programme.

Value for Money and Policy Reviews

1. Background

New arrangements for conducting VFM Reviews - In 2008 the previous Government decided that the process needed to be refocused. In particular, the previous Government agreed that the 2009-2011 round of reviews would focus more on major areas of expenditure particularly in the Health, Education, Social Protection and Justice sectors which between them account 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 year. Amongst the other restructuring is a more direct role for the Department of Finance (including a requirement for that Department to be represented on Steering Committees for all VFM reviews) and the requirement to appoint an independent chairperson to each Steering Committee

A number of reviews have been completed under the previous round of reviews. Two of these were published in 2010:

- *Review of the Disability Allowance Scheme* - Completion of the review was deferred pending the publication by the CSO of the second round of results of the 2006 National Disability Survey. As this had been repeatedly deferred, an extensive survey of DA claims was undertaken instead. The review was published in November 2010.
- *Review of Information Services* (this covered information provided by the Department & social welfare information provided by the Citizen's Information Board). The report was completed in late 2009 and published in early 2010.

The following were completed earlier in the process:

- Supplementary Welfare Allowance – Phase 2
- Unemployment Benefit/Assistance for atypical workers
- One Parent Family Payments ('Proposals for supporting lone parents')
- Medical Review and Assessment Service
- Social Welfare Payments to Carers

In addition to the VFM Reviews listed above the following two policy reviews were also completed during the period:

- Green Paper on Pensions
- Review of the Combat Poverty Agency

2. Recent Developments - Value for Money Reviews (2009-2011)

2009 & 2010 - In May 2009 the Department began a VFM review of child income support and associated spending programmes. In line with the revised requirements for conducting VFM Reviews the review group had an independent chairperson. The review includes Child Benefit, Family Income Supplement and Increases for Qualified Children.

The Review continued during 2010 and was published in November 2010. No new review was initiated in 2010.

3. Recent Developments - Three Reports published in November 2010

As set out above the “Review of the Disability Allowance Scheme” and the “Review of Child Income Support and Associated Spending Programmes” were published in November 2010. These reports were published in association with the “Report on the Desirability and Feasibility of Introducing a Single Social Assistance Payment for People of Working Age”.

The three reports, which are referenced in the National Recovery Plan 2011-2014, are intended to assist with key areas of structural reform of the social welfare system. The three reports share common themes with a main objective being the improvement of outcomes for people and their families reliant on the Department's support. The reports will make a valuable contribution to the transformation agenda and should be placed in this broader context of reform of the social welfare system.

4. Progress in implementing review recommendations

Through the Department's Policy Committee, a sub-committee of the Management Board, implementation of recommendations arising from VFM/Expenditure reviews is monitored on an ongoing basis.

Many of the recommendations in those reviews completed under the 2006-2008 round have been implemented and progress is continuing on implementing others. Some examples of changes resulting from reviews include the following:

Review of the Medical Review and Assessment Service

- additional Medical Assessors were recruited
- the number of examination centres used by the Department was reduced.

Review of the Supplementary Welfare Allowance – Phase 2

- The review identified a number of issues relating to the incentives under the rent supplement scheme for those wishing to take up an employment opportunity. Budget 2007 and the Supplementary Budget 2009 introduced a number of measures to address these issues.
- Improvements to the capital assessment were provided for in Budget 2007.
- There have been improvements to the control and appeals procedures.

Review of One Parent Family Payments (‘Proposals for supporting lone parents’)

- Changes to the qualifying conditions for the scheme mean that it will be more in line with similar payments in other countries.

Green Paper on Pensions

- This was followed by a detailed consultation process.
- The National Pensions Framework was published in March 2010 and it provides for changes to social welfare and public sector pensions as well as the rules governing occupational and voluntary pension provision.
- Work on the implementation phase, which is expected to last 3 to 5 years, is ongoing.

Review of the Combat Poverty Agency

- This resulted in the Agency being merged with the Office for Social Inclusion to form the Social Inclusion Division. This created a unified structure combining the significant experience, expertise and knowledge among the staff of both bodies and is designed to provide more effective and streamlined support for Government and the wider community in addressing issues of poverty and social exclusion. During 2010 the Social Inclusion Division was transferred to the Department of Community, Equality and Gaeltacht Affairs as part of the previous Government's restructuring programme.

5. Current/future issues

The Department intends to conduct a review of Back to Work supports during 2011.

Given the transfer of the RSS and a number of FÁS schemes to this Department considered that such a review is timely. As there are approx 23 schemes/interventions under this banner a high level policy review will be the most appropriate approach. The intention is to mark out the policy context in which activation supports exist and outline how many schemes occupy a similar space and have similar objectives. One element of the review will be to question whether the optimal use of resources is being achieved. Another aim will be to identify any duplication and overlaps which could lead to a streamlining of arrangements in this area. Work on the review has not yet begun but the topic has been agreed with the Department of Finance.

Fraud and Control

The Department has a broad-ranging and comprehensive control strategy. The emphasis is to minimise risks of fraud and eliminate incorrect payments.

Control Strategy

The approach being adopted to control fraud and abuse of schemes can be summarised as follows:

- **Prevention** - having systems and procedures in place that prevent and minimise the risk of fraud, abuse and error;
- **Detection** - detecting fraud, abuse and errors at the earliest possible stage, and detecting unpaid Pay-Related Social Insurance (PRSI) contributions by employers and the self-employed;
- **Deterrence** – to develop an anti-fraud culture among staff and the public by ensuring that the public is aware of the risks and penalties of defrauding the Social Welfare system and dealing decisively with cases of fraud and abuse detected;
- **Debt Recovery** – to actively pursue the recovery of all debts.

Control Targets

Control targets for savings and reviews are agreed for each scheme. For 2011, the Department has a target of reviewing 780,000 individual welfare claims and to achieve €540m in control savings. Effectively, if this control work did not take place social welfare expenditure would increase by this level over time. The amount is therefore the value of our control activities and is taken account of in the estimates of expenditure process each year.

The control savings target for 2010 was €533.31m. Due to industrial action, the total 2010 control savings were not fully recorded. Some €483m control savings (91% target) were recorded as achieved at end 2010 but this underestimates and does not fully represent the total savings that would have been made from all activities undertaken in 2010.

Control activity is focused on prevention of fraud and error at claim application stage. This is the most cost effective mechanism of reducing losses through fraud and error in social welfare schemes. Savings made from the prevention of fraud and error at application stage cannot be estimated as the claim will not go into payment.

Control savings arise as a result of control activity on claims in payment and from inspections of employers. These activities also have deterrent or knock-on effects, which

are not readily quantifiable in monetary terms. Control savings are an estimate of savings from various control activities across the schemes in payment. Control Savings are not actual monies recovered by the Department. Actual monies recovered arise where the Department raises overpayments in individual cases.

Social Welfare Fraud

The principal ways in which social welfare payments are fraudulently claimed are:

- **Concurrent Working & Claiming:** Where a person claims a payment, such as jobseeker's benefit/allowance or an illness payment, but takes up employment and does not notify the Department.
- **Non-disclosure of means:** Where a person claims a means tested payment, for example jobseekers allowance, disability allowance, state pension (non-contributory) or one parent family payment, but they do not fully disclose their means to the Department.
- **Non residency in the State:** Where a person claims a social welfare payment, such as a jobseeker's, illness payment or a one parent family payment and is not resident in this jurisdiction, without notifying the Department but continues to claim the payment.
- **Cross Jurisdictional Claiming:** Where a person claims a social welfare payment in Ireland but also makes or continues a claim in NI or the UK or vice versa
- **Multiple claiming or personation:** Where a person makes a claim for more than one social welfare payment by assuming and falsely using the identity and PPSN of another person.
- **Life Events:** Where a person continues to claim a payment to which they are no longer entitled such as a lone parent who gets married or someone who continues to carers allowance claim where caring duties have ceased.
- **Co-habitation:** In the case of one parent family persons may be living as a 'family unit' and fail to notify to Department of the situation.
- **Social Insurance and Employer Non Compliance:** Where employers fail to maintain appropriate employment/wage records and where non-compliance or non-remittance of Pay Related Social Insurance occurs.

Department of Social Protection control measures

Measures to control fraud and abuse include desk reviews of claim papers, home visits, the issue of mail-shots to selected customers, database checking, medical reviews in the case of illness payments etc.

Controls are exercised at both the initial claim stage and at subsequent stages during the claim life cycle. Claims are reviewed on a regular and targeted basis. Means tested payments are reviewed at certain intervals or when there are indications that changes in circumstances have not been reported to the Department. Those in receipt of illness payments are called for a medical examination by the Department's Medical Assessors.

Customers in receipt of unemployment payments are checked on an ongoing basis to verify continued compliance with such requirements as being available for and genuinely seeking employment.

The Department also has a programme of employer inspections to ensure that accurate records of employees are kept; the correct class of PRSI is being deducted and remitted, employees are not concurrently working and claiming social welfare payments and that employer's are aware of their responsibilities with regard to Social Welfare and Tax legislation and incentives available to employers.

- **Data Matching:** The Department has in the last number of years been engaged in data matching with other Government Departments and public bodies for control purposes. Data matching is viewed as a very efficient and effective mechanism to target control-related activity. Examples of data matching for control purposes include:
 - 1) Irish Prison Service: Data matches are performed to identify cases where inmates are receiving a payment from the DSP/HSE while in custody.
 - 2) Education: third level institutions/colleges supply DSP with details of students registered for full-time day courses of education, including Post Leaving Certificate courses.
 - 3) General Register Office (GRO): provides birth, marriage and death data.
 - 4) Revenue Commissioners: Commencement of employment notifications are received on a systematic and used to ensure no concurrent working and claiming of benefits or allowances have occurred.
 - 5) Other matches which have been undertaken include data held by the Personal Injuries Assessment Board, Commission for Taxi Regulation, Private Residential Tenancies Board
- **Fraud and Error Surveys:** Fraud and Error Surveys are an integral part of the Department's control strategy. Fraud and Error Surveys provide the Department with an indicator of the estimated risk of the schemes surveyed at that point in time to enable the Department to enhance procedures and processes to build control across the relevant schemes. The Department seeks to establish the risk and exposure of fraud and error within its schemes by conducting Fraud and Error surveys at regular intervals. Typically those schemes with higher risks relate to the working age cohort (i.e. 18 to 65). Arising from these surveys the schemes

which have been found to exhibit the most pronounced risks are: one parent family payment, jobseeker's payments and disability allowance.

- **Identity & Payment Checks:** New claimants for jobseeker's payments are now exclusively paid through post offices. This requires them to attend the post office each week thus confirming their residency in the country. Photographic identification is also required when collecting payments at the post office.
- **Reviews of entitlement** are systematically undertaken across all social welfare schemes having regard to the level of fraud risk associated with these schemes. Over 900,000 individual social welfare claims were reviewed in 2010.
- **Direct Mailshots:** The Department supplements reviews of entitlement by the frequent use of direct mailshots to validate with customers that the conditions for receipt of benefits, allowances and child related payments are met.
- **Medical Eligibility Assessments:** In the case of persons receiving illness and disability payments recipients reviewed on a systematic basis through medical assessments and examinations to ensure that the medical eligibility entitlement is still fulfilled.
- **Non Residency:** Residency checks on social welfare claims by non-Irish nationals are undertaken nationwide by Departmental Inspectors in order to determine whether their residency status in the State is fulfilled. The frequency of the visits is varied so as not to establish a predictable pattern.
- **Reporting of Social Welfare Fraud:** Reports of suspected fraudulent social welfare claims can be made by calling (01) 704 3000 and asking for Central Control Section. Alternatively, there is an on-line facility for members of the public to report their suspicions of social welfare fraud on www.welfare.ie. Members of the public are asked to provide as much detail about the case they are reporting as possible and with these facilities they can do so totally anonymously.
- **Special Investigation Unit:** The Department's Special Investigation Unit carries out a wide range of control activities and projects to investigate social welfare fraud and abuse. The unit comprises of 89 officers whose exclusive function is that of fraud investigation. The unit also works closely with Revenue staff in the Joint Investigation Unit, with NERA, Customs and the Gardai. Details of the SIU Fraud Investigation plan for 2011 is attached at Appendix 28.
- **Greater strategic co-operation with Revenue**
A High Level Group comprising senior representatives of the Department and Revenue are working together with a view to aligning expertise and information across the operations of both organisations

- Legal Proceedings & Prosecution:** It is the Department's policy to consider for prosecution all cases of fraud against the social welfare system. Criminal prosecutions are taken in the main by summary proceedings in the District Courts. The maximum penalty provided for cases taken summarily is a fine not exceeding €2,500 or a term of imprisonment not exceeding 6 months or both such fine and imprisonment. (*The amount of the fine increased from €1,500 to €2,500 on 4th January 2011 when the Fines Act 2010 was enacted*). Criminal prosecutions may be taken against persons who defraud the social welfare payments system and employers who fail to carry out their statutory obligations. A person who is found guilty of abusing the social welfare system may be fined or imprisoned. **Appendix 29 and 30 provides statistics on prosecutions and outcome of cases finalised in court.**
- Multi Agency Vehicle Checkpoints:** The Department is involved in the multi-agency vehicle checkpoints (MAVCs) with other agencies, including the Gardaí, Traffic Corps and Revenue Commissioners. Each agency has specific control and compliance briefs. The other agencies involved are fully aware of the priority and importance accorded by DSP to cross border claiming and it forms an integral part of this combined operation.
- Cross Border Operational Forum:** The Cross-Border Operational Forum comprises of selected investigators from the Irish Department of Social Protection the Great Britain Department for Work and Pensions and the Northern Ireland Social Security Agency of the Department for Social Development. The Forum's remit is to liaise at an operational level, under the aegis of the Memorandum of Understanding between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Ireland concerning Co-operation and Mutual Assistance in the Administration of Social Security Programmes (the MOU), in matters of mutual interest in the areas of fraud in their respective social security systems.
- Exchange of Data between jurisdictions:** Case by case data-matching takes places between the DSP and the DSD in Northern Ireland and the DWP in the UK on cases where Social welfare fraud or abuse is occurring.
- Debt Management**
The Debt Management Strategy is to actively pursue the recovery of debts to maximise recovery levels with due regard to value for money and with particular emphasis on recovery from people no longer dependent on social welfare payments.
- Public Service Cards**
The new PSC will include a photograph and signature. One of the anticipated advantages of the new card when fully rolled out is that it will help to reduce fraud and error which result from the incorrect identification of benefit claimants.

Habitual Residence Condition

In the context of the enlargement of the European Union from 15 to 25 Member States in 2004, Ireland (along with the UK and Sweden) was one of the few Member States who did not impose any restrictions in 2004 on the numbers of people from the new Member States who wished to come here and work, although subsequently some restrictions were imposed by Ireland on Bulgaria and Romania on their accession to the EU in 2007.

In order to prevent “welfare tourism”, the Government introduced a habitual residence condition as an additional condition for entitlement to social assistance payments and to Child Benefit, restricting access to such payments by people who are not economically active and who have little or no established connection with Ireland. Although introduced in the context of EU enlargement, the measure is intended to be a permanent feature of the social welfare system, in order to protect Ireland from being unduly attractive also to economic migrants, whether arriving as visitors, asylum seekers, or illegal immigrants.

Legislation

The criteria for determining “habitual residence” are set out in social welfare legislation as follows. The person must have a right to reside in Ireland. They must also be habitually resident, on the basis of the following five factors, which are drawn from ECJ case law:

- (a) *the length and continuity of residence in the State or in any other particular country;*
- (b) *the length and purpose of any absence from the State;*
- (c) *the nature and pattern of the person’s employment;*
- (d) *the person’s main centre of interest, and*
- (e) *the future intentions of the person concerned as they appear from all the circumstances.”*

The 5 factors are applied regardless of nationality or membership of any particular ethnic group.

Current issues

The main current issues are as follows:

1. Inconsistent application of the HRC

The review of the HRC guidelines is almost at completion. Roll-out of the new guidelines will commence next week and will be completed within the month.

2. Application to returning emigrants

Safe-Home Ltd. and returning Irish emigrants

Arrangements were agreed with Safe-Home Ltd, a registered charity, to assist with the difficulty experienced by a minority of returning Irish emigrants in demonstrating their intention to live here permanently for the purposes of satisfying the habitual residence condition.

To assist with rectifying this issue, Safe-Home have drawn up a check list of a range of documents that will help customers show that they have returned to Ireland permanently.

Safe-Home has also designed a declaration which will confirm where a customer is engaging with them as part of their repatriation. It is intended that the declaration will be associated with any social assistance claim a customer might make. This measure should help to expedite the decision-making process in these cases as it can be accepted as proof that the customer has returned to reside in the State on a permanent basis.

3. Application of HRC to certain carers

The Carers Association has proposed that carers, particularly Irish nationals, be exempted from the habitual residence requirement when returning to Ireland to care for sick or elderly relatives. However, it would not be considered appropriate to exempt one scheme from the requirement. National legislation cannot provide advantages to non-resident Irish nationals on temporary visits here without extending the provisions to all EU nationals under the same conditions.

The main issues arising which contribute to rejection of carer's allowance on HRC grounds are:

- a. The applicant's main centre of interest clearly being outside Ireland, including Irish nationals returning home who clearly indicate that their homes, lives and future intentions are out of this State and that their stay in Ireland is of a short duration.
- b. Failure to provide relevant documentation (such as proof that they have terminated their employment, residency, closed bank accounts abroad etc.) or no documentation at all.
- c. Clear evidence that an applicant is continuing to receive welfare from another jurisdiction based on their residency there, for example a person receiving disability living allowance based on their residency in Northern Ireland.
- d. Persons who make multiple applications in a very short time for different allowances such as jobseekers, disability and carers.

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BUDGET AND FINANCE UNIT

1. Responsibilities of Budget & Finance Unit

The Budget and Finance Unit is responsible for:

- i. The preparation, co-ordination, maintenance and monitoring of the Department's Estimates,
- ii. The preparation and co-ordination of the Department's Budget proposals;
- iii. The preparation of the Department's Annual Output Statement;
- iv. Means Testing Policy;
- v. The provision of briefing material on all of the above for the Minister.

2. Overview of the Department's estimates

The Department's expenditure is funded from two sources:

- The Exchequer via Vote 38;
- The Social Insurance Fund (SIF) – funded mainly by PRSI contributions.

Expenditure on Vote 38 schemes and services in 2011 will account for nearly 56% of total Departmental expenditure.

The draw - down of expenditure is incurred almost entirely on payments to individual recipients based on pre-determined qualifying conditions and rates of payment set out in legislation. The expenditure, which is demand-led, is driven by economic, social and demographic factors. Administration accounts for less than 3% of overall expenditure – see Appendix 31 for further details.

In 2011, 20 scheme areas account for over 94% of total DSP expenditure – see Appendix 32. Of these, 6 scheme areas account for nearly 63% of all expenditure, as follows:

- i. **Jobseeker's Benefit/Allowance (€3.7 billion),**
- ii. **State Pension Transition & Contributory (€3.7 billion),**
- iii. **Child Benefit (€2.1 billion),**
- iv. **Widow/er's & Guardian's Contributory Pension (€1.3 billion),**
- v. **One-Parent Family Payment (€1.1 billion), and**
- vi. **Disability Allowance (€1.1 billion).**

3. Monitoring expenditure

Expenditure, including administration expenditure, and scheme activity are monitored in an on-going way by Budget & Finance Unit in conjunction with Accounts Branch and scheme owners. This includes the monitoring of expenditure against profile and scheme trends, highlighting variations and, as the year progresses, the prediction of the likely end-year outturn on expenditure. To this end, data is collated and analysed from all the Department's systems. Of particular importance, given the demand led nature of social welfare schemes, is data relating to the numbers of claims received, processed and on hands, the average value of payments for each scheme type and variations from the trends underlying the Estimates.

To comply with **EU /ECB /IMF reporting requirements**, provisional monthly financial data is now provided to the Department of Finance by the 5th working day of each following month. This data is also provided to the Minister along with a short report detailing expenditure against profile and highlighting variations (under-spends and over-spends) and the background to same. This provisional data can be subject to change as complete encashment data from An Post is not available at the time of completing each provisional report.

The Minister submits bi-monthly **Expenditure Management Reports (EMR)** to Government as part of the measures agreed for the control and management of expenditure. The reports give an update on expenditure and income in the year to date and provide forecast outturns as to likely end-year outturns. The reports are submitted in March (February report), May (April report), July (June report), September (August report) and November (October report). The next report, subject to a decision by the new Government in this regard, is due for submission to Cabinet at its meeting on Tuesday, 11 May.

4. 2010 Provisional Expenditure Outturn

Total expenditure on schemes, services and administration in 2010 was **€21.35 billion** - €1.89 billion on Vote 38 and €9.46 billion on the SIF.

Social Insurance income in 2010 was €6.7 billion. Accordingly, the SIF had an operating deficit of €2.74 billion in 2010. This was funded by the remaining SIF surplus of €0.89 billion (built up in previous years) and by a subvention from Vote 38 of €1.85 billion.

It should be noted that the average weekly Live Register in 2010 was 441,000.

For comparability purposes with 2011, expenditure in 2010

- i. Includes expenditure in 2010 on FÁS Employment Programmes and Integration Supports by the Departments of Enterprise, Trade and Employment and the Department of Education and Skills (the relevant funding transferred to DSP on January 1, 2011);
- ii. Includes expenditure in 2010 by the Department of Community, Equality and Gaeltacht Affairs & DSP (funding transferred to DSP on September 1, 2010), and,
- iii. Excludes DSP expenditure in 2010 by DSP on the Social Inclusion Division and the Family Support Agency (both transferred to the Department of Community, Equality and Gaeltacht Affairs on May 1, 2010).

5. 2011 Estimates

Total expenditure schemes, services and administration is estimated (Revised Estimates Volume, Feb. 2011) at **€20.615 billion** in 2011 - €1.55 billion on Vote 38 and €9.06 billion on the Social Insurance Fund. This represents a decrease of **€734 million or 3.44%** over 2010.

The estimate for SIF income in 2011 is almost €7.24 billion. Accordingly, the SIF will have an operating deficit estimated at almost **€1.8 billion** in 2011. This is over €900 million or 33.4% below the outturn for 2010 and this reduction is mainly accounted for by 2011 Budget measures introduced to increase SIF income e.g. the abolition of the employee contribution ceiling and a 1% increase in the rate of social insurance payable by the self-employed. This operating deficit will be funded in its entirety by Vote 38 as the SIF surplus was fully exhausted in 2010.

It should be noted that the 2011 estimate is based on an average weekly Live Register of **405,000** in 2011. See Appendix 33 for a detailed table on expenditure in 2010 and 2011.

6. Budget 2011

The social welfare package in Budget 2011 was designed to achieve total savings of **€873 million in 2011**. In round terms, €623 million was to be achieved through rates of payment reductions and the continuation of measures under the Treatment Benefits Scheme along with €11 million from efficiencies in administration. The balance (€239 million) was to be achieved through a range of other measures. A full list of all the 2011 measures is set out in Appendix 34.

7. 2012 Estimates and Budget

The 2012 Estimates and Budget will be prepared later this year, having regard to the commitments in the new programme for Government.

The National Recovery Plan, 2011 to 2014, published by the previous Government, provided for the introduction of DSP measures to reduce expenditure by **€1.9 billion** over the forthcoming three years, as follows.

	2010 €bn	2011 €bn	2012 €bn	2013 €bn	2014 €bn	% change 2010-14
Opening Expenditure Level	20.9	21.10	20.9	20.8	20.7	-1
Consolidation Objectives						
- Measures from 2011		0.9	0.9	0.9	0.9	-
- Measures 2012-2014		-	0.6	1.4	1.9	-
- Total		0.9	1.5	2.3	2.8	-
Expenditure Ceiling	20.9	20.1	19.3	18.5	17.9	-14

Note: Expenditure (and associated savings) relating to FÁS Employment Services and Integration Supports is not shown in this table.

8. Indicative Budgetary Timeline in 2011

It will be a matter for the incoming Government to decide on the timeline for publication of budgetary material, other than where pre-determined deadlines exist (the SPU for example) but on the basis of the general budgetary timeline followed in previous years including a December Budget, an indicative timeline for the remainder of 2011 is set out below.

- **March/April:** *Revised Estimates Volume 2011* referred to the relevant Dáil Select Committees for discussion.
- **March/April – June:** Estimates for each Vote discussed by the relevant Dáil Select Committees in conjunction with the Departments' Annual Output Statements.
- **4 April:** End-March Exchequer Returns Press Conference.
- **April:** Submission of Stability Programme Update 2012-2014 (including outline of Budget 2012) to Dáil Select Committee initially and then European Commission no later than end-April. SPU to include limits or ceilings on expenditure that will apply over each of the next three years. SPU to also include a detailed analysis of the trajectory of the public finances as well as the economy, including an assessment of risks. SPU considered at EU level and Commission assessment and Council opinion expected to issue in **late June/early July**.
- **Late April:** Submission of final National Reform Programme to European Commission (draft version already with the Commission). Country specific recommendations expected to issue in late June/early July.
- **June:** *Revised Estimates Volume 2011* voted on by the Dáil.
- **Mid-July:** Update on economic and fiscal outlook to Cabinet which will take account of the Commission assessment and Council opinion of the SPU. This Update will replace the traditional Budget Strategy Memorandum. Consideration can also be given to publishing the revised macroeconomic and fiscal forecasts before the summer break.
- **September/October:** Cabinet discussions on expenditure allocations and policy options for main spending Departments, taking account of Commission assessment and Council opinion on SPU and pre-determined overall expenditure ceiling set in SPU. Discussions on smaller Departments at official level and finalised at Cabinet.
- **Early/mid October:** Publication of Pre-Budget Outlook (PBO) to provide update on emerging economic and fiscal outlook.

- **Early December (weekend before the Budget):** Publication of *White Paper on Receipts & Expenditure* showing pre-Budget position for 2012.
- **Early December:** Budget Day 2012. Budget documentation to include Budget Estimates with further roll-out of the performance budgeting framework introduced in the 2011 Estimates cycle, as well as a macroeconomic and fiscal update similar to that published in Budget 2011.
- **December:** Appropriation Act and Social Welfare Act (to implement DSP Budget changes).

ACCOUNTS AND PAYMENTS - OPERATIONAL

1. Accounts Branch

The Accounts branch of the Department decentralised to Dundalk in 2001. There are now 89 staff working in Accounts Branch, paying salaries, T&S, miscellaneous payments and managing the funding and reconciliation of all customer payments through the Department's two statutory accounts. The staff are co-located with the SWS Local Office, Revenue Commissioners and other government services.

2. Function

The primary function of Accounts Branch is to reconcile all payments and receipts and bring them to account. The Branch also prepares the statutory and management accounts for the Department. Accounts Branch funds Bank of Ireland and An Post for all the payments encashed through their respective networks. The Paymaster Generals office is funded for Payable Orders drawn in respect of administration costs. The branch manages 31 bank accounts with Bank of Ireland, the GRO Ulster Bank Account and 17 cash accounts with An Post. Salaries section maintains three payrolls separately paying over 5,400 people on weekly, fortnightly or monthly basis. All expenditure is recorded and reported to Department of Finance on a monthly basis.

3. Statutory Accounts

The Department operates two statutory accounts – the Appropriation Accounts and the Social Insurance Fund Account. Income to the Appropriation Account is voted by the Oireachtas with expenditure from the accounts covering departmental administration and social welfare assistance and non-contributory payments. Income to the SIF account is derived from contributions made by employers, employees and the self-employed, with expenditure incurred for insurance based payments and associated administration costs. The Branch has close associations with the Revenue Commissioners in the daily transfer of PRSI income and with Bank of Ireland and An Post and the Paymaster Generals Office relating to the funding of payments and their encashment.

4. Payment Strategy

4.1 Background

The Department's e-Payment Strategy is rooted in a Government decision of 7 December 2004 concerning: *"Increasing the Use of E-Payments by Government Departments and in the Public Sector and the Question of E-Payments generally"*.

Our current strategy to replace paper based instruments with electronic payments at post offices, banks and other financial institutions. The objective is to have 96% of cheque payments changed by end 2010. This is in line with plans by the Irish Payment Services Organisation (IPSO) to remove all cheque payments within the Republic of Ireland by

2016. The strategy is designed to ensure that effective arrangements are in place for making payments to social welfare customers by a range of payment options and to ensure that new payment facilities are made available to customers as they arise. This will allow us to deal more effectively with customers and provide flexibility in delivering services.

4.2 Request For Information:

On completion of a tender process early in 2010, PA Consultants were contracted by the Department to assist in preparing a Request For Information to identify the range of payment options available to pay customers of our schemes. Companies engaged in the Payments Industry market were invited, through eTenders, to submit proposals and respond to research surveys, culminating in an Industry Consultation Day in January 2011 which completed PA's market engagement process. The Market Engagement Report has been signed off and the Consultants, together with the Department's Payments Project Board, are now moving toward the final stage of the process, that is, to develop a Payments Strategy and make recommendations on an Implementation Plan. This work will be completed at the end of April 2011.

4.3 Progress to date

Electronic Fund Transfer (EFT) to financial institutions such as banks and building societies or Electronic Information Transfer (EIT) via An Post, whereby customers use a Social Services Card in their post office, are increasingly the preferred payment methods (see table below) for the Department's 2.16 million customers :

Government e-Payment Strategy – Snapshot of Progress to date based on customer volumes

% of Payment Transactions by Payment Type						
DATE	EFT	EIT	CHEQUE	Postal Vchr	PPO	TOTAL
Jan 09	43.95	37.41	7.88	0.09	10.67	100%
Jan 10	38.37	52.28	9.33	.02	0	100%
Jan 11	41.33	50.43	8.19	.01	0	100%
<i>Note: Figures based on payment transaction volumes at a given point in time (not annual average). Figures may fluctuate on a monthly basis depending on scheme payments.</i>						

Measures taken to increase the use of electronic payments have included:

- The progressive re-design of claim forms to encourage customer uptake of e-Payment options.
- **The introduction of an EFT mandate form on the www.welfare.ie website**
- Replacement of all Personalised Payable Order (PPO) book throughout 2008/2009. From September 2009 all social welfare customers who collect their payment at their post office now do so by using the social services (swipe) card.

5. Payment Agencies

5.1 An Post

An Post is the principal agency through which payments are delivered to Social Welfare customers. The agency fee paid to An Post on foot of business transacted on behalf of the Department is based on the number of transactions carried out two years previously e.g. 2010 fees are based on 2008 transaction numbers. The fee is calculated on a sliding scale of charges depending on the volume of transactions processed.

Fees are paid to An Post by monthly payment of a set amount agreed at the beginning of each year. €54m has been agreed for 2011 based on 41,987,713 transactions in 2008. Currently, approximately 52% of scheme payments are processed through EIT to An Post.

The service is provided under the terms of a contract which was signed in 1992 and which was renewed for three years in 1997. In 1999 the Government extended the contract to the end of 2002. The further extension of the An Post contract in 2000 became the subject of complaints to the European Commission under competition law and procurement law. In November 2007 the case was won on the basis of lack of proofs rather than on legal principle. The judgement also indicated that the services must be subject to advertising if they may be of interest to undertakings within the Member State concerned or in other Member States.

The existing contract with An Post expires at the end of December 2013. [REDACTED]

[REDACTED]

The Department is the largest retail customer of An Post and among its top ten customers for postal services.

5.2 Bank of Ireland

The Department uses Bank of Ireland as the Department's bankers. They provide a range of services, particularly in processing of EFT's and cheques clearance. All schedules of EFT payments are provided to Bank of Ireland (BOI) by scheme areas through a secure link for onwards transmission to BOI customers and to customers in other financial institutions. [REDACTED]

[REDACTED]

In addition, An Post has an agreement with Bank of Ireland to cash social welfare cheques on their behalf. The bank pays a fee to An Post for each cheque cashed. Over a quarter of all cheques issued by the Department are cashed in post offices nationwide, mostly by people who do not hold a personal bank account.

Accounts and Payments

Overview of Payment Systems, purpose, volume and value of transactions, 2010 –

Appendix 35

Yearly transactions by Payment Method – Appendix 36

INTERNAL AUDIT UNIT.

The DSP Internal Audit Unit (IAU) has an authorised staffing level of 11 staff. It is headed by a Professional Accountant and also includes 2 APs, 3 HEOs, and 5 EOs. It has its main base at the Headquarter offices in Sligo and its IT audit section is based in central Dublin.

The IAU General Audit section consisting of 10 staff decentralised from Dublin in 2007. The remaining AP position has responsibility for the IT/Computer audit section and is based in Dublin, as the Departments IT staffing and facilities are primarily located in the Dublin area.

The IAU derives its authority from the Secretary-General, to whom the Head of Internal Audit (HIA) has the right of direct access. On audit and related matters, the HIA reports to the DSP Audit Committee while, on day-to-day administration matters, the HIA reports to an Assistant Secretary.

The IAU provides advice and assurance to Management on matters relating to the Department's systems of business control, to quality of performance and to business risk.

The IAU provides its services in a numbers of ways including

Carrying out audits and producing audit reports and reviews in respect of the Department's business control environment including social welfare schemes, IT/computer areas, Local and Branch Offices and other areas of general administration

IAU participation in and work on and for DSP Committees and Projects;

IAU ongoing advice and assistance on a wide and varied basis to all areas and personnel within the Department and other areas of administration

IAU "ad-hoc" investigative work;

Audit Committee

DSP has an Audit Committee which meets four times every year. The Audit Committee operates under a written Charter agreed by the Committee and the Secretary General. It has five members, four of which are external members including the chairman. It oversees the operations and development of the internal audit function and the business control and risk management environment.

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INFORMATION & COMMUNICATIONS TECHNOLOGY (ICT)

ICT in the Department of Social Protection

Introduction

The Department is completely dependent on its ICT systems for operational purposes. These systems are responsible for paying over 80 million payments per year and holding details on all social welfare beneficiaries and claims, past and present.

The Department's IS Division manages one of the largest ICT operations in Ireland, involving the delivery and maintenance of a wide range of custom-built and commercial software applications over a range of platforms. It maintains and operates a country-wide telecommunications network to connect its headquarters, regional, local and branch offices (over 6000 PCs) to its two datacentres.

Approach to ICT

The Department uses standard commercial packages where these provide the most economical solution for its needs. These are mainly used for administrative systems (e.g. payroll, accounts and office systems) while the systems that support its 'strategic systems' (those systems that are Departmental specific) have been largely developed in-house, usually with assistance from contractors. These latter systems are operated on a range of platforms depending on their age. The older systems use Hewlett-Packard's OpenVMS operating system while the newer systems are built on Microsoft Windows operating systems under the Department's Service Delivery Modernisation (SDM) programme. In effect, we are supporting two major production environments which would not be possible without significant external support. Our ability to move more quickly to the later platform is constrained by available resources.

SDM is being implemented in a number of self-contained projects which are designed to reuse common components where they exist and develop new components where necessary. The ICT components form an integrated system called the Business Object Model implementation (BOMi).

The aim is for the BOMi to become the main strategic system for DSP through which all scheme payments will be issued. Schemes currently on the BOMi represent about two thirds of the Departments claim load (the older ISTS system accounts for the bulk of the rest). The BOMi is currently responsible for directly issuing payments to 1.63 million customers amounting to over €5.7b per year (see Appendix 37). Projects are underway to transfer another approximately 250k claims to the BOMi. By end 2011 about 75% of all claims will be handled on the BOMi.

1. The Project Office

- Supports best practice in project governance, project management and procurement of goods and services by the Department.
- Maintains a knowledge database containing guidelines and templates which draws on best practice nationally and internationally [<http://solas/projectoffice>].

Every project is governed by a robust project governance process which is overseen by the Project Governance Committee (PGC), a committee of the management board. The Project Office provides support and guidance to project managers and has a key role in overseeing projects and ensuring they comply with best practice.

2. Major Projects

The administration of the Department's schemes and services is underpinned by a programme of work to continually improve service delivery, meet the changing needs of customers and maximise the benefits of new technology. Projects can be categorised as follows:

- Strategic multi-annual programmes aimed at enhancing the delivery of the Department's services e.g. the Service Delivery Modernisation Programme
- Technical projects relating to the ongoing development of information technology systems
- Other projects to support, for example, policy development and the provision of information.

As well as running and maintaining the existing payment and administrative systems, the IS Division is currently engaged in all the Department's business transformation projects.

There are about 30 projects active in one way or another. The major new strategic projects are Activation, the Public Service Card and Local Office Process Modernisation which are based on further deployment of the BOMi. At present, we are trialling significant new systems in selected offices while we build up the underlying technical platform to support their wide scale roll out from mid-year.

Activation: This system uses components built for the Department's Medical Referral and Case Management system and augments these by additional facilities for exchange of information with FÁS in line with the new Employment Action Plan. The system is currently being piloted in Dún Laoghaire and it is expected that it will be deployed widely from mid-year.

Public Service Card (PSC): The first stage of this project resulted in the development of production facilities (personalisation) in Bray and the first card was produced in December, 2010. At present, the internal BOMi components are being developed to allow for registration, issue and management of the PSC from the Department's local offices.

We expect to be able to deploy this from July, although it has a dependency on the Integrated Ticketing Project to issue the Free Travel variant of the PSC and this is not due to launch until the end of the summer.

Local Office Process Modernisation (LOPM) programme: this comprises a number of projects which are aimed at making use of the BOMi in relation to Job-Seekers Allowance and Job-Seekers Benefit (JA/JB payments) automating routine tasks and providing new functionality in dealing with these claims. The main objective of the LOPM project is to minimise footfall in the Local Offices, thus providing staff with time and space to deal with the hugely increased claim volumes in these areas, while also improving the customer experience in these offices and minimizing the time spent in queuing. Some of these projects have already been delivered and others will be deployed more widely once the technical work is completed to facilitate their use in local offices.

The **Customer Means Data project** aimed to develop and implement a system for the electronic recording of means data and the calculation of a person's weekly means for all (13) of the main social welfare means tested schemes. A means object has been developed for this purpose and is now available for use by scheme areas. This development will result in better customer service, greater efficiencies in business processes, facilitates a reduction in multiple requests to customers for data already held, and enables the potential to share information with other State Agencies.

3. Project Governance Process

Through the project governance process, project proposals and initiatives are approved and prioritised; budgets and resources assigned and implementation monitored by the Projects Governance Committee (PGC). The governance process ensures that available resources are focused on delivering the Department's objectives as set out in the Statement of Strategy and that best practice is followed in the procurement and management of major programmes.

4. Projects Governance Committee (PGC)

The PGC is a Committee of the Management Board, chaired by the Secretary General. The PGC approves expenditure from the relevant subheads in the Department's Admin Budget and monitors the expenditure on an ongoing basis.

5. Procurement Policy

The Department actively participates in the initiatives of the National Procurement Service (NPS) in the OPW aimed at securing reductions in the cost of supplies and services; including the use of joint frameworks for the supply of goods negotiated by NPS to take advantage of the strong position of the civil service acting together to use its position as a major buyer to achieve discounting on prices. The department already participates actively in initiatives to purchase ICT equipment under such established

frameworks. Additionally, the Department continues to work with Enterprise Ireland to facilitate SME access to procurement opportunities.

6. Explanation of Consultancy

Consultancy (A7 subhead) is defined by the Department of Finance as where a person or organisation provides intellectual or knowledge based services (e.g. expert analysis and advice) through delivering reports, studies, assessments, recommendations, proposals, etc. that contribute to decision making or policy development.

IT External Service Provision (A5.5 subhead) is defined by the Department of Finance as where a person or organisation provides the services or the human/physical resources to meet the ICT needs of a Department. These requirements could include software development, network installation and management, infrastructure management, data centre hosting, managed services etc. In DSP A5.5 expenditure is focussed on developing the IT infrastructure of the Department to support a business transformation programme designed to improve efficiency of operations and to enable the delivery of excellent customer service.

The main projects underway in 2011 are included in **Appendix 38**.

i) eGovernment

The customer services unit is responsible for developing the Department's eGovernment Strategy. The focus on modern technology and eService based solutions allows a more agile response to changes in Government policies and customer needs. It also assists in improving productivity in the administration of welfare schemes and services; in ensuring we have effective systems for control of fraud and abuse; and in management and reporting capabilities. Our emphasis is on developing services that allow customers to not only access information but complete claims, get updates, and receive payments electronically. Under Department of Finance *Circular 6/09 – Arrangements for eGovernment*, all public service bodies are required to report their eGovernment Plans to D/Finance each year.

ii) Risk Management and Information Security

1. Implementation of Risk Management in DSP

The report of the Working Group on the Accountability of Secretaries General and Accounting Officers (commonly referred to as the Mullarkey Report), which was approved by a previous Government in January, 2003, recommended that risk assessment and management should be integrated into the management processes of all Government Departments and Agencies.

In response, the Department developed a comprehensive Risk Management framework (which encompasses three key elements, namely business risk, corporate

risk and information risk). Reports are produced on a quarterly basis and significant issues are brought to the attention of the Management Board, as appropriate.

Following a review of the risk management process in 2009/2010, it was decided to further develop the process to ensure its full integration with the business planning and decision-making functions. A fully integrated process was introduced in Q1/2011. Work on the development of a new ICT application to support the process is at an advanced stage and will be rolled-out to all business areas before the end of Q2/2011

2. Business Information Security and Data Protection

The Business Information Security Unit (BISU) was established to increase the Department's capacity to manage the security of its information in line with best practice and legal obligations. The Unit promotes information security across the Department and provides information security services that enable the business to understand and manage information risk.

Its primary role is to ensure that the Department's business information is used in a secure environment by security-conscious staff. BISU also provides advice and support to enable the business to understand and manage information risk. Its functions include:-

- co-ordination of information security across the Department;
- development of information security policies, standards, procedures and guidelines;
- defining mechanisms and supporting standards which provide a coherent range of security capabilities;
- providing advice and guidance on information security and data protection issues;
- investigating major information security incidents and alleged breaches of confidential customer data;
- increasing staff awareness through structured training programmes;
- monitoring the effectiveness of information security;
- providing support for information risk analysis activities;
- classifying information systems according to their criticality to the Department; and
- managing important security-related projects and reviews.

3. Importance of Information Security

All of the Department's business data and information, together with the media, systems and networks on which they are stored and processed, are critically important business assets. As well as the more traditional paper-based storage and processing of data, the Department has become increasingly dependent on electronically-based

information and technology. It is essential that appropriate levels of confidentiality, integrity and availability be assessed and applied to all of these assets.

There has been and will continue to be, considerable focus in the Department and externally on the issue of data confidentiality. Over the past few years, the Department has undertaken a number of Information Security projects and has established internal structures to implement its policies. This work is ongoing.

INFORMATION SERVICES AND CUSTOMERS SERVICES

Background

The Information and Customer Services Unit is responsible for the provision of comprehensive and accurate information in a clear and accessible manner which is essential to the effective delivery of social welfare services. Recent years have seen increased public demand for information on social welfare schemes and services.

The Unit provides information on social welfare entitlements to customers through the Department's website www.welfare.ie, through its dedicated LoCall telephone service (1890 66 22 44) and through its range of information leaflets. In addition, it supports services in local offices and in the Citizens Information Board. Where appropriate, the Unit also provides financial assistance to non-Government organisations to assist them in the provision of social welfare information.

The Information and Customer Services Unit is responsible for advertising of the Department's services by conducting public awareness campaigns, usually in response to changes in social welfare schemes and services arising from the annual Budget Speech and the accompanying Social Welfare Act.

The Unit is also responsible for the Department's Annual Report and Quality Customer Service (QCS) programme, including the Customer Action Plan, Customer Charter and the Comments & Complaints system.

Priority activities for 2011:

- 1) Information Services & welfare.ie - all customers to be provided with full, clear, timely and correct information and advice
- 2) Publish the Annual Report of the Department
- 3) Develop a new Customer Action Plan 2012 – 2014, support the Transformation programme, and develop a new communication strategy.
- 4) Support the implementation of CIB Strategy 2010 - 2013 (MABS & CIS & National Advocacy Service)

Recent Developments

A National Advocacy Service is currently being rolled out by the Citizens Information Board to work with more vulnerable people with disabilities in care settings and in the community. In addition Advocacy Support Workers are being recruited to support the provision of an enhanced mainstream service so that more people with disabilities can use mainstream Citizen Information Services

Future Proposals

There is a degree of overlap within the board membership of Citizen Information Centres and Money Advice and Budgeting Services currently. As such, the Department proposes to look to integrate boards of management over time while maintaining the distinct MABS and CIS services.

CLIENT IDENTITY SERVICES

Client Identity Services has overall responsibility for the Personal Public Service (PPS) Number and the Public Services Card

The key functional areas of the Branch are:

- PPS Number Registration – responsible for the allocation of PPS Numbers.
- CIS Control – to monitor issues relating to identity fraud, to assist in drawing up procedures for processing applications, to provide expertise and training in document authentication, and to evaluate and determine strategies for dealing with identity fraud.
- Data Access - regulates use of the PPS Number across the public service, responsible for managing access to the Department's systems containing customer identity data.
- Data Quality Management – enhancement of the quality of identity data, assisting use of the PPS Number within public agencies.

Key areas of activity

PPS Number Registration

Historically, PPS Numbers for children were allocated when Child Benefit was claimed. The Department, working jointly with the General Register's Office (GRO), has modernised this process and as a result, allocation of the PPS Number follows automatically on receipt of the birth event registration data from the GRO. The process of allocating other PPS Numbers, via the Department's Local and Branch office network, is also under review. A strategy to streamline the number of PPS No allocating offices is underway. This strategy will see the number of offices allocating PPS Numbers reduced from 125 to 29.

Public Services Card

1. In 2005, the Government noted the Department's intention to develop a Public Services Card to replace the existing Social Services Card.
2. The Public Services Card Project has progressed very well since sanction to proceed was received in November 2009. Key milestones include:
 - Managed Service Provider contracted.
 - Graphical design completed.
 - Technical architecture design completed. Development work ongoing. Acceptance testing of initial aspects expected to begin shortly.

- Physical construction of secure card personalisation and distribution centre in Bray Co. Wicklow has been completed. A specimen PSC was personalised on this site on 8th December 2010.
 - Client Registration and Card Management functionality development: Business process management and functionality requirements planning complete. Some functionality developed internally. Procurement for the development of the residual functionality complete and development work commenced. The full suite of this functionality is expected to take six months to complete.
3. The technical infrastructure to process Client registration is expected to be ready by the end of July. It is intended that initial registration will involve customers of the Department and will take a number of forms:
- Face to face at DSP Local Offices
 - Through utilising data already held by the Department in relation to the All Ireland Free Travel Scheme.
 - Through utilising relevant data already held by the State (e.g. photographs and signatures held by the Passport Office).

Customers of the Department will be contacted to arrange for capture of the data required to produce and issue a PSC to them.

4. Card issue can commence following successful capture of data and when the required card management functionality is ready. The overall time for card roll-out is dependent on the rate at which it will be possible to securely register all of those to whom the card will be issued. It is intended to mitigate this timeframe by, where practical, utilising relevant data already held by the State such as photographs and signatures held by the Passport Office.
5. While the primary function of the card is to authenticate identity, it has the capacity to include other functionality including access to integrated ticketing on the public transport network and the payment of benefits. Also features such as photographs and signatures and electronic card authentication are expected to minimise the rate of fraud and error arising from incorrectly identified and authenticated individuals.
6. The project will provide a ‘once and done’ facility for the registration of an individual’s identity. The card will provide public service providers with verification of an individual’s identity thus reducing the resources currently required to do so each time a member of the public tries to access a public service.
7. The card is being designed to replace other cards within the public sector such as the free travel pass and the social services card of this department. Other State bodies have expressed an interest in the use of the card.

Extension of the PPS Number range

Background

Personal Public Service (PPS) numbers are allocated by the Department of Social Protection and the Revenue Commissioners from a finite stock of 7 digit numbers. Based on the most recent analysis it is estimated that the remaining stock of usable numbers will be exhausted during 2013. As a unique personal identifier the PPS Number is used extensively by Government Departments and other Specified Bodies to provide the public with secure access to a wide range of public services. The PPS Number is also used by employers in the calculation of payroll deductions for PAYE tax and PRSI and the delivery of pay, tax and PRSI details to the Revenue Commissioners.

Proposed Format of New PPS numbers

It is proposed to introduce a new range of numbers by including an additional alphabetic character, other than “W”, in position 9. The new format effectively opens up a new range of approximately 10 million numbers for each alphabetic character used in position 9.

CLIENT ELIGIBILITY SERVICES

CES is responsible for:

- the acquisition, updating, maintenance and data quality of PRSI contribution records for all employees and self-employed contributors, with around 3.5 million records received annually from Revenue,
- interactions with the EU/EEA Member States in relation to PRSI contribution records
- collecting PRSI in respect of employees of Irish companies working temporarily overseas, referred to as posted workers, and
- Modernisation projects in relation to contribution records and the development of a system to electronically capture means data and calculate a customer's weekly means.

Main operation of Client Eligibility Services (CES)

- PRSI data is transferred to the Department by the Revenue Commissioners which acts as the Department's collection agency in respect of employees engaged in insurable employment and self-employed contributors. The basis for the administrative and operational arrangements governing these data transfers between the two organisations is covered by a Memorandum of Understanding.
- CES also records details of credited contributions awarded in respect of periods during which the person concerned is unable to carry out insurable employment because of, for example, unemployment or illness.
- In addition, the area maintains a register of Homemakers who may be entitled to have periods spent caring for elderly or incapacitated adults taken into account for pension calculation purposes.
- Data maintained by CES is made available, as appropriate, to other areas of the Department dealing with payment schemes where the PRSI contribution history is a factor in determining entitlement. Approximately 1 million claims are processed each year. Details of PRSI contribution history records are also made available to individual contributors on request.

Project developments

- As part of the development of an online facility to allow customers to access their PRSI contribution history record, a system to automate the back end processing of customer requests is being developed. This will enable the Department issue customer records in paper format with minimal manual intervention and will then be further developed to allow customers online access to their record.

- The Department is also participating in an EU-wide project to enable the electronic exchange of social security information (known as EESSI) that, when implemented will bring about significant improvements in data exchanges between Member States and individuals and reduce the time taken to process requests. EU regulations require all Member States to be in a position to exchange information electronically by 1 May 2012.

Current Issues

- In general, social insurance is payable in the country where a person works, with exceptions in the case of persons employed in two or more Member States or employees temporarily posted to another Member State. The French authorities have recently requested a review of the social insurance status of a number of employees of an Irish registered aviation company, who were based at Marseille. In addition, there are proposals at EU level to determine the appropriate social insurance regime for aviation workers by reference to their “home base” rather than the registered office of their employer. This proposal would have significant social insurance implications for the company in question.

Scope and PRSI Refunds Section

Scope Section

The primary function of Scope Section is to:

- Decide on the insurability of employment or self-employment in accordance with the law.
- Provide information on insurability issues to employers, employees and their agents, etc.
- Interpret relevant areas of Social Welfare legislation.
- Provide input to Planning for policy formulation.
- Liaise with Revenue, Enterprise, Trade & Employment, Employer organisations, and Trade Unions.
- Provide information to areas within the Department.

Approximately 2,500 requests for insurability decisions are received each year.

Current Issues

- Agency Workers: Prior to 2003 there was ambiguity as to whether the agency or the third party was the employer of an agency worker. Claims for refunds of employer PRSI, estimated at about €50m., have been received from a number of agencies. Two sample cases were processed by Deciding Officers in Scope Section who found that the agency was the employer. Following oral hearings, Appeals Officers upheld the decisions. The agencies requested a review of the decisions by the Chief Appeals Officer. In June 2010, the Chief Appeals Officer

upheld the Appeals Officers decisions. One of the agencies has appealed the matter to the High Court.

- Stemming from a complaint made to the Ombudsman's Office in relation to the correct PRSI Class applicable to working directors and commitments given in the Department's response to same, the Department is currently reviewing its guidelines with a view to ensuring that proper account is taken of the separate legal identity of a company, in reaching a determination in relation to a working director's insurability status. This review may have significant financial implications for individuals and for the state. It is possible that a legislative solution may be necessary e.g. amend the legislation to apply PRSI Class A to all director's remuneration or through legislation deem working directors to be insurable at PRSI Class S, with an option to opt to pay at class A, if desired.

PRSI Refunds Section

The main function of PRSI Refunds Section is to process applications for refunds of PRSI from employers and employees. Refunds can arise due to a variety of reasons e.g. most refunds arise due to the incorrect rate of PRSI being applied by employers in the following situations :

- Change of insurance class following an insurability decision.
- Earnings over or under statutory threshold or ceiling.
- Employees over 66 years continuing to pay full PRSI.
- Separated persons making enforceable maintenance payments.
- Maternity/Illness Benefit payments.
- Medical Card holders
- Widow's/Widower's pension recipients.

The volume of applications for refunds of PRSI has increased significantly in recent years e.g. in 2010 some 23,000 applications were received compared to 9,000 in 2007. This has inevitably given rise to a delay in processing applications. In order to speed up the processing the processes and procedures in the section have been reviewed and appropriate changes implemented. Work is underway to develop a technical solution to enable the automated processing of some refund claims, thereby increasing processing capacity and speeding up service delivery.

The total amount refunded in 2010 was €26m.

PRESS OFFICE & PLANNING SECRETARIAT

The Press Office

The Press Office is responsible for communicating the messages of the Minister and the Department to the media.

It is the central office in the Department through which all communications with the media are made. The day-to-day work of the Press Office includes:

- Monitoring press coverage which is, at present, done through a media monitoring company.
- Drafting press releases, statements and responses to media. These are generally cleared by the Minister's Press Adviser and ultimately, the Minister.
- Consulting with the Minister's Press Adviser on press strategy.
- Organising press conferences, media briefings etc..
- Liaising with management at all levels on media issues of the day.
- Acting as spokesperson for the Department and the Minister across the range of media - newspapers, magazines, radio and television. This is currently done by the provision of statements as opposed to actual interviews.

Planning Secretariat

The Planning Secretariat provides a secretarial support service to the Planning Unit and provides a support service to the Minister in relation to Government and Dáil business.

GENERAL REGISTER OFFICE

Structure of the Civil Registration Service

1. The Civil Registration Service was formally established under the provisions of the Civil Registration Act 2004. The Act provides for the reorganisation, modernisation and naming of the system of registration of births, stillbirths, adoptions, marriages and deaths.

Functions of the Civil Registration Service

Árd Chláraitheoir

2. The main functions of an tÁrd Chláraitheoir under the 2004 Act are to maintain, manage and control the system of civil registration in the State and to maintain the registers, indexes and other records required to ensure an effective and efficient system. Other functions are assigned under individual provisions of the Act.

Health Service Executive

3. The HSE is required, through each Superintendent Registrar, to manage, control and administer the Civil Registration Service, under the overall management, control and supervision of an tÁrd Chláraitheoir. The HSE is required by the 2004 Act to appoint a Superintendent Registrar and registrars to each of the registration areas. (These areas equate to the geographic areas covered by the former health boards.)

Staffing

4. The GRO has an approved complement of 60 whole-time equivalent staff. Of these, 52 are based in the Roscommon headquarters and 8 in the dedicated Research Room in Dublin. In addition, there are approximately 190 HSE staff assigned to registration duties across the country.

Current Issues:

Interdepartmental Committee on Transgender Recognition

5. An interdepartmental committee has been established to come up with proposals for legislation following a High Court ruling (Foy –v- Registrar General) that the State is in breach of the European Convention on Human Rights in not having a mechanism to recognise the changed status of a person who has undergone gender reassignment surgery. The committee is due to report shortly.

Foy –v- Registrar General

The case referred to above has been concluded



Embassy Marriages

Marriages have been conducted at certain foreign embassies in Dublin.

The matter has been the subject of representations by foreign States and has been widely reported on in the press. The GRO, Department of Social Protection and Department of Foreign Affairs are in consultation to see how the issue might be resolved.

Marriages of Convenience

10. Marriages of convenience (sham marriages) are marriages entered into for the purposes of circumventing the immigration laws. The issue is a cause of serious concern, as it undermines the system of immigration. The Office of the Attorney General has been consulted. That Office has appointed counsel to advise on legislative measures the State might take to address the issue and his advice is awaited.

Customary or Islamic Marriages

11. In certain countries, marriages under native law and custom are common. These marriages may be polygamous, or potentially so. This has implications for the validity of such marriages and consequences for use of public and other services, where marital status is of relevance.

In the meantime, there have been several applications to the circuit court seeking declarations as to the validity of marriages had by native law and custom and Islamic marriages. While the courts normally grant such applications, the decisions of the circuit court have no precedent value and cannot be applied to the generality. The Attorney General is a notice party in a High Court case, H [redacted] –v- A [redacted]. The case concerns recognition of polygamous marriages. In its judgment, the High Court ruled that marriages had in certain countries are not valid as they may be polygamous, or potentially so. The main issues arising for the GRO concern (a) registration of births and (b) receipt of notifications of intention to marry. In the case of registration of births, such births will have to be treated as non-marital births and the relevant procedures for registration of such births will have to be followed, including recording of civil status as “single”. This has potential to cause offence to couples concerned. They may well view the procedures as being disrespectful of their status, as they may understandably believe themselves to be validly married in accordance with their culture and religious beliefs. In cases where notice of intention to marry is given, the matter is expected to be less contentious, as the couples concerned will have tacitly accepted that their marital status is in question.

Recognition of Foreign Divorces

12. Recognition of foreign divorces is governed by the Domicile & Recognition of Foreign Divorces Act 1986. The problem is that domicile is not defined in statute and the GRO is reliant on common law rules, which are sometimes difficult to apply. The problem does not affect divorces granted in EU member states (except Denmark) after March 2001, but it does affect a significant number of divorced persons seeking to marry in this country who were divorced in the EU before March 2001, or who were divorced outside the EU at any time. A possible solution would be to extend recognition to all foreign divorces granted by a court of competent jurisdiction on the basis of habitual residence (say, after 1 year) in the jurisdiction where the divorce was granted. This matter has been brought to the attention of the Department of Justice & Law Reform.

Amendment of Civil Registration Act

13. The Civil Registration Act 2004 needs to be updated to take account of issues which have arisen since the Act was commenced. Most amendments would be of a technical nature. However, the Law Reform Commission issued a report last December recommending that the father's details should be recorded in all non-marital birth registrations, unless there are good reasons for not doing so. Another issue to be considered is the registration of the deaths of Irish citizens who die abroad.

Registration of births resulting from assisted human reproduction (AHR)

14. Provision of AHR services in Ireland is regulated by the Medical Council and by the EU Tissue and Cell Directive. It is not regulated by Irish statute law. The Report of the Commission on Assisted Human Reproduction (2005) made recommendations for the regulation of AHR, including how parentage was to be decided and registered in the register of births. A number of cases has come to the attention of the GRO in recent times. As there is no law to guide the registration of births resulting from AHR, legal advice has been sought as to the approach to be taken. Two recent cases involve surrogacy.

SOCIAL WELFARE APPEALS OFFICE

Establishment

The Social Welfare Appeals Office (SWAO), which was established in January 1991, is an office of the Department that is independently responsible for determining appeals against decisions on social welfare entitlements, insurability of employment and certain decisions made by the Health Service Executive under the Supplementary Welfare Allowance scheme.

Main Features of the Office

The Office is headed by the Director and Chief Appeals Officer, Geraldine Gleeson, and has a Deputy Chief Appeals Officer, 20 Appeals Officers, 3 HEOs and 43 other administrative staff. Its headquarters is located at D'Olier House, D'Olier Street, Dublin 2.

All oral appeal hearings in respect of the greater Dublin area are held in D'Olier House while Appeals Officers also hold oral hearings in about 75 other locations throughout the country.

Social welfare legislation requires the Chief Appeals Officer to submit an annual report each year to the Minister on the activities of her Office.

Independence and Impartiality

The mission statement of the SWAO is “to provide and deliver an independent, accessible and fair welfare appeals service in a prompt and courteous manner”. The independence of the Office is, therefore, of paramount importance in carrying out its functions. The Office also recognizes the importance of fulfilling its role in an impartial and objective way in determining the cases submitted to it for adjudication.

Appeals Procedure

Social welfare legislation provides that appeals must be made directly to the Chief Appeals Officer, normally within 21 days of receipt of the Deciding Officer's decision. The Chief Appeals Officer then requests the Department to submit all relevant papers as well as a statement by or on behalf of the Deciding Officer showing the extent to which the facts and contentions on which the appeal is based are admitted or disputed. The Chief Appeals Officer is responsible for the referral of appeals to the Appeals Officers and for ensuring their prompt consideration.

Appeals Officers

Appeals Officers are statutory officers and are empowered to determine how the cases referred to them are dealt with i.e. either summarily (usually where the issues are straightforward and no contention exists) or by way of oral hearing (where more complex

issues arise and where the appellant may attend and be represented). Appeals Officers have wide powers to summon persons, to request production of documents and to take evidence on oath.

Appeals Officers' decisions

The legislation provides that, in general, an Appeals Officer's decision is final and conclusive. However, the Chief Appeals Officer has power under Section 318 of the Social Welfare Consolidation Act, 2005 to revise any decision where it appears to her that the Appeals Officer's decision was erroneous by reason of some mistake having been made in relation to the law or the facts. A request for such a review by the Chief Appeals Officer may be made by writing to her at the Social Welfare Appeals Office, D'Olier House, D'Olier Street, Dublin 2.

Appeals backlog

There has been much adverse comment in recent times relating to the length of time customers are awaiting the outcome of their appeal application.

The reason for the backlog is that there was a very significant increase in the number of appeals received in 2009 and 2010. The following table shows the increased receipts and workload in the period 2004 to 2010

Year	On hands at start of year	Received	Finalised	On hands end of year	Oral hearing processing time	Summary decision processing time
2004	5,331	14,083	14,089	5,235	25.5	11.6
2005	5,325	13,797	13,419	5,704	27.9	13.2
2006	5,704	13,800	14,006	5,498	28.5	13.2
2007	5,498	14,070	13,845	5,723	30.4	14.2
2008	5,723	17,833	15,724	7,832	32.8	13.9
2009	7,832	25,963	17,787	16,008	34.8	18.2
2010	16,008	32,432	28,166	20,724	45.6	27.4

As can be seen the intake has increased from an average of 14,000 to 32,432 which represents an increase of some 18,000 (128.5%)

The processing times have doubled for summary decision and are up 60% for oral hearings. These processing times are calculated from the registration date of the appeal to the date of its finalisation and include all activities during this period including the submission by the Department of its comments on the grounds for the appeal, further examination by the Department's Medical Assessors in certain illness related cases and further investigation by Social Welfare Inspectors, where required. In those illness related appeals where there is a second unfavourable decision resulting from a further examination by the Department's Medical Assessors, the appellant is afforded an opportunity to comment and submit further medical evidence in support of his/her appeal. A considerable period of time is added to the process when an oral hearing is required because of the logistics involved in such process.

Initiatives to improve processing times

A number of initiatives have been put in place to enhance the capacity of the office to deal with the current caseload and inflows.

- Retired appeals officers have been used on a strictly temporary basis since July 2010. Eight of these retired officers (the equivalent of three full-time Officers) will be operating until the end of this year. This was a very successful initiative with the retired officers clearing 4,946 decisions in 2010.
- 3 additional full time Appeals Officers were assigned to the Office in 2010.
- A further 7 additional Appeals Officers will be assigned in the near future.
- Productivity has increased from an average of 500 cases per AO in the period 2004 to 2007 to an average of 628 in 2010 mainly through a move to deciding more cases on a summary basis.
- A project to improve the business processes in the office was undertaken which has resulted in a number of improvements being implemented.
- Significant enhancements have been made to the office's IT and phone systems.

Current priority for Social Welfare Appeals Office

The emphasis in 2011 will be to improve processing times through the continued use of retired officers, the training and deployment of the new Appeals Officers and continued process improvement to improve productivity.

The year will be challenging as the receipts to date show no abatement.

Community Welfare Service.

As set out elsewhere in this brief, the Community Welfare Service is merging with the Department.

In relation to appeals, there is currently a two step process. Where a person is dissatisfied with a determination of the HSE in relation to SWA, they appeal initially to the HSE. If they are dissatisfied with the outcome of that appeal they can then appeal formally to the SWAO. In 2010, the SWAO received approximately 1,000 SWA appeals which represent approx 10% of the cases appealed to the HSE.

The HSE appeals service in relation to SWA will be integrated with the SWAO once the formal/legislative transfer takes place.

This will pose additional challenges as the SWAO appeals service is much more formal and quasi judicial than that currently operated by the HSE and is therefore likely to consume more resources than heretofore. However, there are also opportunities arising from the elimination of the two step process and from the opportunity to gain from improving processes.

Statutory Agencies

- Pensions Board
- Pensions Ombudsman
- Social Welfare Tribunal
- Citizens Information Board (Comhairle)
- Money Advice & Budgeting Service

Pensions Board¹

1. Functions

The Pensions Board was established under the provisions of the Pensions Act, 1990 (as amended). The main functions of the Board are:

- To monitor and supervise the operation of the Pensions Act and other pensions developments, including Personal Retirement Savings Accounts (PRSAs).
- To issue guidelines, codes of practice and advice on training for trustees of occupational pension schemes and providers of PRSAs; and
- To advise the Minister for Social Protection on matters relating to functions assigned to the Board under the Pensions Act and on pensions generally.

2. Overview

The Board was responsible for oversight of 1,263 active defined benefit schemes with a membership of almost 590,000 and of 83,000 defined contribution schemes with a membership of almost 267,000 in 2009.

The number of PRSA contracts in force at 31 December 2009 was almost 171,000 where 67% were standard contracts and 33% were non-standard contracts. The value of assets under management was €2.05 billion.

It is worth noting that in 2009 the UK Pensions Regulator, which regulates some 84,000 schemes and has no policy functions, has a staff complement of 310.

The operations of the Pensions Board are largely financed by annual fees payable to it by occupational pension schemes and by providers of Personal Retirement Savings Accounts.

The Board receives an allocation for National Pension Awareness Campaign (NPAC) costs. The allocation was reduced from €1m to €0.5m in 2009, 2010 and to €0.4m in 2011.

The Board has made savings during 2010 in relation to:

- Fees paid to Board members - 5% reduction from 1 January 2010 following a 10% reduction from 1 May 2009;
- Fees paid by occupational schemes to the Board - reduced by 9.1% from 1 January 2011 following a 7.5% reduction from 1 January 2010.

¹ Brendan Kennedy is the current CEO.

The Board has operated below its budgeted spend over the last few years. The Board is presently carrying a staffing deficit and pending sanction from the Department of Finance to fill current vacancies it has redeployed staff within the organisation according to identified priorities.

3. Rationalisation

The McCarthy report proposed an amalgamation of the Pensions Board with the Financial Regulator. It suggested this would deliver an estimated €1.1m in savings to the Exchequer. However, this was incorrect as the Pensions Board is self-financing and there is no cost to the Exchequer, apart from the National Pensions Awareness Campaign.



Appointments to the Pensions Board

The Pensions Act prescribes how the vacancies on the Pensions Board are to be filled. As provided for under the Pensions Act, a new Board was appointed on 21 December 2010 for a period of five years. There is currently one vacancy on the Pensions Board and it is intended that this vacancy will be filled in line with legislative provisions.

The New Board is as follows:

Ms. Jane Williams (Chairperson)*, The Sia Group
Ms. Rosalind Briggs – Mercer Human Resources Consulting
Ms. Noreen Deegan - Friends First
Mr. Kevin Finucane - Willis Ireland
Mr. Brendan Johnston - Zurich Life Assurance plc.
Ms. Patricia Murphy – Department of Social Protection
Mr. Terence Noone – DHKN Chartered Accountants
Prof. John McHale - National University of Ireland
Ms. Emer O Flanagan** - O'Driscoll O'Neill Ltd .
Mr. Don O'Higgins - IBEC
Mr. Phelim O Reilly – Attain Consulting Ltd.
Mr. David Owens** - Department of Finance.
Ms Rachel Ryan – SIPTU
Ms. Mary Walsh – Chartered Accountant

Mr. Niall Walsh**- Deloitte
Mr. Robin Webster - Age Action Ireland

***Re-appointment as Chair;**
**** Re-appointment as ordinary members.**

Pensions Ombudsman²

1. Functions

The Pensions Ombudsman is a statutory office established in 2002 to investigate complaints of financial loss due to maladministration and disputes of fact or law in relation to occupational pension schemes and personal retirement savings accounts (PRSAs). The Pensions Ombudsman is independent in the performance of these functions and acts as an impartial adjudicator.

2. Efficiency

The Office is fully funded by the State at a cost of some €1.015 million in 2009 and €1.009 million in 2010. At present, staffing levels consist of the Pensions Ombudsman and nine other staff. Central support services in relation to salaries and accounts are provided by the Department.

The Office received 1,766 new complaints during 2009, an increase of 71% new cases over 2008. 473 complaints were carried forward from 2008, giving a total of 2,239 complaints for 2009, an increase of almost 50 % over 2008. 1,841 cases were closed during the year, an increase of 288 %, on the previous year. There were 398 cases on hand at the end of 2009. This represents a decrease of almost 16% on hand at the end of the year.

A new case management system was introduced in January 2008. The aim of the system was to automate the production of case management information statistics in a real time environment and to improve the ability to set quality performance indicators and monitor performance. The Pensions Ombudsman considers that the new system has contributed to the 10% increase in case closures for 2008.

3. Rationalisation

The McCarthy report recommended that the Pensions Ombudsman be amalgamated with the Financial Services Ombudsman. This matter has been examined and a report is available.

The Department agrees that there is scope for some savings and efficiencies through the amalgamation of the Office of the Pensions Ombudsman with the Financial Services Ombudsman. The existence of a separate Pensions Ombudsman, however, is a specific service and a recognisable location for customer protection in the pensions area.

² Paul Kenny is currently the Pensions Ombudsman.

The Pensions Ombudsman has been appointed for a further four-year term. The Department could consider further the options for the amalgamation of the Office in the future. A single point of contact for all financial services complaints may assist in ensuring that complaints would 'find a home' more quickly. This should be done, however, in the context of a full review of the roles of the various ombudsmen, seeking to find efficiencies and greater effectiveness, while continuing to maintain the primary role of the ombudsman service to protect the interests of consumers through proper investigation of complaints and disputes.

The issue of policy responsibility for pensions would also need to be clarified to ensure that the Minister for Social Protection retains his responsibilities in this area.

Social Welfare Tribunal

Background

The Social Welfare Tribunal is a statutory body set up in 1982 to deal with cases where entitlement to Unemployment Benefit or Assistance is refused due to an involvement in a trade dispute.

Procedure

Where a person feels that he/she has been unreasonably deprived of employment because his/her employer refused or failed to follow the negotiating machinery available for settling disputes, he/she may apply to the Tribunal for an adjudication. Before making an adjudication, the Tribunal must take account of all the circumstances of the stoppage of work and of the trade dispute which caused the stoppage of work including whether:

- (a) the applicant is or was willing and able to work but is or was unable to do so because of some unreasonable action or omission by the employer;
- (b) the applicant is or was prevented by the employer from working without reasonable or adequate consultation or without using accepted industrial relations machinery;
- (c) any action or decision by the employer amounting to a worsening of the terms or conditions of the employment and taken without adequate consultation was a cause of the stoppage of work; and
- (d) the conduct of the applicant or his or her trade union was reasonable.

Having considered the evidence and any representations by the applicant and the employer, the Tribunal decides whether the applicant was unreasonably deprived of employment and, if so, whether he/she is entitled to payment.

An interested person (including the Minister) may apply to the Tribunal for a review of its decision and, if the Tribunal is satisfied that a material change has occurred in the circumstances of the stoppage of work or of the trade dispute which caused the stoppage of work, or that there is new evidence or new facts which in the opinion of

the Tribunal could have affected its decision, it may review its decision and such a review shall be treated as an adjudication under the Act.

A decision of the Tribunal on an application for an adjudication is final and conclusive, but an appeal may be made to the High Court on a question of law.

Membership

The Tribunal consists of a Chairman and four ordinary members, two on the nomination of ICTU and two nominated by IBEC. All members are appointed by the Minister.

The appointments are for a term of 3 years. The members of the Tribunal are:

- Mr. Colin Walker, Chairman to the Tribunal.
- Mr. Michael Carr (IBEC nominee)
- Mr. Patrick Pierce (IBEC nominee)
- Mr. Fergus Whelan (ICTU nominee)
- Ms. Anne Speed (ICTU nominee)

The chairman and 4 ordinary members were appointed on 5 October 2009.

All appointments are due for renewal on 4 October 2012.

CITIZENS INFORMATION BOARD

The Citizens Information Board (CIB) is responsible for supporting the provision of information, advice and advocacy relating to social services and entitlements.

The main functions of CIB, as defined in the Comhairle Act 2000, the Citizens Information Act 2007, and the Social Welfare (Miscellaneous Provisions) Act 2008 are to:

- Ensure that individuals have access to accurate, comprehensive and clear information relating to social services
- Assist and support individuals, in particular those with disabilities, in identifying and understanding their needs and options
- Promote greater accessibility, coordination and public awareness of social services
- Support, promote and develop the provision of information on the effectiveness of current social policy and services and to highlight issues which are of concern to users of those services
- Support the provision of, or directly provide, advocacy services for people with disabilities

Services are delivered through:

- Citizen Information Services (CIS)
- Money, Advice and Budgeting Service (MABS)
- National Advocacy Service
- Sign Language Interpreting Service (SLIS)

The CIB Strategic Plan 2009 – 2012 provides a single, overarching framework for the development of services provided by the CIB. The main principles of the framework are to maintain a citizen-centred approach and to become more proactive and anticipate changes in the service environment and in citizens’ needs.

The members of the Citizens Information Board are appointed by the Minister for Social Protection. The following are the current members of the Board and their periods of appointment:

Name of Member	Term of Office
Ms Patricia Walshe	30/03/2007 – 29/03/2012
Ms Laurie Cearr	30/03/2007 – 29/03/2012
Mr Daragh O’Connor	01/09/2007 – 31/08/2012
Ms Margaret Zheng	01/09/2007 – 31/08/2012
Mr Michael Healy Rae	24/04/2009 – 26/04/2014
Ms Sylva Langford (Chairperson)	04/03/2010 – 03/03/2015
Ms Josephine Henry	04/03/2010 – 03/03/2015
Ms Noeline Blackwell	04/03/2010 – 03/03/2015
Mr Martin Naughton	04/03/2010 – 03/03/2015
Mr Pat Fitzpatrick	04/03/2010 – 03/03/2015
Mr Michael McGuane	04/03/2010 – 03/03/2015
Mr John Sheehy	04/03/2010 – 03/03/2015
Mr Michael Butler	04/03/2010 – 03/03/2015
Ms Sandra Ronayne	04/03/2010 – 03/03/2015
Mr Sean Sweeney	16/12/2010 – 15/12/2015

Financing

2000 - total funding provided	£6.431m (€8.165m)
2005 - total funding provided	€20.917m
2010 - total funding provided	€44.987m*
2011 - total allocation is	€46.640m*

* Responsibility for MABS transferred to the CIB in July 2009. This figure represents the combined budget for the CIB and MABS.

Information Services

The network of 42 Citizens Information Services (CISs) operate from 259 locations nationwide comprising 111 centres and 148 outreach services (located in community centres, hospitals etc. Each CIS has a full time manager and at least one information officer. There are also 1,171 volunteers and 173 employment scheme workers across the network.

Three channels of information advice and advocacy services are supported:

- the Citizens Information Website (www.citizensinformation.ie)
- the Citizens Information Phone Service (CIPS), which operates Mon-Fri 9 a.m. to 9 p.m. (LoCall-1890 777121) and
- the national network of 42 Citizens Information Services (CIS) which provides face-to-face service to the public.

Money Advice and Budgeting Service

The Money Advice and Budgeting Service (MABS) provides assistance to people who are over-indebted and need help and advice in coping with debt problems.

There are 52 independent MABS companies operating the local MABS services from 65 locations throughout the country. In addition, the MABS National Telephone Helpline is available from 9am to 8pm Monday to Friday and the MABS website can be accessed 24 hours a day at www.mabs.ie. MABS National Development Limited was established in 2004 to support and develop the Money Advice and Budgeting Service throughout the country.

In line with the Programme for Government, in Budget 2009, the previous Government assigned responsibility for the MABS to the Citizens Information Board in July 2009. The transfer of responsibility provides strong management support to the local voluntary MABS companies in the provision of a high quality service to meet the needs of people encountering debt difficulties.

There were no significant immediate savings or additional costs arising from the assignment of the provisions of the MABS to the CIB. Cost efficiencies will be realised in the medium to longer term through the integration of support services such as administration and IT.

Recommendations pertaining to MABS contained in the reports of the Expert Group on Mortgage Arrears and Personal Debt Expert Group and the Law Reform Commission's final report on Personal Debt Management and Debt Enforcement are currently under consideration.

National Advocacy Service

The Citizens Information Act 2007 provided for the development of advocacy services through the CIB. To this end, a National Advocacy Service (NAS) is currently being rolled out to work with more vulnerable people with disabilities in care settings and in the community. This programme replaces the pilot Community and Voluntary Sector Advocacy Programme, under which 46 advocacy projects were funded.

The structure of the NAS will have advocates organised in five regional teams (based on the CIB regional structure) with each team employed by a single Citizen Information Services (CIS) board. Each team will have a manager, one to two senior advocates, five to seven advocates and an administrator, with the advocacy manager reporting directly to the CIS board. The CIS board will have a regional remit for Advocacy only, while maintaining its area/county-wide responsibility for CIS services. The 5 CIS boards are Clondalkin CIS, Westmeath CIS, Offaly CIS, Waterford CIS and Leitrim CIS.

The transition to the new structure was successful. 5 manager positions were filled through open recruitment. Transfer of Undertakings regulations applied to the remaining posts, though a small number of posts were recruited through open recruitment where vacancies arose. Voluntary statutory redundancy was availed of by a small number of advocates prior to a selection process taking place for the

remaining posts. One vacant post is to be offered to the unsuccessful advocates from the other regions before any redundancies can be offered to those interested in applying.

In addition Advocacy Support Workers are being recruited to support the provision of an enhanced mainstream service so that more people with disabilities can use mainstream CISs on the same basis as everyone else, while the national advocacy service can seek out and respond to more vulnerable people with disabilities.

Expenditure on advocacy related services by the CIB, including the National Advocacy Service, will be met from existing resources in the context of the overall CIB allocation.

Sign Language Interpreting Service

The SLIS was established in 2007 to provide a booking service for public service providers through sign language interpreters who are independent sub contractors. SLIS booking staff source interpreters for booking clients and puts them in touch with one another. The sign language interpreter then invoices the booking client directly for payment.

Appendix 1

Recipients and Expenditure of top ten schemes 2005-2009

(In descending order of 2009 recipients)

Year	2005		2006		2007		2008		2009	
	Recipients	Expenditure	Recipients	Expenditure	Recipients	Expenditure	Recipients	Expenditure	Recipients	Expenditure
Scheme	€000		€000		€000		€000		€000	
Child Benefit ⁽¹⁾	547,540	1,899,936	562,860	2,056,288	579,612	2,232,974	596,108	2,455,846	602,932	2,495,304
State Pension (Contributory) ⁽²⁾	124,611	1,152,849	139,724	1,293,702	237,599	2,754,947	250,117	3,118,029	265,102	3,367,529
Jobseeker's Allowance	75,357	667,483	75,801	768,717	80,268	875,092	113,603	1,167,793	203,248	2,004,556
Jobseeker's Benefit	52,754	418,560	50,542	454,742	59,167	545,277	121,763	929,844	160,122	1,733,774
Widow/er's (Contributory) Pension	109,017	998,502	110,146	1,094,969	111,460	1,204,953	112,237	1,299,406	113,108	1,353,507
Disability Allowance	79,253	630,728	83,697	738,426	89,048	901,131	95,754	1,052,686	99,576	1,142,769
State Pension (Non-Contributory)	84,454	631,299	97,404	727,767	97,726	920,167	97,784	973,047	97,798	1,000,546
One Parent Family Payment	80,366	751,102	83,081	834,214	85,084	962,425	87,840	1,067,578	90,484	1,121,344
Illness Benefit	61,845	540,957	65,774	627,724	70,404	755,321	73,609	852,334	77,665	919,640
Invalidity Pension	58,352	548,224	51,954	602,241	53,956	618,051	53,725	685,732	52,922	681,641

(1) Number of Recipient Families

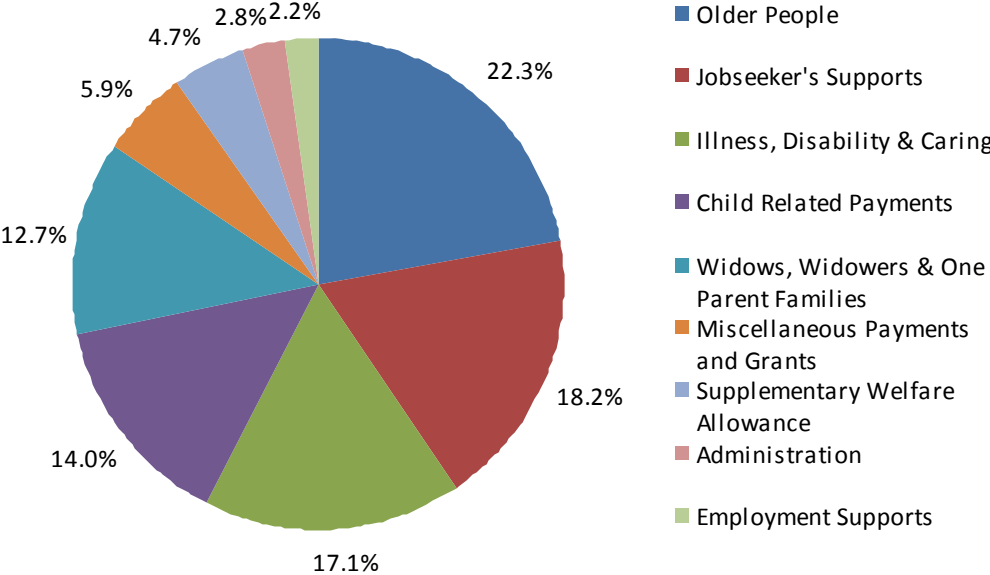
(2) In 2006, there were substantial administrative alterations in Pension Schemes, resulting in significant migration from State Pension (Transition) to State Pension (Contributory). Using the headings above, the figures for State Pension (Transition) are as follows:

91047	1060052	91086	1144636	5851	79,070	7,242	92,107	8,378	104,973
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2009 Spending Distribution by Lifecycle Stage

	€000
Older People	4,569,654
Jobseeker's Supports	3,738,330
Illness, Disability & Caring	3,504,509
Child Related Payments	2,877,039
Widows, Widowers & One Parent Families	2,608,360
Miscellaneous Payments and Grants	1,214,540
Supplementary Welfare Allowance	969,724
Administration	579,815
Employment Supports	454,318
	20,516,289

2009 Social Welfare Spending
Distribution



Appendix 2

Child Income Support Policy

Statistical Tables

Table 1- Overall spending on child related payments

Year	Child Benefit	Family Income Supplement	Qualified Child Increases	BtSCFA	Total spending
	€million	€million	€million	€million	€million
1997	505.8	32.9	341.8	14.9	895
1998	531.7	36.4	330.1	13.1	911
1999	565.0	41.1	299.8	11.6	918
2000	637.5	39.4	313.7	13.8	1,004
2001	964.8	37.1	312.7	12.8	1,327
2002	1462.7	42.4	317.7	15.2	1,838
2003	1666.5	45.4	308.2	17.7	2,038
2004	1765.1	55.8	290.5	17.0	2,128
2005	1899.9	72.2	284.0	16.7	2,273
2006	2056.3	107.1	287.2	24.9	2,476
2007	2233.0	140.0	349.0	40.2	2,762
2008	2454.0	170.3	443.6	49.6	3,118
2009	2495.3	167.1	552.2	67.2	3,282
2010	2213.5	185.9	666.4	77.4	3,143
Increase 1997-2010	338%	465%	95%	419%	251%
Annual Average Increase	12.0%	14.2%	5.3%	13.5%	10.1%

Appendix 3

Numbers of children benefitting from child related payments

Year	Child Benefit	Family Income Supplement	Child Dependant Additions (Full Rate)	Child Dependant Additions (Half Rate) ¹	BtSCFA
1997	1,053,401	37,223	296,564	124,378	231,000
1998	1,039,746	33,334	282,572	124,237	209,311
1999	1,028,877	35,726	298,455	130,715	183,708
2000	1,018,175	31,274	288,993	114,610	158,766
2001	1,014,340	26,426	274,680	129,338	143,029
2002	1,019,551	26,531	278,077	127,081	155,811
2003	1,034,851	26,409	272,419	129,877	172,123
2004	1,051,005	29,991	263,895	93,144	153,409
2005	1,060,740	33,956	255,966	83,348	157,254
2006	1,083,980	43,861	258,790	82,546	161,451
2007	1,110,715	47,529	266,449	77,236	180,252
2008	1,141,938	58,019	300,726	87,011	200,246
2009	1,156,917	55,716	345,117	195,309	277,713
Increase 1997-2009	10%	50%	16%	57%	20%
Annual Average Increase	0.7%	3.2%	1.2%	3.5%	1.4%

¹ A Qualified Child Increase is payable at half rate where a spouse living with a recipient is not a Qualified Adult. Each spouse may receive half the Qualified Child Increase where both spouses are in receipt of a Social Welfare Payment.

Appendix 4

Payment Rates

Child Benefit: monthly rates of payment for selected years 1995-2011

Year	1 st and 2 nd child	3 rd and subsequent children	
1995	€34.28	€40.63	
2000	€33.96	€71.11	
2005	€141.60	€177.30	
2006	€150	€185	
2007	€160	€195	
2008	€166	€203	
2009	€166	€203	
2010	€150	€187	
2011	€40	€67	€77

Appendix 5

Qualified Child Increases: weekly rates of payment for selected years 1995-2011

Year	Low Rate	High Rate
1995	€16.80	€21.60
2000	€16.80	€21.60
2005	€16.80	€21.60
2006	€16.80	€21.60
2007	€22.00	€22.00
2008	€24.00	€24.00
2009	€26.00	€26.00
2010	€29.80	€29.80
2011	€29.80	€29.80

Appendix 6

FIS income limits 2007 to 2011

Family Size	2007	2008	2009	2010	2011
1 Child	€480	€490	€500	€506	€506
2 Children	€550	€570	€590	€602	€602
3 Children	€625	€655	€685	€703	€703
4 Children	€720	€760	€800	€824	€824
5 Children	€820	€870	€920	€950	€950
6 Children	€910	€970	€1030	€1066	€1066
7 Children	€1020	€1090	€1160	€1202	€1202
8 Children or more	€1090	€1170	€1250	€1298	€1298

An example of how FIS works is as follows: If a family has one parent working full-time and the other working 19 hours a week - both on the minimum wage (€7.65), their net income from employment would be €436.05 per week. If they have four children they would be entitled to a FIS payment of €232.77 per week, as a top-up to their wages, giving them a combined net income from employment and FIS of €668.82.

If only one parent in the same family was working, and they were in full-time employment at the minimum wage, their gross income from employment would be €290.70 per week and their additional income from FIS would be €319.98 per week. Their combined net income from employment and FIS would therefore be €610.68 per week.

It should also be noted that payments are rounded and there is a minimum FIS payment of €20 a week for those who would otherwise qualify for a smaller rate.

Appendix 7

Domiciliary Care Allowance (DCA)

Claim Processing procedures

- Eligibility for DCA is not based primarily on the medical or psychological condition, but on the resulting lack of function of body or mind necessitating the degree of extra care and attention required. Each application is assessed on an individual basis taking account of the evidence submitted.
- The Department uses a set of consistent and objective guidelines in determining the medical eligibility of children for the scheme. These guidelines were drawn up by a Group chaired by the Department's Chief Medical Advisor comprised of senior medical personnel from the HSE as well as eminent professionals in the areas of physical disabilities which affect children, and child psychiatry/psychology.
- The Group considered that the most appropriate way for the Department to conduct assessments for medical eligibility was by assessing evidence submitted by the claimant rather than by way of individual examination by the Department's Medical Assessors as they are not involved in advice or treatment of the child. The new process in operation in the department involves the submission of a detailed statement by the parent or guardian of the child; a detailed statement by the child's General practitioner; and any other relevant evidence from qualified experts who have examined the child. The evidence is assessed by designated departmental Medical Assessors who have received special training in Human Disability Evaluation.
- In the case of an application which is refused on medical grounds, the applicant may submit additional information and/or ask for the case to be reviewed by a different Medical Assessor specially designated for this task. Where a person is not satisfied with the decision of a Deciding Officer they may appeal the decision to the Social Welfare Appeals Office.
- The Department considers that the scheme is administered in a consistent and fair manner and that every claim is assessed on its merits
- When the DCA scheme was administered by the HSE, it was done on a local area basis, without legislation, and with questionable consistency, there was a lower rejection rate overall, (approximately 20% as opposed to over 50% now), but also very significant variations in decisions between HSE areas.

Appendix 8.

Statistics:

- From April 2009 to end Dec 2010 we received 8846 claims, 38 % allowed,
- 2684 Appeals have been received to end Dec 2010, 686 revised on review by Deciding Officer based on further information, 49 pending DO review, 1949 sent for SWAO decision, 633 decided, 230 allowed (36%), 403 disallowed by AO. 1316 on hand with SWAO for decision.
- **Autism cases Appeals to 31/10/10**, 389 received, 176 revised by DO, 44 pending DO review, sent to SWAO 169, **allowed 32 (58%)**, disallowed 22, pending decision 114. (50% overall allowed rate on appeals across all Department schemes).
- Overall, the percentage of claims that end up awarded (including Appeal successes) is 50%.

Appendix 9.

Live Issues:

- The initial disallowance rate is currently 62%. Some people contend that some categories of disability are more likely to be disallowed than others, autism for example, however analysis of the facts do not bear this out.
- **The claim:** The success rate for Autism applications is much lower than when the HSE administered the scheme.
- **Response:** Statistically a child suffering from Autism is no more likely to be disallowed than the norm, in fact the opposite is the case! Between April 1st 2009 and end Sept 2010, a total of 569 claims were processed with Autism related conditions. Of these 62% were allowed, this compares to a 64% disallowance rate for the general claim load.
- **The claim:** The application form is aimed more at physical rather than intellectual disability, so disadvantaging their children's applications.
- **Response.** The application form for DCA provides for details of the child's medical condition, as certified by their GP and the level of care and attention that the child needs to deal with normal day to day activity to be detailed. This information can be provided by the parent/guardian of the child, the child's General practitioner and any other professionals who have dealt with the child. There is a section of the application form which allows for the details of referrals to any of nine professional services to be listed and reports relating to these referrals can be included with the application.
- The purpose of the claim form is to provide the DO and MA with the clearest picture of the child's needs so that the correct decision can be made. The qualifying condition is not based on the disability but on the resultant requirement for additional care and attention that results from that disability. Applicants are also free to submit any other information they feel will inform the deciding officer in making their decision.
- Autism Advocacy groups also take issue with desk assessment by our medical advisors, as opposed to the HSE process when the doctor sees each child.
- **Response:** The medical condition of the child is certified by the child's GP, we accept that diagnosis, the DSP medical advisor is assessing the level of care required by the child as a result of that medical condition. It is considered that there is no added value in the medical assessor physically seeing the child.
- They contend that there has been a change in the qualifying criteria since the scheme transferred to DSP.
- **Response:** The qualifying criteria have not changed since the DSP took over responsibility for the scheme.
- No child with Autism was ever refused DCA under the HSE, now lots are.

- **Response:** Given the fact that Autism can range from very mild to profound, it seems inconceivable that every applicant to the HSE with Autism was considered to be eligible.

Appendix 10

Legislation on Activation

- (i) Section 9 of the Social Welfare and Pensions Act 2009 (No 10 of 2009) and Social Welfare (Consolidated Claims, Payments and Control) (Amendment) (No. 2) (Claims) Regulations 2010 - S.I. 661 of 2010] enables information for profiling purposes to be collected from new claimants for jobseeker's benefit or jobseeker's allowance – authority to extend these provisions to existing claimants will be sought in the next SW Bill;
- (ii) Sections 6 and 7 of the Social Welfare and Pensions Act 2009 provide for the payment of reduced rates of jobseeker's allowance and supplementary welfare allowance to people aged 18 or 19 years;
- (iii) Sections 6 and 12 of the Social Welfare and Pensions (No. 2) Act 2009 (No. 43 of 2009) extended the payment of these reduced rates to people aged 20 to 24 years;
- (iv) The Social Welfare (Miscellaneous Provisions) Act 2010 (No. 28 of 2010) provides that, with effect from 27 April 2011, one-parent family payment will no longer be paid to people whose youngest child has reached 14 years of age;
- (v) The Social Welfare (Miscellaneous Provisions) Act 2010 (No. 28 of 2010) also provides for reduced rates of jobseeker's benefit, jobseeker's allowance and supplementary welfare allowance for claimants who refuse to participate in an appropriate course of training or to participate in a programme under the National Employment Action Plan;
- (vi) Part 4 of the Social Welfare (Miscellaneous Provisions) Act 2010 transferred responsibility for the Rural Social Scheme and Community Services Programme from the Department of Community, Equality and Gaeltacht Affairs to the Department of Social Protection. This provision came into effect on 1 October 2010;
- (vii) Part 3 of the Social Welfare (Miscellaneous Provisions) Act 2010 (No. 28 of 2010) provided for the transfer of policy and funding responsibility for the employment services and community services programmes of FÁS from the Minister for Education and Skills to the Minister for Social Protection, with effect from 1 January 2011;
- (viii) Part 3 of the Social Welfare and Pensions Act 2010 (No. 37 of 2010) provides for the full transfer of the employment services and community services programmes of FÁS to the Minister for Social Protection and the integration of FÁS staffing etc. into the Department of Social Protection, subject to a commencement order.

Appendix 11

Employment Supports Schemes (ESS)

Total Back to Education Allowance Participants 2007/08 to 2010/11

Academic year	Number of Participants
2007/2008	8,883
2008/2009	11,646
2009/2010	20,808
2010/2011	25,000 ²

² Most recent figures indicate in the region of 25,000 participants engaged with BTEA for the current academic year

Appendix 12

Total Back to Education Allowance Expenditure 2008 to 2011

Year	Expenditure
2008	€77.13m
2009	€107.31m
2010	€179.84m ³
2011	€198.8m ⁴

³ Provisional expenditure figure for 2010

⁴ A budget of €198.8m is provided for BTEA for 2011

Appendix 13

Total number of participants on the Back to Work Enterprise Allowance 2008 – 2011

Year	Back to Work Enterprise Allowance	Back to Work Allowance Employee ⁵	Total
2008	4,604	3,558	8,162
2009	4,591	2,012	6,603
2010	7,958	851	8,809
2011	8,399 ⁶	739	9,139

⁵ The back to work allowance (employee strand) has been closed to new applicants since May 1st 2009

⁶ Figures as of the 18th February, 2011 includes 5,730 under the 2-year scheme and 2,669 carried over from the 4-year scheme

Appendix 14

Expenditure on all Back to Work Allowance schemes 2008 - 2011

(Includes short term enterprise allowance and back to work allowance (employee strand))

Year	Back to Work Allowance.
2008	€73.17m
2009	€76.43m
2010	€87.92m ⁷
2011	€91.52m ⁸

⁷ Provisional expenditure figure for all back to work allowance schemes 2010

⁸ A budget of €91.52m is provided for all back to work allowance schemes for 2011.

Appendix 15

Total Participants on the Short term Enterprise Allowance at December 2009 and 2011

Year	Short Term Enterprise Allowance.
2009	1,152
2010	1,364
2011	1,197 ⁹

⁹ Figures as of the 18th February 2011

Appendix 16

Details of Family Income Supplement income thresholds and claim load

FIS income limits 2007 to 2011

Family Size	2007	2008	2009	2010	2011
1 Child	€480	€490	€500	€506	€506
2 Children	€550	€570	€590	€602	€602
3 Children	€625	€655	€685	€703	€703
4 Children	€720	€760	€800	€824	€824
5 Children	€820	€870	€920	€950	€950
6 Children	€910	€970	€1030	€1066	€1066
7 Children	€1020	€1090	€1160	€1202	€1202
8 Children or more	€1090	€1170	€1250	€1298	€1298

Appendix 17

FIS Numbers and Expenditure

Year	Num Families	Num Children	Expenditure
			€million
2004	14,727	29,991	55.80
2005	17,448	33,956	72.20
2006	21,800	43,861	107.10
2007	22,823	47,529	140.00
2008	27,798	58,019	170.30
2009	25,963	55,724	167.10
2010	28,223	62,240	185.92
2011*	29,089	62,120	199.26

*numbers at the end of January and estimated expenditure for 2011.

Appendix 18

Respite Care Grant

Details of Respite Care Grants paid with primary payment plus standalone grants

Year	Expenditure (€m)	Carers
2005	34.30	34,300
2006	50.46	42,000
2007	73.38	48,900
2008	98.20	57,800
2009	99.20	58,400
2010	128.11 (Provisional)	75,400

Appendix 19

Standalone grants only

Year	Expenditure (€m)	Carers
2005	6.13	5,900
2006	11.97	10,100
2007	17.41	11,900
2008	15.18	9,000
2009	11.13	6,500
2010	11.02 (Provisional)	6,500

Appendix 20

Expenditure on and Numbers of all Illness and Disability Payment Schemes

Year	Total Expenditure €n.	% Increase	Total Number of Recipients	% Increase	Total Number of Dependants	% Increase
1997	746.15		144,154		97,842	
1998	798.34	7%	149,542	4%	100,177	2%
1999	862.50	8%	157,055	5%	100,886	1%
2000	949.07	10%	164,376	5%	102,173	1%
2001	1,100.30	16%	173,650	6%	103,489	1%
2002	1,281.95	17%	184,459	6%	105,091	2%
2003	1,430.85	11%	193,673	5%	110,636	5%
2004	1,603.54	12%	202,986	5%	99,868	-10%
2005	1,817.18	13%	215,173	6%	95,969	-4%
2006	2,081.15	15%	216,809	1%	94,187	-2%
2007	2,393,721	15%	229,743	6%	93,269	-1%
2008	2,719,015	14%	239,774	4%	94,796	+2%
2009	2,872,636	6%	246,831	3%	96,449	+2%

Appendix 21

Expenditure and recipients for the main Illness and Disability Payment Schemes

Year	Illness Benefit		Invalidity Pension		Disability Allowance	
	Expenditure €n.	Recipients	Expenditure €n.	Recipients	Expenditure €n.	Recipients
1997	228.44	43,500	253.02	43,633	192.82	43,192
1998	241.44	43,766	264.26	44,925	219.55	47,126
1999	262.68	45,535	279.57	46,946	245.16	50,431
2000	280.83	46,940	311.51	48,663	279.18	54,303
2001	329.54	50,715	354.41	50,615	332.31	57,655
2002	376.60	54,590	402.00	52,147	398.20	58,592
2003	433.41	57,464	440.26	53,414	463.61	67,720
2004	479.61	58,726	487.38	55,864	544.49	72,976
2005	540.25	61,845	548.29	58,352	630.73	79,253
2006	627.64	65,774	602.41	51,954	738.43	83,697
2007	755.32	70,404	618.10	53,956	901.13	89,048
2008	852.33	73,609	658.73	53,725	1,052.69	95,754
2009	919.64	77,665	681.64	52,922	1,142.77	99,576

Appendix 22

Expenditure and nos. of recipients on Disability Allowance

YEAR	Expenditure (million)	No. of recipients
2010	€1,109	101,111
2009	€1,143	99,576
2008	€1,053	95,754
2007	€901.131	88,860
2006	€738.431	83,697
2005	€630.728	79,253
2004	€544.489	72,976
2003	€463.608	67,720
2002	€407.585	62,783
2001	€332.308	57,655
2000	€279.176	54,303
1999	€245.160	50,431
1998	€219.550	47,126
1997	€192.822	43,192
1996	€157.532	37,054

Expenditure over the 15 years has grown by over 700% and numbers of claimants in receipt of disability allowance by 170%

Appendix 23

Overview of the National Pensions Framework¹⁰

<p>Social Welfare Pensions</p>	<ul style="list-style-type: none"> • Mandatory social welfare pension coverage will continue. • The Government will seek to maintain the rate at 35% of average weekly earnings. • The system will be simplified with a move to a total contributions approach. • Homemakers' disregard will be replaced with credits for new pensioners from 2012. • State pension age will increase to 66 in 2014, 67 in 2021 and 68 in 2028. • Arrangements will be put in place to allow people to postpone receipt of the State Pension and to make up contribution shortfalls.
<p>Auto-enrolment</p>	<ul style="list-style-type: none"> • This will increase coverage and employer responsibility. • There will be matching employer contributions and matching State contributions. The State contribution will equal 33% tax relief (delivery mechanism to be decided). • There will be an opt-out mechanism for employees • Access to Approved Retirement Funds will be provided.
<p>Current Occupational & Voluntary Provision</p>	<ul style="list-style-type: none"> • There will be a matching State contribution equal to 33% tax relief (delivery mechanism to be decided). • Access to Approved Retirement Funds will be provided for defined contribution scheme members. • There will be stronger regulation. • A new DB model is proposed which schemes may wish to adopt in future. • The funding standard will be kept under review.
<p>Public Service Pensions</p>	<ul style="list-style-type: none"> • A single new pension scheme will be introduced for all new entrants, with effect from 2010.
<p>Tracing Service Dormant Benefits</p>	<ul style="list-style-type: none"> • A tracing service will be put in place to facilitate the tracing of pension rights by former employees and scheme trustees. • Consideration will be given to the establishment of a State managed fund into which untraceable accounts would be deposited.

¹⁰ The references to 33% tax relief are being reviewed in light of the in light of commitments agreed with the IMF regarding the amount of tax relief provided in respect of pension contributions. .

Appendix 24

Rent Supplement - Statistical Sheet

Table 1: Recipient Numbers & Expenditure: 1997 to 2010

Year	Recipients	% Change	Cost €000	% Change
1999	41,873		128,240	
2000	42,683	1.9%	150,590	17.4%
2001	45,028	5.5%	179,438	19.2%
2002	54,213	20.4%	252,203	40.6%
2003	59,976	10.6%	331,471	31.4%
2004	57,874	-3.5%	353,762	6.7%
2005	60,176	4.0%	368,705	4.2%
2006	59,861	-0.5%	388,339	5.3%
2007	59,726	-0.2%	391,466	0.8%
2008	69,729	16.7%	440,548	12.5%
2009	93,030	33.4%	510,677	15.9%
2010	97,260	4.5%	* 516,861	1.2%
Jan 2011	96,532	0.74%	** 465,500	-10.0%

* Expenditure based on 2010 Revised Estimates (January 2011)

** Based on 2011 published estimates

Appendix 25

Primary Payment at Year End 2010

Payment Type	% Total	No. Claims
Long-Term Jobseekers Allowance	24.3%	23,641
One-Parent Family Payment	16.3%	15,879
Short-Term Jobseekers Allowance	11.9%	11,592
Supplementary Welfare Allowance	11.4%	11,088
Disability Allowance	10.5%	10,204
Jobseekers Benefit	8.6%	8,362
Other	6.4%	6,200
Employment Support Services (1)	4.0%	3,901
Illness Benefit	2.9%	2,849
State Pensions	1.7%	1,644
Invalidity Pension	1.1%	1,035
Widows and Widower's Pensions	0.5%	463
DSS (UK)	0.3%	308
Pre-Retirement Allowance	0.1%	94
Total	100.0%	97,260

Appendix 26

Mortgage Interest Supplement Statistical sheet

Recipient Numbers & Expenditure: 1997 to 2011

Year	Recipients	% Change	Cost €000	% Change
1999	5,108		8,187	
2000	4,233	-17%	5,878	-28.2%
2001	4,064	-4%	6,343	7.9%
2002	4,359	7%	7,658	20.7%
2003	3,933	-10%	7,663	0.1%
2004	3,318	-16%	6,333	-17.4%
2005	3,220	-3%	6,339	0.1%
2006	3,424	6%	7,873	24.2%
2007	4,111	20%	12,198	54.9%
2008	8,091	97%	27,675	126.9%
2009	15,101	87%	60,695	119.3%
2010 *	17,974	19%	65,657	8.2%
Jan 2011 **	18,055		77,246	17.7%

* Expenditure based on 2010 Revised Estimates (January 2011)

** Based on 2011 published estimates

Appendix 27

Primary Payment at Year End 2010

Payment Type	% Total	No Claims
Jobseekers Benefit	23.1%	4,157
Long-Term Jobseekers Allowance	20.7%	3,723
Short-Term Jobseekers Allowance	14.4%	2,591
Supplementary Welfare Allowance	13.2%	2,381
Illness Benefit	9.2%	1,648
Other	5.8%	1,042
One-Parent Family Payment	4.6%	825
Employment Support Services (1)	3.9%	692
Disability Allowance	3.0%	538
Invalidity Pension	1.4%	257
Widows and Widower's Pensions	0.5%	81
State Pensions	0.2%	30
Pre-Retirement Allowance	0.0%	5
DSS (UK)	0.0%	4
Total	100.0%	17,974

Appendix 28

Control of fraud and abuse

SIU Fraud Investigation Plan 2011:

The SIU in undertaking Social Welfare fraud investigations and control work will continue to underpin its activity within the three main pillars of the Department's control strategy i.e. prevention, detection deterrence. In addition to investigating credible reports of social welfare fraud and abuse the unit's key areas of activity for 2011 will incorporate:

- **Hidden Economy**

A key priority for SIUs will be active policing of the hidden economy sector where there is a prevalence of social welfare and abuse. Investigations will where appropriate be undertaken through JIU operations with Revenue. The sectors where SIU activity will be undertaken include: Markets – Casual Trading, Couriers, Clothes Recycling, Car valeting ,Security sector , Haulage, Construction Sector – once off builds, Restaurants and fast food sector including delivery services, Newspaper distribution, Satellite and TV installers

- **Taxi Sector**

In conjunction with the enforcement officers of the Taxi Regulator a series of joint operations have been agreed for 2011.

- **Multiple claiming/Personation projects**

Cases and cohorts of claimants where the characteristics of multiple claiming are identified will be fully investigated. In instances where multiple claiming is detected these cases where appropriate will be referred to the Gardaí for criminal proceedings under the Criminal Justice (Fraud & Theft) Act.

- **Targeted An Post Identity Project**

[REDACTED]

- **Multi Agency Vehicle Checkpoints**

A series of MAVC's will be undertaken in 2011 and a particular emphasis placed on MAVC's in cross border areas.

- **Non Residency Non Irish Nationals**

Projects in relation to non-residency amongst cohorts of non Irish nationals are planned. In addition, the issue of cross jurisdictional claiming of benefits will feature in these projects.

- **Disability Allowance Control Project**

This project will review 1,250 claims where specific risk criteria are met.

- **Life and Assets Review**

The basis of these reviews is directed towards individuals whose lifestyle and display of wealth or assets are not commensurate with Social Welfare dependency.

[REDACTED]

Appendix 29

SHORT SUMMARY OF DSP PROSECUTIONS

	2008	2009	2010
CASES RECEIVED IN CPS			
Criminal	498	371	280
Civil	32	27	29
Enforcement order – Pensions Ombudsman	1	2	0
Total	531	400	309
CASES NOT PROSECUTED			
Criminal	82	89	129
Civil	62	17	27
Total	144	106	156
NUMBER OF CASES SENT TO THE CSSO			
Criminal	354	301	209
Civil	2	6	9
Enforcement order – Pensions Ombudsman	1	1	0
Total	357	308	218
Number of non-national cases	(94)	(83)	(61)
<i>No. of nationalities involved in cases sent to CSSO</i>	29 *	25*	19*
FINALISED IN COURT			
Criminal –scheme	309	347	246
Criminal –employer	15	7	7
Civil	3	1	0
Enforcement order – Pensions Ombudsman	1	1	1
Total	328	356	254
No of cases finalised in court received in that year	42	23	15
<i>Average overpayment of scheme cases finalised in court</i>	€6,411	€5,807	€6531
<i>Average fine per case finalised in court</i>	€562	€910	€875
ON HANDS WITH CSSO/LSS AT END YEAR			
Criminal cases	889	820	742
Civil cases	70	68	64
Enforcement order – Pensions Ombudsman	1	1	0
TOTAL	960	889	806

* Includes Ireland

NOTE: In addition to the 218 cases sent to the CSSO (209 criminal and 9 civil) in 2010 a further 155 cases of possible personation were referred by Social Welfare Inspectors to the gardai for prosecution under the Criminal Justice (Fraud and Theft) Act 2001.

Appendix 30

RESULTS OF CASES FINALISED IN DISTRICT COURT IN 2010

RESULT	JA	JB	IB	OFP	OTHER *	ER	TOTAL
Fined	94	56	6	4	1	4	165
Community Service	9	1	1	0	0	0	11
Prison Sentences	5	1	1	0	0	1	8
Probation Act	17	8	1	0	0	0	26
Suspended Sentence	10	4	0	1	1	0	16
Struck Out	8	5	0	1	1	2	17
Bound to the Peace	1	0	0	0	0	0	1
Liberty to re-enter	3	0	0	1	0	0	4
Debt pd, costs pd	0	0	0	0	1	0	1
Withdrawn	2	2	0	1	0	0	5
TOTAL	149	77	9	8	4	7	254[^]

*Others – 2 Mis-use of PPSN, 1 Carers Allowance and 1 Pensions Ombudsman's case

JA – Jobseekers Allowance; JB – Jobseekers Benefit; IB – Illness Benefit; OFP: One Parent Family payment ER: Employer

[^] The average time to bring a case to conclusion through the courts varies. An analysis of the cases finalised shows that legal proceedings were initiated in the following years

	%
15 were received in 2010	6
78 were received in 2009	30
86 were received in 2008	34
71 were received between 2004 and 2007	28
4 were received between 1999 and 2003	2

Appendix 31

Budget & Finance

Expenditure on Administration, 2011.

Nature of administrative expenditure	2011 Estimate €m
Administrative Budget	378
SIF costs incurred by other departments & agencies*	100
SWA administrative expenditure incurred by the HSE in the administration of SWA schemes*	66
FÁS Employment Programmes (inc Capital 1m)	44
Total DSP admin costs	588
Total DSP expenditure	20,615
Admin expenditure as % of overall expenditure	2.85%

* Funded by the SIF and Vote 38, respectively.

Appendix 32

Expenditure on main scheme areas, 2011

Scheme	2011 REV €m	Cumulative %
1. Jobseeker's Allowance/Jobseeker's Benefit	3,682	17.9%
2. State Pension (Contributory)/State Pension (Transition)	3,681	35.7%
3. Child Benefit	2,067	45.7%
4. Widow(er)'s Pension and Guardian's Payment (Contributory)	1,304	52.1%
5. One-Parent Family Payment	1,112	57.5%
6. Disability Allowance	1,066	62.6%
7. State Pension (Non-Contributory)	951	67.2%
8. Illness Benefit	854	71.4%
9. Carer's Benefit/Allowance & Respite Care Grant	726	74.9%
10. Invalidity Pension	628	78.0%
11. Rent Supplement/Mortgage Interest Supplement	543	80.6%
12. Household Benefits and Free Travel	459	82.8%
13. FÁS employment programmes	433	84.9%
14. Redundancy & Insolvency Payments (a)	402	86.9%
15. Supplementary Welfare Allowance	342	88.5%
16. Employment Support Services (mainly Back to Education and Work Allowances and Tús).	335	90.2%
17. Maternity and Adoptive Benefit	303	91.6%
18. Fuel Allowance	230	92.7%
19. Family Income Supplement	199	92.8%
20. Farm Assist	130	94.3%
Top 20 Total	19,447	
Total Expenditure	20,615	
Top 20 as a % of Total Expenditure	94.3%	

Appendix 33

Department of Social Protection Expenditure on Schemes, Services and Administration				
<u>2011 REV Estimate v 2010 Outturn</u>				
	2010 PROV OUTTURN	2011 REV Estimate	Change 2011 REV over 2010 PROV OUTTURN	
	€000	€000	€000	%
<u>Vote 38</u>				
DSP Administration	365,307	378,497	13,190	3.61%
Social Assistance schemes & services	11,699,811	11,349,660	-350,151	-2.99%
V38: Schemes, Services and Administration	12,065,119	11,728,157	-336,962	-2.79%
Subvention to Social Insurance Fund	1,854,633	1,828,621	-26,012	-1.40%
V38: Gross Expenditure	13,919,752	13,556,778	-362,973	-2.61%
- Less				
Appropriations in Aid	216,824	221,641	4,817	2.22%
V38: NET Expenditure	13,702,928	13,335,137	-367,790	-2.68%
- Less				
Subvention to Social Insurance Fund	1,854,632	1,828,621	-26,011	-1.40%
+ Plus				
Non DSP SIF admin A-in-A	38,603	44,361	5,757	14.91%
Adjusted Vote 38 Expenditure on schemes, services and administration	11,886,899	11,550,877	-336,022	-2.83%
<u>SOCIAL INSURANCE FUND</u>				
SIF schemes	9,184,833	8,787,121	-397,712	-4.33%
SIF administration	277,918	277,418	-500	-0.18%
Total SIF expenditure	9,462,751	9,064,539	-398,212	-4.21%
DSP EXPENDITURE ON SCHEMES, SERVICES & ADMIN	21,349,650	20,615,416	-734,233	-3.44%

Appendix 34

Details of DSP Budget Package, 2011

Budget Measure	2011 €m	2012 €m	2013 €m	2014 €m
1. Child Benefit – €10 per month reduction on both lower and higher Child Benefits rates with an additional €10 per month reduction for 3rd child only. New rates of €140 (first and second child), €167 (third child only) and €177 (fourth and subsequent children).	149.38	149.38	149.38	149.38
2. Weekly Rates of Payment – a reduction of €8 per week in most payments to people aged under 66 with proportionate reductions for qualified adults. However, the rate of Supplementary Welfare Allowance was reduced by €10 per week and the rate of Jobseeker's Allowance for those aged 22 to 24 years was reduced by €6 per week. The rate of Jobseeker's Allowance for those aged 18 to 21 years was maintained at €100 per week.	384.51	384.51	384.51	384.51
3. Treatment Benefit – the discontinuation of most elements of the Treatment Benefit scheme was extended over the period up to 2014.	76.75	76.75	76.75	76.75
4. Energy and Communications – efficiency savings in the energy and communications elements of the household benefits package.	30.00	30.00	30.00	30.00
5. Rent Supplement - reform of the Rent Supplement scheme including €2 per week increase in the minimum contribution for all non SWA basic recipients - consequent on the extra €2 reduction in SWA.	60.00	60.00	60.00	60.00
6. Activation Measures – enhanced activation.	100.00	100.00	100.00	100.00
7. Other Measures – various other measures	49.36	68.05	76.61	81.04
8. Savings from efficiencies in administration	11.00	11.00	11.00	11.00
Overall Total	873.00	891.69	900.25	904.68

Appendix 35

Overview of Payment Systems, purpose, volume and value of transactions, 2010

Payments 2010

System	Purpose	Volumes
Oracle Financials	Corporate payments Scheme Arrears (except SDM) PRSI Refunds TATs	71,560 payments €15,262,979 value Over 38% being paid electronically
Corepay	Weekly and fortnightly salaries Agencies - Pensions Ombudsman GRO (FSA moved off) Branch Managers	53 weekly payrolls with 2,928 staff 26 fortnightly payrolls with 2538 staff 12 monthly payrolls with 62 officials 96% by EFT
Core T&S	Travel & Subsistence	Total no 11,286 Value €3,007,826 2,393 users 99% on EFT by year end
PARP	Reconciliation of scheme payment Report issue to GL for EFT / Chq Report encashments to GL for PPO/EIT Reconcile to bank accounts automatically First level of exception management on automated feed	Reconciled in excess of an estimated 84.6 million payments 91% transactions electronic

Appendix 36

Accounts

January to December 2010	Yearly Transactions by Payment Method							
						Pen		
	Total			Postal		Arrears		Electronic
	Transactions	Cheque	PPO	Voucher	EIT	Chqs	EFT	%
State Pension (Contributory)	14,537,464	43,695	0	0	6,439,475	0	8,054,294	99.7%
State Pension (Transition)	488,993	194	0	0	147,379	0	341,420	100.0%
State Pension (Non-Contributory)	5,048,929	797	0	0	3,863,500	9,179	1,175,453	99.8%
Pre-Retirement Allowance	346,929	5,190	0	18	224,117	0	117,604	98.5%
	20,422,315	49,876	0	18	10,674,471	9,179	9,688,771	99.7%
IB	4,160,832	1,163,698	0	0	13,401	0	2,983,733	72.0%
INVP	2,714,354	1,612	0	0	1,412,633	6,736	1,293,373	99.7%
OIB etc	33,672	299	0	0	24,562	161	8,650	98.6%
Disablement	254,189	66,936	0	0	0	0	187,253	73.7%
DA	5,232,673	97	0	0	3,124,142	15,614	2,092,820	99.7%
	12,395,720	1,232,642	0	0	4,574,738	22,511	6,565,829	89.9%
CB	7,063,193	0	0	0	2,670,706	0	4,392,487	100.0%
ECS	0	0	0	0	0	0	0	
WCP/GPC	6,254,796	30,151	0	0	3,804,445	241	2,419,959	99.5%
WNCP/GPNC	126,849	0	0	0	86,606	321	39,922	99.7%
DWB/DWA	463,189	44	0	0	343,849	534	118,762	99.9%
OPFP	4,652,743	2,674	0	516	2,414,623	559	2,234,371	99.9%
Maternity	1,192,570	73,768	0	0	0	0	1,118,802	93.8%
FIS	1,414,115	20,967	0	0	9,444	0	1,383,704	98.5%
Carers Allowance	2,500,573	65	0	0	1,520,856	13,743	965,909	99.4%
Carers Benefit	93,151	0	0	0	10,762	0	82,389	100.0%
	23,761,179	127,669	0	516	10,861,291	15,398	12,756,305	99.4%
Rent	9,496	9,496	0	0	0	0	0	0.0%
SWA	6,955,260	2,224,781	0	0	3,613,967	0	1,116,512	68.0%
BTWS-PENLIVE	84,277	0	0	0	405	0	83,872	100.0%
BTW/ABI-ISTS	381,272	965	0	12	13,009	0	367,286	99.7%
BPP	76,980	28	0	0	42,828	186	33,938	99.7%
16 Free Fuel	0	0	0	0	0	0	0	
	7,507,285	2,235,270	0	12	3,670,209	186	1,601,608	70.2%
JSB	7,099,341	2,600,173	0	3,150	4,247,152	0	248,866	63.3%
JSA	13,022,850	1,108,911	0	9,052	9,805,971	0	2,098,916	91.4%
Smallholders	223	0	0	0	153	0	70	100.0%
Farm Assist	363,624	3,765	0	0	128,498	0	231,361	99.0%
	20,486,038	3,712,849	0	12,202	14,181,774	0	2,579,213	81.8%
Total	84,572,537	7,358,306	0	12,748	43,962,483	47,274	33,191,726	91.2%

Accounts Branch monitors the encashment of all payments to ensure they are properly paid and accounted for. Any fraudulent encashment, unmatched, mismatched and invalid payment exceptions are dealt with on a daily basis.

Appendix 37

Schemes currently administered through BOMi

Scheme	Numbers
Child Benefit	583,731
Early Childcare Supplement (ECS) Ended Nov. 2009.	867
Compensatory Payment Scheme (CPS) Ended Dec 2010	36,660
State Pension Contributory	281,476
State Pension Transition	10,267
Widows Contributory Pension	114,536
Domiciliary Care Allowance	23,541 customers 25,374 children
Respite Care Grants	23,529 customers 25,361 children
Bereavement Grant *	21,780
Free Travel	700,623
Household Benefits **	401,488

Total of 2.2 Million Claims

Bereavement Grant components awarded during 2010

** HHB awarded at 31/01/2011

All the others are awarded and paying figures at 31/01/2011

Appendix 38

DSP Project Governance & Procurement Policy – Project Office

Major projects underway in 2011 include:

- **SDM Non Contributory Suite:** SDM is a multi-annual programme of continuous development involving the redesign of back office systems, business processes, procedures and work practices and the introduction of new organisational structures along with the introduction of new technology and the replacement of legacy computer systems. Work in underway to transfer State Pension Non Contributory, Carers Allowance and Disability Allowance to the BOMi.
- **SDM Certification of Unemployment by Mobile Phone:** This project is designed to enable recipients of Jobseekers Allowance (JA) or Jobseekers Benefit (JB) to use their mobile 'phone to certify their continued eligibility for payment and which would integrate with the Department's applications.
- **Transformation Programme:** The Transformation programme involves the transfer of the following resources and responsibilities to DSP:
 - Redundancy and Insolvency Payments function from the Department of Enterprise, Trade and Innovation
 - Community Welfare Services from HSE
 - Employment Support Services from FÁSThe purpose of the project is to deliver the ICT workplace facilities for incoming staff and application software to support the various functions.
- **General Registry Office (GRO) Modernisation Programme:** The modernisation of the Civil Registration Service is an on-going project aimed at the development of a computer application to facilitate the electronic registration of life events viz. births, deaths, marriages, stillbirths, adoptions etc.
- **Support & maintenance of the SDM production system:** The Department has in place a contract for technical support and maintenance of the Business Object Model implementation (BOMi), including ongoing support and maintenance of the key critical production environment; support and ongoing operation of the continuous build and integration process, particularly in the context of a multi vendor environment, and the operation of the release management and central test function.
- **Technical Development Advice:** The purpose of the project is to meet the Department's requirements for the provision of technical development advice on implementing agile development methods and on the best technical design options to further develop its Business Object Model implementation (BOMi)
- **Business Process Improvement:** The purpose of this project is to embed a culture of sustainable and continuous process improvement throughout the organisation by putting in place a framework for improving, implementing and optimising business processes across all business areas.

Appendix 39

Live Register February 2011

The official headline Live Register figures for February were published by the CSO on Wednesday 2 March 2011. This year, the February headline figure was **444,299**. This is:

- 1,622 higher than the January 2011 total;
- 7,343 (1.7%) higher than the February 2010 figure;

The Live Register increased in February compared to January because some workers in schools and related employments were let go temporarily for the duration of the mid-term break, which this year fell in the last week of the month. That temporary increase in the Live Register will be reversed in March.

Overall, the Register is likely to be lower on average in 2011 than it was in 2010.

The seasonally adjusted Live Register for February was 439,200. This is:

- A decrease of 1,700 (0.4%) on January 2011.
- An increase of 8,600 (2%) when compared with February 2010.
- On this basis, the **Standardised Unemployment Rate (SUR)** for February 2011 is **13.5%**, unchanged from January 2011. The SUR is an estimate of unemployment based on the latest results from the Quarterly National Household Survey (QNHS) updated using subsequent changes in the Live Register. The latest results from the Quarterly National Household Survey, which were published on 9th December 2010, relate to Quarter 3 of 2010, and show increasing levels of stabilisation in the labour market.

Table 1: Monthly and annual comparisons of unadjusted LR figures

	2009	2010	2011	Change in last 12 months
January	326,272	436,936	442,677	5,741
February	352,453	436,956	444,299	7,343
Month-on-month	26,181	20	1,622	

Flows on and off the Live Register Schemes

A summary of flows on and off the live register schemes (JB, JA and PRSI credits) in the 4 week period from 22 January 2011 to 18 February 2011 is given in table 2 below.

Table 2: Summary of flows on and off live register schemes

	Period	JB	JA	PRSI Credits	Total
Inflows	22/01/2011 to 18/02/2011	18,992	19,503	1,932	40,427
Outflows	22/01/2011 to 18/02/2011	21,618	17,590	1,351	40,559

Note: the table does not take account of inter-scheme activity

within the Live Register; e.g. a transfer from JB to JA is counted as an outflow in JB and an inflow in JA.

JA accounted for the majority of inflows this month, in line with the experience for most months in 2010. Roughly one fifth of the inflow to JA each month are outflows from JB, i.e. JA claims from people whose entitlement to JB is exhausted.

Numbers on Activation Programmes

- There were 62,304 people availing of Activation programmes (including Community Employment but excluding other FÁS/Employment Action Plan interventions) at end January 2011, which is an increase of 6,859 year on year.
- The numbers on Back to Education increased by 4,240 or 20%.
- The Back to Work Enterprise strands show a combined increase of 3,581. The Back to Work Employee scheme was closed to new applications from 1 May 2009 and, consequently, numbers have fallen.
- 89% of people participating in the Back to Work schemes qualified from a Jobseeker's payment.

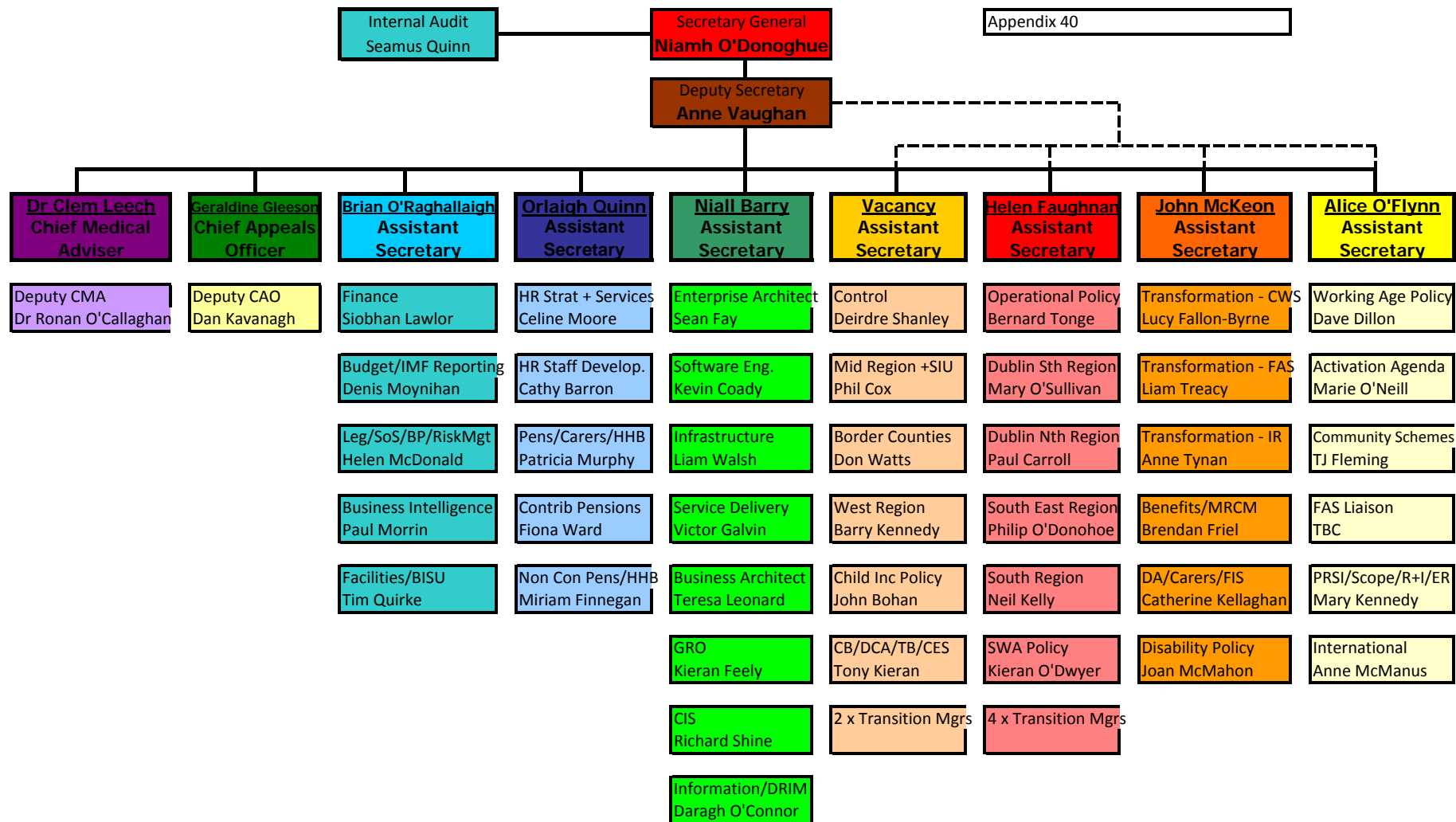
Live Register Profile

Of the 442,738 people signing on the Live Register at week-ending 18 February, 2011:

- 291,065 (65.7%) were claiming means tested Jobseeker's Allowance,
 - 123,901 (28.0%) were claiming Jobseeker's Benefit,
 - 27,772 (6.3%) were claiming PRSI credits.
-
- 290,381 people (65.6% of the Live Register) receive payments in respect of a full week. There were 282,169 people in the same category in February 2010.
 - 69,674 people (15.7% of the Live Register) receive payment on a part-week basis, which shows an increase since last month and since February of last year.
 - 82,683 people (18.7% of the Live Register) were not in receipt of payment. Of these 27,772 were signing for credits and 54,911 (including 15,056 casual/part-time workers) had payments suspended, disallowed or awaiting decision. There has been a substantial reduction in the numbers awaiting decision over the past year.
 - 14,800 of those not receiving payment were receiving Supplementary Welfare Allowance pending a decision on their unemployment claim.
 - There are 291,596 males (65.9%) and 151,142 females (34.1%) on the Register.
 - 360,669 (81.5%) of the total are aged 25 or over and 82,069 (18.5%) are under 25.
 - The 'Under 25' group comprises 17.8% (51,878) of the males and 20% (30,191) of the females on the live register.
 - For both men and women, the 25-34 age groups have the highest numbers; 94,279 and 45,807 respectively.
 - The largest group (153,931) in the duration analysis was in the 'under 3 months' category, though this includes all 69,674 casual workers by agreement with CSO.
 - 163,122 claimants are continuously signing on Live Register schemes for more than a year, compared to 160,554 as reported in the January 2011 CSO Live Register release. This group has grown substantially over the past year. In January 2010, there were 102,957 claimants in this category which had increased from 70,828 in April 2009.
 - The 'craft and related occupations' category is the largest occupational group and accounts for 114,927 or 26.0% of the Live Register. It is followed by 'plant and machine operatives' with 70,795

or 16.0%.

- The numbers from the 12 'new' EU states have increased slightly in recent months to 44,056, with about 33,640 of these receiving a payment. Of these:
 - 16,602 are claiming Jobseeker's Benefit, with 13,131 receiving a payment (5,889 on a casual/part-time employed basis);
 - 26,636 are claiming the means tested Jobseeker's Allowance (20,509 received a payment, 3,349 on a casual/part-time employed basis); and
 - 818 are signing for PRSI credits.
 - Numbers in this category increased rapidly until the end of 2008 and then stabilised. The economic sectors where EU-12 workers found employment were particularly hard hit by the recession and the subsequent stabilisation reflects high emigration among this group, as reported in CSO statistics.
- The numbers from the EU-13 have been stable at the current level of 3,794 while numbers from the UK are at 18,090 and have moved broadly in line with trends for Irish registrants.
- The numbers from outside the EU are at 13,098. The highest proportion of the total numbers from outside the EU was accounted for by Nigeria (2,607), USA (638) and Ukraine (572).



Under the Freedom of Information Acts 1997 and 2003
the redacted material in the Minister's Brief is shown in
the following Schedule

Tab No.	Page No.	Partial Release/ Not Released	Exemption
3	8	Partial Release	Section 20(1)(a) of the 1997 Act as amended by Section 15(a) of the FOI (Amendment) Act 2003 <p style="text-align: right;">"..the record concerned contains matter relating to the deliberative processes of a public body."</p>
3	17	Partial Release	Section 22 (1)(a) of the 1997 Act. "... the record concerned – (a) would be exempt from production in proceedings in a court on the ground of legal professional privilege."
3	21	Partial Release	Section 19(1)(a) of the 1997 Act as amended by Section 14(a)(i) of the FOI (Amendment) Act 2003 "... the record concerned has been, or is proposed to be, submitted to the Government for their consideration.." Section 28(1) of the 1997 Act "a head shall refuse to grant a request under section 7, if in the opinion of the head, access to the record concerned would involve the disclosure of personal information" Section 22 (1) (a) of the 1997 act. ... the record concerned – (a) would be exempt from production in proceedings in a court on the ground of legal professional privilege.
5	72	Partial Release	Section 20(1)(a) of the 1997 Act as amended by Section 15(a) of the FOI (Amendment) Act 2003

			<p>"..the record concerned contains matter relating to the deliberative processes of a public body."</p> <p>Section 21(1)(c) of the 1997 Act</p> <p>"..access to the record concerned could reasonably be expected to.. disclose positions taken, or to be taken,.. for the purpose of negotiations carried on or being, or to be, carried on by.. a public body."</p>
5	96, 97, 98	Partial Release	<p>Section 20(1)(a) of the 1997 Act as amended by Section 15(a) of the FOI (Amendment) Act 2003</p> <p>"..the record concerned contains matter relating to the deliberative processes of a public body."</p> <p>Section 22 (1) (a) of the 1997 act. ... the record concerned – (a) would be exempt from production in proceedings in a court on the ground of legal professional privilege.</p>
6	140	Partial	<p>Section 20(1)(a) of the 1997 Act as amended by Section 15(a) of the FOI (Amendment) Act 2003</p> <p>"..the record concerned contains matter relating to the deliberative processes of a public body."</p> <p>Section 27 (1) of the 1997 Act “shall refuse to grant a request under Section 7 if the record concerned contains(b) financial, commercial, scientific or technical or other information whose disclosure could reasonably be expected to result.....his or her profession or business or otherwise in his or her occupation”</p>

6	142	Partial Release	<p>Section 28(1) of the 1997 Act “a head shall refuse to grant a request under section 7, if in the opinion of the head, access to the record concerned would involve the disclosure of personal information”</p> <p>Section 21(1)(b) of the 1997 Act as amended by Section 16(b) of the FOI (Amendment) Act 2003</p> <p>“..access to the record concerned could reasonably be expected to.. have a significant, adverse effect on the performance by the body of any of its functions relating to management (including industrial relations and management of its staff),.. ”</p>
7	167	Partial Release	<p>Section 27 (1) of the 1997 Act “shall refuse to grant a request under Section 7 if the record concerned contains (a) trade secrets of a person other than the requester concerned, (b) financial, commercial, scientific or technical or other information whose disclosure could reasonably be expected to result.....his or her profession or business or otherwise in his or hers occupation.”</p> <p>Section 21(1)(c) of the 1997 Act</p> <p>"..access to the record concerned could. reasonably be expected to.. disclose positions taken, or to be taken,.. for the purpose of negotiations carried on or being, or to be, carried on by.. a public body."</p> <p>Section 22 (1) (a) of the 1997 act. ... the record concerned – (a) would be exempt from production in proceedings in a court on the ground of legal professional privilege</p>

8	186, 187	Partial Release	<p>Section 19(1)(a) of the 1997 Act as amended by Section 14(a)(i) of the FOI (Amendment) Act 2003 "... the record concerned has been, or is proposed to be, submitted to the Government for their consideration.."</p> <p>Section 22(1)(a) of the 1997 Act. ... the record concerned – (a) would be exempt from production in proceedings in a court on the ground of legal professional privilege</p>
9	194	Partial Release	<p>Section 20(1)(a) of the 1997 Act as amended by Section 15(a) of the FOI (Amendment) Act 2003</p> <p>"..the record concerned contains matter relating to the deliberative processes of a public body."</p>
10	Appendix 28	Partial Release	<p>Section 21(1)(a) of the 1997 Act..."access to the record concerned could reasonably be expected to prejudice the effectiveness of tests, examinations, investigations, inquiries or audits conducted by or on behalf of a public body."</p>