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Minister Ó Cuív – aims to primarily achieve savings in social welfare expenditure through a combination of structural reform; labour activation and enhanced fraud control – (National Recovery Plan, 2011-2014)

**Éamon Ó Cuív TD, Minister for Social Protection** this afternoon (24 November 2010) outlined the measures within the Government's National Recovery Plan which will impact on his Department's expenditure. The Minister said social welfare expenditure will be €3 billion lower in 2014 compared to spending for 2010. (The Department's Budget for 2010 is €20.9 billion).

The Minister said: "I am fully aware that the expenditure changes within the Four Year Plan will affect the living standards of many of our citizens in the short term. However if we put off these changes there will be a greater burden into the future on those who can least bear it. The Government as you know has decided that 40% or nearly €6 billion of the €15 billion adjustment over the next 4 years will be made in the forthcoming Budget."

Minister Ó Cuív said that for 2011, scheme savings within his Department will be required amounting to €760 million in addition to savings of €100 million from labour activation measures. The Minister said these measures will be announced on Budget Day, 7 December.

The Minister said; "My focus is to make as much savings as possible from my Department's fraud control measures; labour activation measures; reductions in the live register through increased employment and structural reform. If we can make substantial progress in these key areas, reductions in individual rates can be minimised over the period of the Plan."

#### **Three Major Reports on Structural Reform**

The Minister also published this afternoon three reports, (referenced in the National Recovery Plan) which have been recently completed by his Department, which will assist with key areas of structural reform of the social welfare system.

"These reports have been researched by my Department and I am pleased to publish them today. The three reports share common themes with a main objective being the improvement of outcomes for people and their families reliant on my Department's support which for 2010 is 38% of current Government spend.

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"They cover important areas," said the Minister, "of social welfare namely child income support payments, as well as payments to people of working age and to people who are ill or have a disability. The three 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."

The reports are entitled:

- 1. A Policy and Value for Money Review of Child Income Support and Associated Spending Programmes
- 2. Report on the Desirability and Feasibility of introducing a Single Social Assistance Payment for People of Working Age
- 3. Value for Money Review of the Disability Allowance Scheme

### **Fraud Control**

Addressing the topic of fraud and control work the Minister said: "We have a dedicated Special Investigation Unit and a full range of control measures in place such as identity checks, direct mail-shots to validate customers' entitlements, vehicle checkpoints and exchange of data between agencies and jurisdictions etc. However the Government wants to increase the level of control, through, for example, more use of technology, - currently provided for in the Social Welfare (Miscellaneous Provisions) (No.2) Bill 2010 - which I introduced in the Dáil earlier today. Catching fraudsters simply means fewer reductions in rates."

The Minister added: "The security features of the new public services card, (from 2011) such as a photograph, signature and electronic chip authentication - are also expected to minimise the rate of fraud and error in social welfare schemes." The Minister also commented: "It is important however that the Department's services are not unnecessarily difficult to access for genuine customers."

#### **Activation Initiatives**

In relation to activation measures, the Minister said: "Activation and support for those who are unemployed is a key priority for Government. Earlier this year, the Taoiseach announced a number of changes to improve the delivery of employment, training and community services to the public by bringing together related responsibilities in these areas. These changes included the restructuring of Departmental responsibilities with the aim of providing a stream-lined response to the income support and job search needs of people who are unemployed.

"In this context, my Department is devising proposals for the development of new initiatives which will offer social employment opportunities. These new

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initiatives will be an important element in the development and delivery of employment and community services and will aim to provide quality work opportunities to unemployed people and beneficial outcomes to the community. A key feature of the new scheme, will be to provide a new activation route that will support unemployed people in remaining job-ready for re-entry to employment as the economic environment improves."

Details of the new scheme are being finalised and it is expected that an announcement will be made in the coming weeks. "Given that this will be an important new initiative to provide quality short-term working opportunities for people who are unemployed, it is essential that it is properly targeted on those who will most benefit; can be easily accessed and administered; does not impose excessive burdens on community organisations and provides quality work opportunities and beneficial outcomes to the community," said the Minister.

#### **ENDS**

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#### **Editor's notes:**

Planned expenditure by the Department of Social Protection over the next 4 years will be as follows;

2011: €20,152 b 2012: €19,338 b 2013: €18,494 b 2014: €17,901 b

The three policy reports published today are accessible on <a href="www.welfare.ie">www.welfare.ie</a>

- A Policy and Value for Money Review of Child Income Support and Associated Spending Programmes.
- Report on the Desirability and Feasibility of introducing a Single Social Assistance Payment for People of Working Age.
- Value for Money Review of the Disability Allowance Scheme.

#### The reports cover three areas;

- 1. A value for money review of income supports for households with children containing proposals to improve the configuration of those payments (eg. Child benefit, Family Income Supplement and Qualified Child Increases).
- 2. The feasibility of a single social assistance payment for most people of working age to replace jobseekers, disability, lone parent and other payments. This report was initiated by the Department in response to various commentaries over the years on the social assistance system and its reliance on specific contingencies (i.e. being without work or being a lone parent) and builds on the NESC report: The Development of the Welfare State (2005) and EU and OECD research.
- 3. A value for money review of the Disability Allowance Payment with proposals to improve its design and administration.

#### **Key Findings**

The following is an overview of the key findings in each of the reports:

#### **Child Income Support**

• 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,

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- 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 childrelated 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 review considers a range of previous proposals to reform these supports (e.g. means-testing or taxing Child Benefit, refundable child tax credits, second-tier child income support payments) noting the policy, legal and logistical difficulties that would have to be overcome. Instead, 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. This approach to reform would play particular attention to reform of the Family Income Supplement payment on which a study of the operational and financial feasibility of reform would be undertaken.
- The amount of assistance provided to families should ultimately reflect a
  coherent and consistent view of what those costs are. The report
  identifies a number of features of the current system where the level of
  assistance may not consistently reflect those costs and a number of
  report findings and recommendations are directed at rationalising such
  differences.

The review has considered the impact of the overall design of payments (including FIS) on better outcomes for children and on labour market outcomes for their parents. A range of possible approaches to achieve better effectiveness and efficiency in CIS spending have being examined and compared. It is anticipated that the work will set a broader policy context for more detailed work around the Family Income Supplement payment itself and its twin role in both child and working age income support.

### **Working Age**

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- 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 form passive income support to a system of individualised support. In this respect Ireland lags behind.

### **Disability Allowance**

- Scheme numbers 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 review demonstrates that the Disability Allowance 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, the review indicates that further efforts are required to emphasise the message that work pays for DA claimants.
- 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 review recommends that the issue of increasing the minimum qualifying age for DA from 16 to 18 be revisited and also supports the merger of the Blind Person's Pension scheme and the Disability Allowance scheme.

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### **Department of Social Protection current control measures:**

- 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.
- **Direct mailshots:** The Department uses 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 are 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 are undertaken nationwide by Departmental Inspectors in order to determine whether their residency status in the State is fulfilled.
- **Anonymous reports of possible fraud:** Since early 2010, the Department of Social Protection website facilitates making on-line anonymous reports of suspected abuse of schemes. All reports are dealt with in confidence.

Reports can be made as follows:

By email: www.welfare.ie

By phone: (01) 704 3000, ask for Central Control Section or (071) 9672648

or **Locall:** 1890 927999 (select option 4)

By Post: Central Control Division, Shannon Lodge, Carrick-on-Shannon, Co

Leitrim.

The Department received 1,044 anonymous reports in the Control Division in Carrick-on-Shannon in 2008. This increased to 6,429 at the end of 2009. Up to end October of this year 2010, the Division received some 9,918 reports as set out below:

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### Reports made from January - October 2010 are as follows:

| Phone              | 3,447 |
|--------------------|-------|
| Email (via website |       |
| facilities)        | 5,622 |
| Letter             | 849   |

Reports are also made directly to scheme sections and in public offices which are not included here. In some cases it was not possible to review the complaint due to lack of information or no claim being in payment. In other instances information reported would not impact on entitlement. In the remaining cases a report of suspected fraud was sent to the relevant area for examination.

- **Data matching:** The Department has in the last number of years been engaged in data sharing 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.
- **Special Investigation Unit:** The function of the Department's Special Investigation Unit is to investigate and report on fraud and abuse in the various Social Welfare assistance and insurance schemes. The work also includes employer inspections on behalf of the Department and in conjunction with the tax inspectorate to ensure compliance in relation to the Social Insurance fund
- Legal proceedings & prosecution: In cases where serious or protracted social welfare fraud has occurred, these cases are either referred to the Chief State Solicitors' Office or Director of Public Prosecution for criminal prosecution. The consequences for social welfare fraud can be severe. 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.
- 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.
- **Exchange of data between jurisdictions**: 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.

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#### **NEW MEASURES FOR 2011**

The <u>Public Services Card</u> will act as a key for public services in general. The Card, which will include a photograph and signature, will ensure that people can access services across multiple channels (e.g. at a front desk, online, by phone) with a minimum of duplication and effort while preserving their privacy to the maximum extent possible. The Public Services Card will, in time, replace cards which are currently in use, such as the Social Services Card and the Free Travel Card. Security features of the card, which will help in authenticating a person are also expected to minimise the rate of fraud and error in social welfare schemes. Card issue for customers will commence rollout early in 2011 and continue over a few years.

Activation and the National Employment Action Plan. Activation and support for those who are unemployed are key priorities for Government. Development of new initiatives in this area is an important element in improving the delivery of employment, training and community services to the public. Referrals under these new initiatives will operate in tandem with the improved processes being developed under the National Employment Action Plan. (NEAP). The NEAP is intended to provide a systematic engagement of the employment services with the unemployed person.

### Certification by Electronic Means

As set out in the Social Welfare (Miscellaneous Provisions) (No.2) Bill 2010, the Department is exploring the potential for certain people who receive Jobseeker's Allowance and Jobseeker's Benefit to complete their certification ("signing-on") process by electronic means. We will be changing the current signing process in the Department's Local and Branch Offices to collect signatures via a digital signature pad and we are exploring the possibility of using electronic channels for certification such as online through the internet or by using the mobile phone. These measures would free up staff resources to concentrate on client, claim, payment and control issues and would reduce pressure on Local Office facilities and accommodation.

#### **ENDS**

**Issued by the Department of Social Protection**