

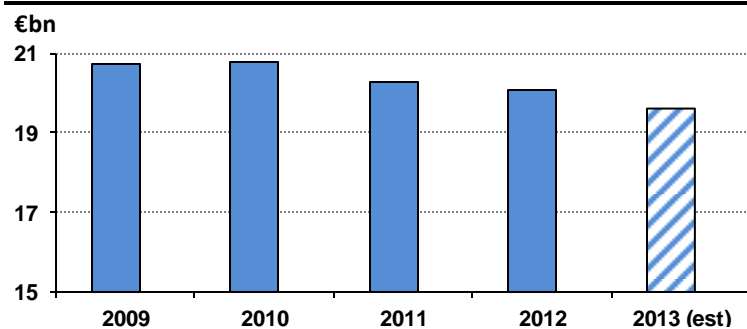
## 16 Expenditure on Welfare and Employment Schemes

- 16.1** In 2012, €20.1 billion was spent on welfare and employment schemes. The vast bulk of this expenditure is incurred by the Department of Social Protection (the Department). The schemes are funded through the two accounts operated by the Department — the Exchequer-funded Vote for Social Protection (Vote) and the Social Insurance Fund (SIF). The SIF derives most of its income from PRSI contributions. However, since mid 2010, the SIF has required a subvention from the Exchequer (paid through the Vote) to bridge the gap between its income and expenditure. There is close financial interaction between both accounts in their operation.
- 16.2** The purpose of this report is to present a consolidated view of expenditure on welfare and employment schemes taking into account expenditure from both the Vote and the SIF. Previously, a number of income support schemes were funded by other public bodies. However, in recent years most of those schemes have been transferred to the Department or have been phased out. These have been included in the consolidation for prior years to provide meaningful trend analysis. The report also sets out the sources of funding as well as the Department's administration costs.
- 16.3** Expenditure funded by other public bodies on certain programmes that could also be considered to have broad welfare or employment support objectives has not been included in the consolidation. This includes
- payment to participants in training for employment programmes funded by the National Training Fund and the Department of Education and Skills
  - medical card expenditure and blind welfare allowance met from the Health Service Executive's Vote
  - certain educational expenditure, such as the school support programme, which is designed to provide a variety of supports to pupils in areas categorised as disadvantaged
  - payment of the early childhood care and education scheme funded by the Department of Children and Youth Affairs.

### Trends in Expenditure

16.4 Figure 16.1 shows trends since 2009 in expenditure on welfare and employment schemes together with the estimated expenditure for 2013.

**Figure 16.1 Expenditure on welfare and employment schemes, 2009 to 2013**



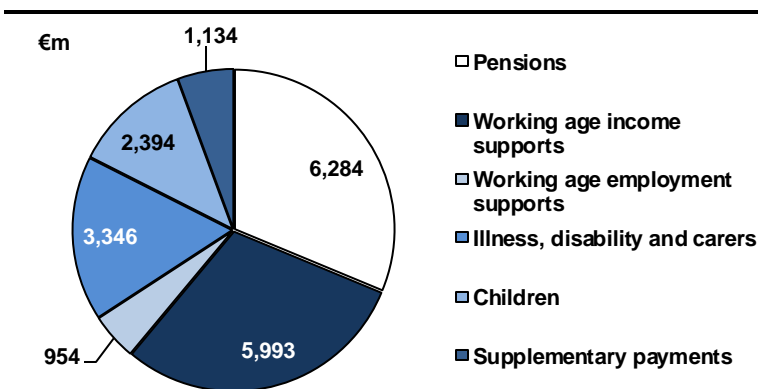
Source: Annex A

16.5 The format of the accounts for both the Vote and SIF has been revised with effect from 2012. As a result, scheme expenditure is now presented by programme category. The programme categories are

- Pensions
- Working age income supports
- Working age employment supports
- Illness, disability and carers
- Children
- Supplementary payments.

16.6 An analysis of 2012 expenditure by category is presented in Figure 16.2. Annex A analyses expenditure by category over the period 2009 to 2013.<sup>1</sup>

**Figure 16.2 Expenditure 2012, by category**



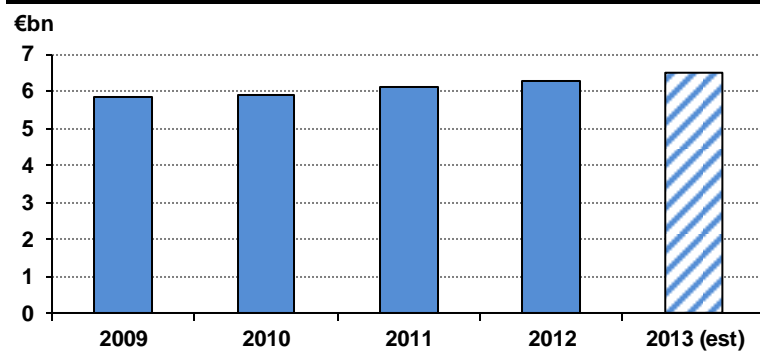
Source: Annex A

<sup>1</sup> Earlier years have been re-stated as necessary, in line with the Department's revised categories.

### Pensions

- 16.7** Expenditure on pensions totalled €6.3 billion in 2012. This represents an increase of 7% over 2009. A further increase of 3% is projected for 2013 (Figure 16.3). State pensions account for the bulk of the increase over the period. This is due to increases in the number of recipients from 370,000 in 2009 to 423,000 in 2012.

**Figure 16.3 Pension expenditure, 2009 to 2013**

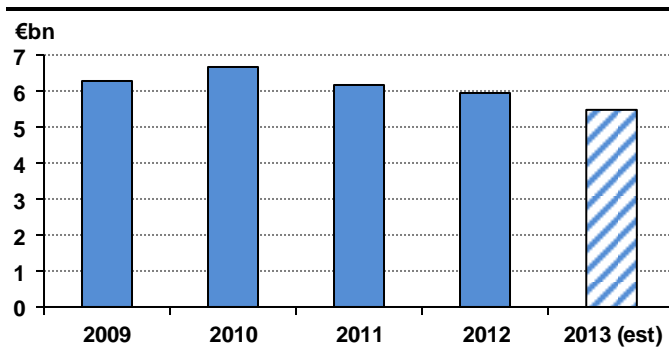


Source: Annex A

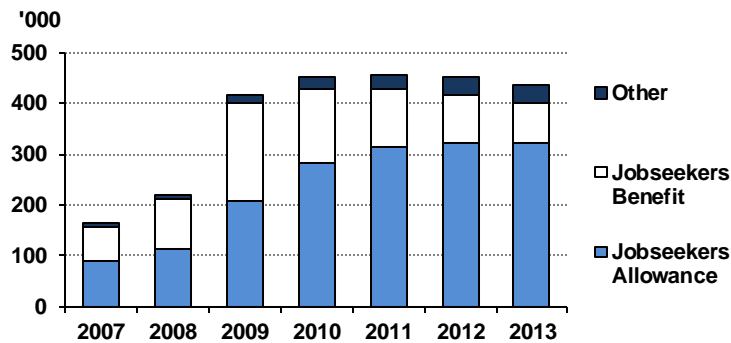
### Working Age Income Supports

- 16.8** Expenditure on working age income supports accounted for 30% of all expenditure in 2012. Total expenditure in 2012 was €6 billion — this represents a decrease of 10% since the peak in 2010 (Figure 16.4). The main support provided is jobseekers allowance and benefit which together account for two thirds of the expenditure in this category. Figure 16.5 shows the numbers on the live register between June 2007 and June 2013.
- 16.9** Overall, the number of people on the live register increased from 166,000 in June 2007 to 458,000 in June 2011. By June 2013, this had fallen to 435,000, a decrease of 5%.
- 16.10** In June 2008, jobseekers allowance claimants accounted for just over half of all live register figures. By June 2013, this had increased to 74%, as individuals exhausted their entitlement to jobseekers benefit and transferred to jobseekers allowance.

**Figure 16.4 Working age income support expenditure, 2009 to 2013**



Source: Annex A

**Figure 16.5 Trends in live register, June 2007 to June 2013<sup>a,b</sup>**

Source: Central Statistics Office Live Register June 2007 to June 2013

- Notes:
- a Around 20,000 jobseekers' claimants are not included on the live register — systematic short-time workers, self employed, short-term enterprise allowance, work placement programmes open/graduate and persons aged over 65.
  - b Other — principally includes unemployed persons who do not qualify for jobseekers payments but have applied for or credited social insurance contributions.

**16.11** Jobseekers payments are projected to decrease by €130 million in 2013 based on

- a projected 3.5% decrease in the numbers of claimants
- a reduction in the duration of jobseeker's benefit
- a full year's impact of the reduction in the base payment entitlement from a six day week to a five day week, effective from July 2012. This affects part-time or casual workers who account for one fifth of those on the live register.

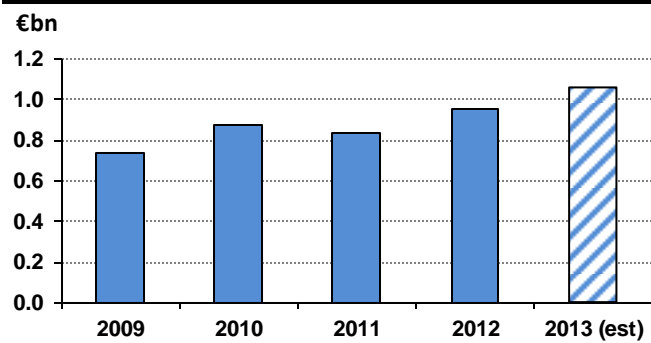
**16.12** The other main contributors to the projected reduction of almost €500 million or 8% in working age income support are

- a €196 million reduction in expenditure on redundancy and insolvency arising from the abolition of the statutory redundancy employer rebate from January 2013
- a change in the age condition of the youngest child and a reduction of the amount of earnings disregarded for eligibility for one parent family payment contribute to the expected expenditure reduction of €123 million.

***Working Age Employment Supports***

**16.13** Expenditure on employment schemes for the period 2009 to 2013 is set out in Figure 16.6. In 2012, just under €1 billion was spent on employment supports. This represents an increase of 30% over 2009.

**Figure 16.6 Working age employment support expenditure, 2009 to 2013**

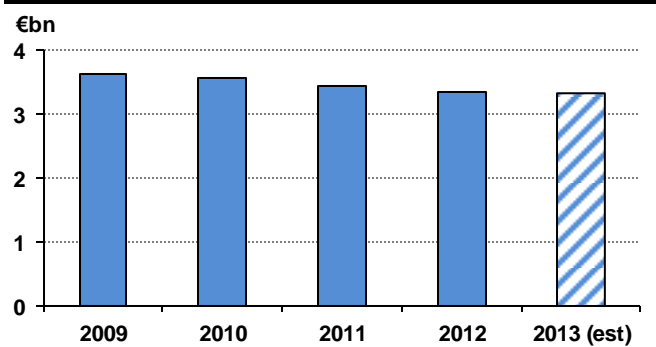


Source: Annex A

### ***Illness, Disability and Carers***

- 16.14** Expenditure in relation to support for illness, disability and carers decreased by 8% between 2009 and 2012 from €3.6 billion to €3.3 billion (Figure 16.7). Most of the decrease relates to disability allowance, illness benefit<sup>1</sup> and invalidity pension. The number of recipients of illness benefit and invalidity pension has decreased in the period, while there has been a marginal increase in the number of recipients of disability allowance. Expenditure on each scheme has decreased due to rate reductions. A further marginal decrease in expenditure in this category is projected for 2013.

**Figure 16.7 Illness, disability and carers expenditure, 2009 to 2013**



Source: Annex A

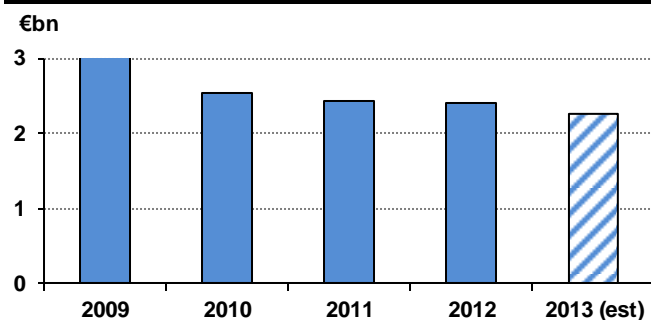
### ***Children***

- 16.15** Expenditure in relation to support for children was €2.4 billion in 2012. This represents a decrease of 21% over 2009 (Figure 16.8). The decrease is mainly accounted for by the reduction in child benefit rates over the period and the replacement of the early childcare supplement with a scheme that has an education focus which is not included in the consolidated figures.<sup>2</sup> A further decrease of 6% in expenditure on support for children is projected in 2013.

<sup>1</sup> There were changes in the entitlement conditions for new claimants which impacted on expenditure from January 2011.

<sup>2</sup> The early childhood care and education scheme. This is accounted for in Vote 40 Children and Youth Affairs.

**Figure 16.8 Support for children expenditure, 2009 to 2013**

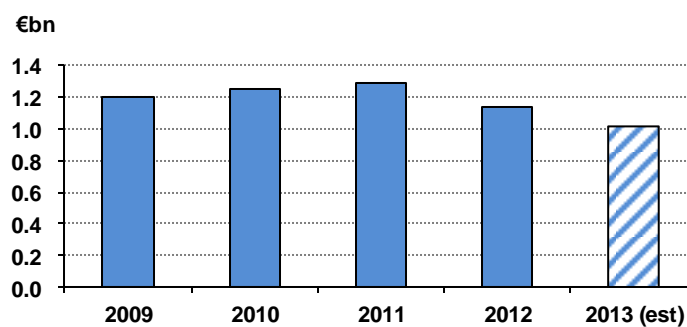


Source: Annex A

**Supplementary Payments**

**16.16** Expenditure on supplementary payments increased by 7% from €1.2 billion to €1.3 billion between 2009 and 2011. The increase was accounted for mainly by increased expenditure on fuel allowance in 2011. In 2012, there was a decrease in total supplementary payments of 12% to €1.1 billion (Figure 16.9). This is mainly due to a reduction of €80 million in rent supplement payments due to a revision of the maximum rent limits and €55 million reduction in fuel allowance payment due to a reduction in the number of weeks for which the allowance is payable. A further decrease of 10% is projected for 2013, mainly due to changes in rent supplement, mortgage interest supplement and household benefits package.

**Figure 16.9 Supplementary payments, 2009 to 2013**



Source: Annex A

**Source of Funding**

**16.17** The consolidated expenditure includes expenditure under both the Department’s Vote and the SIF, and expenditure met from other Votes in earlier years. By 2011, the Department was responsible for almost all expenditure. This was due to the transfer of responsibility for various schemes from the HSE, the Department of Children and Youth Affairs, and the Department of Education and Skills. Figure 16.10 summarises expenditure by source for the period 2009 to 2013.

**Figure 16.10 Source of welfare and employment expenditure, 2009 to 2013**

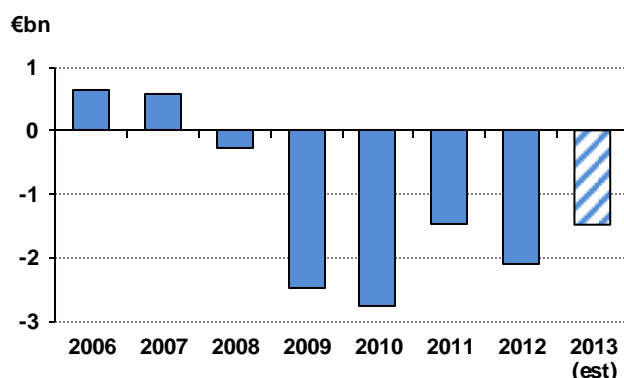
Source of Funding	2009	2010	2011	2012	2013 Est
	€m	€m	€m	€m	€m
Social Insurance Fund	9,503	9,180	8,723	8,587	8,314
<b>Voted Expenditure</b>					
Social Protection	10,355	11,032	11,540	11,518	11,299
Jobs, Enterprise and Innovation	443	221	4	—	—
Community, Equality and Gaeltacht Affairs	99	67	—	—	—
Education and Skills	—	287	—	—	—
Health Service Executive	92	—	—	—	—
Children and Youth Affairs	231	11	1	—	—
<b>Total Funding</b>	<b>20,723</b>	<b>20,798</b>	<b>20,268</b>	<b>20,105</b>	<b>19,613</b>

Source: Audited Appropriation Accounts 2009-2012 Audited Social Insurance Fund Financial Statements 2009-2012; Estimates for 2013 as voted by Dáil Éireann

### ***Social Insurance Fund Deficit***

- 16.18** In 2012, €8.6 billion of welfare and employment expenditure was met from the SIF. PRSI contributions collected by the Revenue Commissioners from employers, employees and self-employed persons are paid into the SIF. Benefits under social insurance schemes are paid out of the SIF. Under the Social Welfare Consolidation Act 2005, there is provision for the Exchequer to fund any deficit.
- 16.19** Since 2008, SIF expenditure has exceeded income (Figure 16.11). Until May 2010, the shortfall was met from the SIF's accumulated reserves. Since then, it has been met by a subvention from the Exchequer. In 2012, a €2.1 billion subvention was paid from the Exchequer to the SIF. This was 15% higher than the original estimate. There is provision for a subvention of €1.5 billion in 2013.
- 16.20** In addition to the Exchequer subvention, the Social Welfare and Pensions Act 2012 provides for advances to be made from the Central Fund if necessary to ensure sufficient moneys are available in the SIF to fund payments. The requirement for such advances arises because the bulk of transfers from Revenue into the SIF are at the end of each month, while benefit payments are made throughout the month. In December 2012, €300 million was advanced from the Central Fund. This advance was repaid before the end of 2012.

**Figure 16.11 Surplus/ (deficit) on Social Insurance Fund, 2006 to 2013**

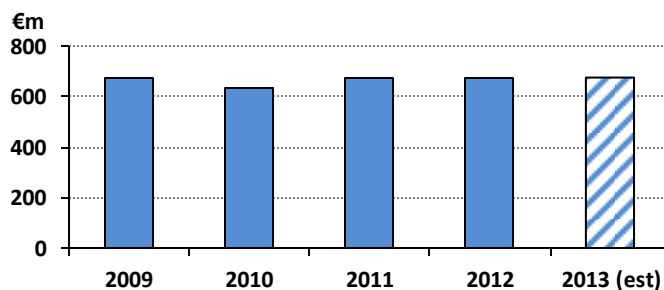


Source: Social Insurance Fund Financial Statements 2006-2012; Estimate for 2013 as voted by Dáil Éireann

## Administration Costs

- 16.21** Figure 16.12 shows the trend in the Department's administration costs from 2009 to 2013. Projected expenditure for 2013 is similar to the 2012 levels of €671 million. The Department's administration costs are analysed in Annex B.

**Figure 16.12 Department of Social Protection administration costs, 2009 to 2013**



Source: Annex B

## Conclusions and Recommendation

- 16.22** Around €20.1 billion was spent by the Department on welfare and employment measures in 2012 — 3% below 2009 expenditure.
- 16.23** The majority of welfare schemes are now administered by the Department and funded through either the Vote for Social Protection or the Social Insurance Fund (SIF). The formats of the accounts of both the Vote and SIF have been revised and scheme expenditure is now presented under identical programme categories in each account.

**Recommendation 16.1:** To enhance public accountability, the Department should publish a consolidation of its expenditure on welfare and employment schemes as an addendum to the Appropriation Account of the Vote.

**Accounting Officer's Response:** Agreed. In drafting the 2013 appropriation account, the Department will provide an addendum, as suggested.

**Annex A Payments by Scheme and Category<sup>a</sup>**

<b>Expenditure Category</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>Est €m</b>
<b>Pensions</b>					
State Pensions	4,473	4,537	4,727	4,913	5,099
Widow s'/Widowers' / Surviving Civil Partners' Pension	1,362	1,343	1,346	1,351	1,348
Bereavement Grant	19	18	19	20	22
<b>Total</b>	<b>5,854</b>	<b>5,899</b>	<b>6,092</b>	<b>6,284</b>	<b>6,469</b>
<b>Working Age Income Supports</b>					
Jobseeker's Allowance	2,005	2,809	2,975	3,055	3,098
One Parent Family Payment	1,121	1,110	1,089	1,058	935
Jobseeker's Benefit	1,734	1,285	927	737	564
Redundancy and Insolvency Benefit	350	490	326	318	122
Maternity Benefit	331	324	309	303	297
Basic Supplementary Welfare Allowance	241	207	174	179	161
Farm Assist	93	111	114	108	100
Deserted Wife's Benefit	100	93	86	84	80
Other Working Age Supports	90	84	75	64	62
Pre-Retirement Allowance	97	78	60	46	33
Treatment Benefits	100	51	23	19	19
Widow s' Widowers'/Surviving Civil Partners Pension (Non Contributory)	24	19	18	18	16
Deserted Wife's Allowance	6	5	4	4	3
Adoptive Benefit	1	1	1	—	1
Health and Safety Benefit	1	1	1	1	1
<b>Total</b>	<b>6,294</b>	<b>6,669</b>	<b>6,183</b>	<b>5,993</b>	<b>5,492</b>
<b>Supplementary Payments</b>					
Rent Supplement	511	517	503	423	403
Household Benefits Package	359	368	370	369	284
Fuel Allowance	200	229	266	211	211
Free Travel	73	74	76	76	77
Mortgage Interest Supplement	61	66	68	55	42
<b>Total</b>	<b>1,204</b>	<b>1,253</b>	<b>1,282</b>	<b>1,134</b>	<b>1,017</b>

<b>Expenditure Category</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
					<b>Est</b>
	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>
<b>Working Age Employment Supports</b>					
Employment Programmes	389	385	367	330	351
Job Initiative	36	30	30	26	25
Rural Social Scheme	48	44	47	45	45
TÚS Community Work Placement Scheme	—	—	12	67	96
Back to Work Allowance	77	88	115	127	126
Back to Education Allowance	107	180	202	200	189
National Internship Scheme - JobBridge	—	—	8	55	82
Partial Capacity Benefit	—	—	—	2	9
Other Working Age Employment Support	10	10	7	57	87
Employment Subsidy Scheme	18	93	4	—	—
Community Service Programme	51	45	45	45	46
<b>Total</b>	<b>736</b>	<b>875</b>	<b>837</b>	<b>954</b>	<b>1,056</b>
<b>Illness, Disability and Carers</b>					
Disability Allowance	1,143	1,110	1,089	1,088	1,115
Illness Benefit	920	943	876	774	732
Invalidity Pension	682	640	607	603	601
Carer's Payment	533	528	532	534	559
Respite Care Grant	99	128	130	136	111
Domiciliary Care Allowance	123	96	100	102	107
Disablement Benefit	86	79	77	76	74
Blind Pension	16	16	16	16	15
Injury Benefit	18	18	17	16	14
<b>Total</b>	<b>3,619</b>	<b>3,557</b>	<b>3,443</b>	<b>3,346</b>	<b>3,328</b>
<b>Children</b>					
Child Benefit	2,495	2,213	2,076	2,047	1,912
Family Income Supplement	167	186	205	224	230
Back to School Clothing and Footwear Allowance	67	77	91	66	49
School Meals	35	35	35	35	37
Child Related Payments	20	23	23	22	23
Early Childcare Payment	231	11	1	—	—
<b>Total</b>	<b>3,016</b>	<b>2,545</b>	<b>2,431</b>	<b>2,394</b>	<b>2,251</b>
<b>Expenditure on all Schemes<sup>b</sup></b>	<b>20,723</b>	<b>20,798</b>	<b>20,268</b>	<b>20,105</b>	<b>19,613</b>

Notes: a Annual expenditure data is based on audited appropriation account figures (2009 to 2012) and audited SIF data (2009 to 2012). Estimates for 2013 as voted by Dáil Éireann.

b Due to rounding, certain scheme expenditures may not sum to the category totals reported

**Annex B Department of Social Protection Administration Costs**

	2009	2010	2011 <sup>a</sup>	2012	2013
	€m	€m	€m	€m	Est €m
Administration and management	538	528	581	576	581
Agency and service grant	81	55	45	46	47
Expenditure under other Votes	37	31	39	36	40
Notional rent	16	15	10	11	11
Other	3	3	2	2	2
<b>Total Expenditure</b>	<b>675</b>	<b>632</b>	<b>677</b>	<b>671</b>	<b>681</b>

Note: a The Department assumed responsibility for funding FÁS employment supports from 1 January 2011. 2011 costs include the administration element of funding provided to FÁS by the Department. From 1 January 2012 administration expenditure for former FÁS schemes is met from the Department's budget.