



Tithe an
Oireachtais
Houses of the
Oireachtas

An Coiste um Chuntais Phoiblí Scrúdú ar an

gCuntas Leithreasa 2019 i gcomhair Vóta 37 – Gnóthaí
Fostaíochta agus Coimirce Shóisialach agus nithe gaolmhara

Samhain 2021

Committee of Public Accounts

Examination of the

2019 Appropriation Account for Vote 37 – Employment Affairs and
Social Protection and related matters

Contents

CONTENTS	1
DEPARTMENT OF SOCIAL PROTECTION	2
INTRODUCTION	2
ISSUES IDENTIFIED AND RECOMMENDATIONS MADE BY THE COMMITTEE OF PUBLIC ACCOUNTS.....	3
APPENDIX 1 COMMITTEE MEMBERSHIP	8
APPENDIX 2 COMMITTEE ORDERS OF REFERENCE	10
APPENDIX 3 WITNESSES	13
APPENDIX 4 REFERENCES.....	14

Department of Social Protection

Meeting Date: 12 November 2020

[Link to transcript](#)

Matters for Examination:

- Appropriation Account 2019:
 - [Vote 37 – Employment Affairs and Social Protection](#)
- Report on the Accounts of the Public Service 2019:
 - [Chapter 4 – Control over Welfare Payments](#)
- Social Insurance Fund

Introduction

In 2019 the Department of Employment Affairs and Social Protection (DEASP) recorded total expenditure of €21.4 billion. Vote 37 accounted for €10.65 billion while the Social Insurance Fund (SIF) accounted for €10.73 billion. Total expenditure increased by €592 million, or 2.8%, between 2018 and 2019. Vote 37 is directly funded by the Exchequer while the SIF is primarily funded from pay-related social insurance contributions (PRSI).

The Committee was informed that the most recent actuarial review of the SIF indicates that PRSI receipts would need to double in order to meet anticipated expenditure from the fund over the next 30-50 years. At the end of 2019 the SIF recorded a surplus of €1.5 billion and had accumulated reserves of €3.9 billion at the end of the year.

The Comptroller and Auditor General (C&AG) issued a clear audit opinion for both Vote 37 and the SIF.

Issues identified and recommendations made by the Committee of Public Accounts

Issue 1 – JobPath

JobPath is an employment support service designed to assist those who have been unemployed for more than 12 months to re-enter the workforce. JobPath is not a job creation initiative but is intended as an employment activation service for people who are long term unemployed and who face significant barriers in returning to work. Providers are contracted to provide 12 months of employment advice and support and in-work support for three months should individuals progress into employment. The provision of associated services is contracted to two private firms and payments to those companies are made on a performance-based agreement.

Between July 2015 and October 2020 some 283,826 people had engaged with the JobPath service with the cost of the service totalling €247.9 million over the same period of time. The Department of Social Protection stated that this works out at approximately €873 per participant and that this is a cheaper average price per participant when compared to Local Employment Services and direct employment services provided by the Department.

Aside from the initial registration fee (approximately €311 per jobseeker), JobPath is an outcomes based payment model. This means that any other payments are contingent on a confirmed, sustained employment outcome. Where an individual does not progress into employment the JobPath provider is required to continue to support this individual at least once every twenty days for a twelve month period and will receive a payment of €311 for providing an employment advisory service to this individual. Any other payments are dependent on the individual securing sustained employment.

However, the Committee was informed that of the 283,826 individuals who have engaged with JobPath, the official statistics show that 64,000 people started work

and that 22,000 people had retained their employment up to a period of 12 months. The Department does not monitor the progress of individuals who have completed the JobPath programme after 12 months. However, an econometric review of JobPath carried out by the Irish Government Economic and Evaluation Service (IGEES) found that the outcomes for jobseekers who had engaged with JobPath services are 37% better compared to those who had not been provided with such a service. Notwithstanding this, the €247.9 million paid for employments supports through JobPath resulted in just 22,000 persons obtaining employment for more than one year.

The Committee also notes that JobPath has been extended for a second time to the end of 2021 at an anticipated cost of €50-€60 million. The Committee notes that since its engagement with the Department of Social Protection that the decision has been made to cease referrals to JobPath at the end of 2021.

Recommendation 1:

The Committee is of the view that the JobPath model has not delivered value for money for the taxpayer and, in the majority of cases, the advice provided did not lead to sustainable employment for jobseekers. The Committee recommends that the Department of Social Protection explores other avenues to provide better value through localised, non-profit driven employment services.

Issue 2 – Local Employment Services

The Committee discussed the issue of Local Employment Services (LES) provided by Local Development Companies (LDCs). The Department of Social Protection informed the Committee that LES are not paid on a performance-based model. Payments are made on an agreed contract capacity regardless of whether the individual obtains employment after completing the scheme. In 2020 the contracts for LES were worth €19.6 million and the caseload at the time of the Committee meeting was 18,636. This is an average of €1,052 per participant. The Committee is of the opinion that employment services provided by LDCs are more beneficial to service users when the supports are provided within their own communities. However, according to the Irish Local Development Network (ILDN), the representative body for 49 LDCs, LES provided by LDCs are not available in 14 counties. The Department informed the Committee that procurement was due to begin to expand public employment services and that an additional €6 million would be provided for such services in 2021. The Department is currently in the process of expanding Public Employment Service provision across the State to ensure a consistent delivery of employment activation service provision to individuals. The Department state that this expansion will see the rollout of a new National Employment Service to replace JobPath and a new Regional Employment Service that will be in lieu of the Local Employment Service and Job Club provision but will be available in all 26 counties, unlike the current services.

The Department of Social Protection stated that JobPath, which is provided by external contractors, is used to provide services where it would not be possible to provide services to all participants through the LES or directly by the Department. However, the contracts for JobPath and the LES are due to expire at the end of 2021, and the Committee is of the opinion that local employment service providers are best placed to operate employment activation programmes and that these should be prioritised during the development of all employment services.

The Committee also noted that LES contracts have not been tendered for using a public procurement process. The Committee is of the opinion that this is not best practice and that all State services should be subject to a public procurement process.

Recommendation 2:

The Committee recommends that any future public employment service is managed by either the Department or community-based organisations, and that all contracts between the Department and service providers satisfy procurement rules and guidelines. The Committee recommends that contracts are awarded to providers based on a broader criteria than simply cost. The criteria should include the suitability of employment that will be provided to jobseekers.

Issue 3 – Material Level of Irregular Payments

The Committee was informed that the Department of Social Protection operates approximately 80 different schemes and that in 2019 over 1.3 million people were in receipt of a weekly social welfare payment. In the *2019 Report on the Accounts of the Public Service* the Comptroller & Auditor General (C&AG) drew attention to a material level of irregular payments totalling €117 million in 2019.

The Department of Social Protection provided the following breakdown detailing the causes of irregular payments: -

- Fraud - €31.3 million,
- Customer error - €45 million,
- Official error - €17.5 million, and
- Estate cases - €22.6 million.

The C&AG also informed the Committee that irregular payments attributed to suspected fraud and official error had trended downwards in recent years.

The Department of Social Protection carries out control surveys on individual schemes on a cyclical basis. This involves reviewing up to 1,000 randomly selected payment claims. The results of the reviews indicate the estimated level of incorrect payment on the scheme. When questioned by the Committee the Department of Social Protection stated that it aims to carry out two such control surveys a year; since 2012 some 17 control surveys had been completed which is broadly in line with this objective.

The C&AG stated that the Department of Social Protection also carries out a programme of reviews of individual payment cases, usually selected on a risk assessment basis. 609,000 control reviews were carried out in 2019. The results indicate that the targeting of cases for review is relatively effective, generally identifying a higher percentage of cases with overpayment than would be expected if cases were selected randomly. However, the Department of Social Protection conducted only 80% of the control reviews it had planned for 2019.

Recommendation 3:

The Committee recommends that the Department of Social Protection continues to work in a targeted manner using control surveys as this approach appears to provide substantial results. The Committee also recommends that the Department ensures that the target of control reviews to be carried out each year is met to ensure proper oversight of social welfare payments.

Issue 4 – Pandemic Unemployment Payment

The Committee discussed the issue of the Pandemic Unemployment Payment (PUP) which is a temporary social welfare measure brought in to counteract the level of unemployment experienced due to the COVID-19 pandemic. At the time of publication, the Scheme is closed to new applicants and the weekly payment rates began to reduce on 7 September 2021.

The Committee acknowledges the work performed by the Department of Social Protection during the COVID-19 pandemic, noting that 1.5 million claims were processed in less than a week at the start of the pandemic. However, the Committee questioned the control review that is due to be carried out on the PUP scheme in the future. The Department of Social Protection stated that the biggest risk associated with the PUP is the sheer scale of the scheme noting that it was established in a short space of time. For comparison, the Department of Social Protection explained that a standard Jobseekers Assistance application has an average processing time of two to three weeks.

Recommendation 4:

The Committee recommends that:

- The Pandemic Unemployment Payment control review commences as soon as possible,
- the Department provide the Committee with a timeline for completion of the control review by the end of quarter one 2022, and
- the Department provides the Committee with a copy of the review upon completion.

Appendix 1 Committee Membership

The following TDs were members of the Public Accounts Committee when the report was agreed:

Colm Burke	Fine Gael
Jennifer Carroll MacNeill	Fine Gael
Matt Carthy	Sinn Féin
Cormac Devlin	Fianna Fáil
Alan Dillon	Fine Gael
Neasa Hourigan	Green Party
Paul McAuliffe	Fianna Fáil
Imelda Munster	Sinn Féin
Catherine Murphy	Social Democrats
Verona Murphy	Independent
James O'Connor	Fianna Fáil
Seán Sherlock	Labour
Brian Stanley (Cathaoirleach)	Sinn Féin

Appendix 2 Committee Orders of Reference

Dáil Standing Order 218 – Committee of Public Accounts

- 1) There shall stand established, following the reassembly of the Dáil subsequent to a General Election, a Standing Committee, to be known as the Committee of Public Accounts, to examine and report to the Dáil upon—
 - a) the accounts showing the appropriation of the sums granted by the Dáil each year to meet the public expenditure and such other accounts as they see fit (not being accounts of persons included in the Second Schedule of the Comptroller and Auditor General (Amendment) Act 1993) which are audited by the Comptroller and Auditor General and presented to the Dáil on an annual basis, together with any reports by the Comptroller and Auditor General thereon;
 - b) the Comptroller and Auditor General's reports on his or her examinations of economy, efficiency, effectiveness evaluation systems, procedures and practices; and
 - c) other reports carried out by the Comptroller and Auditor General under the Act.
- 2) In considering particular accounts pursuant to paragraph (1)(a), the Committee shall examine whether, having regard to changes in—
 - a) the volume or quality of services or other outputs delivered, and
 - b) associated expenditure, over time, it can be demonstrated that value for money has or has not been achieved.
- 3) The Committee shall bring conclusions and recommendations reported to the Dáil pursuant to paragraph (1)(a) in relation to particular accounts to the attention of the relevant Committee established pursuant to Standing Order 95.
- 4) The Committee may suggest alterations and improvements in the form of the Estimates submitted to the Dáil and shall bring any such suggestions as reported to the Dáil to the attention of the Committee on Budgetary Oversight.

- 5) The Committee may proceed with its examination of an account or a report of the Comptroller and Auditor General at any time after that account or report is presented to Dáil Éireann.
- 6) The Committee shall have the power to send for persons, papers and records.
- 7) Paragraphs (4) to (9) inclusive of Standing Order 96 shall not apply to the Committee.
- 8) Every report which the Committee proposes to make shall, on adoption by the Committee, be laid before the Dáil forthwith whereupon the Committee shall be empowered to print and publish such report together with such related documents as it thinks fit.
- 9) The Committee shall present an annual progress report to Dáil Éireann on its activities and plans.
- 10) Notwithstanding the provisions of paragraph (1) of this Standing Order, the Committee shall have the power to examine and report upon a specific matter of general public interest relating to the appropriation of public moneys, which is not comprehended by appropriation accounts or reports of the Comptroller and Auditor General within the meaning of paragraph (1), subject to—
 - a) a positive determination having been made by the Committee on Remit Oversight under Standing Order 93A pursuant to a request by the Committee of Public Accounts under Standing Order 93B for an extension to its orders of reference for the purpose of examining the matter; and
 - b) the approval of the Dáil by way of an appropriate motion under Standing Order 93B to instruct the Committee in conducting its examination of the matter.
- 11) The Committee shall refrain from—
 - a) enquiring into in public session, or publishing, confidential information regarding the activities and plans of a Government Department or office, or of a body which is subject to audit, examination or inspection by the Comptroller and Auditor General, if so requested either by a member of the Government, or the body concerned; or

b) enquiring into the merits of a policy or policies of the Government or a member of the Government or the merits of the objectives of such policies.

12) The Committee may, without prejudice to the independence of the Comptroller and Auditor General in determining the work to be carried out by his or her Office or the manner in which it is carried out, in private communication, make such suggestions to the Comptroller and Auditor General regarding that work as it sees fit.

13) The Committee shall consist of thirteen members, none of whom shall be a member of the Government or a Minister of State, and four of whom shall constitute a quorum. The Committee and any sub-Committee which it may appoint shall be constituted so as to be impartially representative of the Dáil.

Appendix 3 Witnesses

The Comptroller and Auditor General Mr. Seamus McCarthy is a permanent witness to the Committee and attends all of its engagements.

The following table contains the names of witnesses who provided information to the Committee during its meeting on 12 November 2020:

Department of Social Protection	
Mr. John McKeon	Secretary General
Mr. Tim Duggan	Deputy Secretary General (Acting)
Mr. Ciarán Lawlor	Assistant Secretary General
Mr. John Conlon	Assistant Secretary General

Department of Public Expenditure and Reform	
Mr. David Moloney	Assistant Secretary General – Vote Section
Ms Jenny Connors	Assistant Principal Officer – Vote Section

Appendix 4 References

Information from the following sources informed the Committee’s recommendations: -

References
Transcript 12.11.2020
Appropriation Account 2019 Vote 37 – Employment Affairs and Social Protection
2019 Report on the Accounts of the Public Service, Chapter 4 – Control over Welfare Payments
R0229 PAC33
R0617 PAC33
Working paper: Evaluation of JobPath outcomes for Q1 2016 participants, March 2019

Houses of the Oireachtas

Leinster House
Kildare Street
Dublin 2
D02 XR20

www.oireachtas.ie

Tel: +353 (0)1 6183000 or 076 1001700

Twitter: @OireachtasNews

Connect with us



Download our App

