



## The Social Insurance Fund and Vote 37 in the Revised Estimates for Public Services

PBO Note 21 of 2018

### Introduction

This Note is the first in a short series providing an overview of, and addressing technical issues in, specific Votes and how they are set out in the *Revised Estimates for Public Services* (the REV). It should therefore be read in conjunction with the REV.

This Note provides an overview of how Department of Employment Affairs and Social Protection (DEASP) expenditure (Vote 37 and Social Insurance Fund) is set out in the REV. This is the single largest area of Government expenditure. It describes how the Employment Affairs and Social Protection Vote (Vote 37) interacts with the Social Insurance Fund (SIF) with regard to Appropriations-in-Aid. The aim of this Note is to make the DEASP section of the REV easier to navigate.

The SIF, which was established by the [Social Welfare Act 1952](#), is a fund into which Pay Related Social Insurance (PRSI) contributions are paid. Payments from a number of contributory schemes such as the State Pension (Contributory), and Jobseeker's Benefit are funded by the SIF. The SIF is described in detail by the PBO in [An Overview of the Social Insurance Fund](#). Monies allocated in respect of social welfare entitlements (i.e. non-contributory payments) are part of Voted expenditure and require annual Dáil approval, whereas SIF monies are allocated in respect of benefit schemes (entitlement derived from payment of PRSI contributions). Thus, the information on the SIF displayed in the REV is for informational purposes.

Total DEASP expenditure (Vote 37 and SIF), as set out in REV 2018, slightly exceeds €20 billion. In 2018, it comprises:

- €9.29 billion (46%) for SIF funded schemes; and
- €10.72 billion (54%) Voted allocation.

It has been indicated that an additional gross €265 million in expenditure will be required in respect of 2018 due to the (100%) payment of the Social Protection Christmas Bonus. The exact value of the Supplementary Estimate that will be requested is not clear, as savings in other areas may be used to fund the additional expenditure.

The respective proportions of SIF and Voted allocations (in 2018) in respect of payment schemes are set out in [An Overview of the Social Insurance Fund](#) (Figure 1).

### Structure of DEASP expenditure in the REV

Within the REV a Vote is structured in three parts:

- I. Estimate of the amount required;
- II. Programmes under which the Subheads for this Vote will be accounted for; and
- III. Details of Programmes - Objectives, Outputs and Financial & Human Resources.

Most Departmental Votes have a number of Programmes. Vote 37 has an atypical structure with a single programme of expenditure, *Programme A: Social Assistance Schemes, Services, Administration and Payment to Social Insurance Fund*. Programme A contains the Gross Voted allocation in respect of non-contributory payment schemes administered by DEASP.

Part I (a) sets out the net Voted allocation to be approved by the Dáil; any unspent capital allocation brought forward from the previous year is stated under Part I (b).

Part II sets out the Gross Voted allocation (under eight headings within Programme A), the projected Appropriations-in-Aid (A-in-A) and the Net Voted allocation. It also provides detail in respect of pay, pensions (and corresponding staff numbers) and the functional split of the administrative budget. In addition, it provides a table with the total gross expenditure of the DEASP including SIF expenditure under the functional headings adjusting for payments to and from Voted Expenditure and the SIF (if any).

As with all Votes in the REV, the intended allocation for the year is compared to the previous year's final allocation (i.e. including any Supplementary Estimates passed by the Dáil for that year).

The first table in Part III details forty four budget lines (A1-A44) in respect of the eight headings listed in Part II. Several tables of performance information are then provided; the table entitled *Key High Level Metrics* addresses a selection of both Voted and SIF payment schemes. This table provides output indicators/targets for the year of the REV in question (x), the previous year (x-1) and the year before that (x-2).<sup>1</sup> It also provides the

<sup>1</sup>i.e. for REV 2018 (published in December 2017) it shows output indicators for 2018, 2017 and 2016.



final outturn for year x-2. The performance information primarily (but not exclusively) relates to the (estimated) targeted number of payments for a given scheme and the percentage of claims awarded within processing time standards. A table providing context and impact indicators is then provided.

Details of the projected Appropriations-in-Aid are then provided. A separate table setting out the estimate of SIF income and expenditure (detailed under 22 budget lines) is also shown. Finally, Supplementary Notes to the Revised Estimates detail (1) administration costs charged to the SIF and (2) details of Household Benefits and Fuel Allowance Expenditure disaggregated by Vote or SIF.

## The SIF's Inclusion in the Revised Estimates for Public Services

The REV provides additional detail in respect of the allocations contained in the Abridged Estimates (published on Budget day). **The expenditure of the SIF is shown in the REV, under Vote 37, but does not form part of the Voted allocation of the Department.** This distinction is important as the DEASP is responsible for both expenditure which is Voted (via the Estimates process) and that which is paid from the SIF.

While the Vote 37 allocation and the SIF are distinct, the Vote is reimbursed by the SIF for administrative expenses incurred in the provision of SIF funded benefits. This administrative charge is paid over by the SIF and recorded in Vote 37 as an Appropriation-in-Aid (A-in-A).<sup>2</sup>

As an A-in-A amount this payment from the SIF reduces the net amount to be approved by Dáil Éireann but does not affect the gross expenditure of Vote 37. The payment of monies from the SIF to the Vote introduces a complication when calculating total DEASP expenditure in the REV.

## Total Expenditure of DEASP (SIF and Vote 37)

Table 1 over shows the total gross expenditure managed by DEASP. Total gross DEASP managed expenditure is the sum of the gross voted allocation and the SIF's projected expenditure; however, to avoid double counting the cost of the Department's administration of the SIF, it must be netted off.

<sup>2</sup> For more information on A-in-As see: PBO, [Appropriations-in-Aid in the Revised Estimates for Public Services](#) (2018)

Table 1: Total DEASP managed expenditure

	2018 - € 000s
Gross Voted Total	10,836,645
Less subvention from the Vote to the SIF	0
Social Insurance Fund	9,288,606
Less payment from the SIF for administration expenses	(113,940)
<b>Total expenditure Vote 37 and SIF</b>	<b>20,011,311</b>

Source: *Revised Estimates for Public Services 2018* (2017)

## SIF Administration costs

REV 2018 estimates that the total Administration costs of the SIF for 2018 will be €206.94 million, of which, €113.94 million is payable to Vote 37. This amounts to 54% of the total A-in-A accruing to Vote 37. The 2018 SIF Administration costs recouped by Vote 37 represent a significant reduction from 2017 (€177 million).

The balance of €93 million in the administrative costs of the SIF is attributable to other Votes and is listed as an A-in-A in these Votes (an amount is also provided for An Post agency services).

## Conclusion

The inclusion of SIF expenditure with Vote 37 in the REV increases the level of information available in relation to the total expenditure of DEASP and its associated performance. The Voted allocation, in isolation, does not adequately illustrate the whole range of activities of DEASP. The inclusion of the additional SIF information within the REV, while adding complexity, is necessary for a comprehensive overview of the resources available and the corresponding outputs.

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