



Public Accounts Committee, 21st June, 2012

Opening Statement from Niamh O'Donoghue, Secretary General,

Department of Social Protection

Introduction

I welcome the opportunity to make a brief opening statement this morning. As requested I have already provided the Committee with an update on the conclusions contained in the chapters.

The Department of Social Protection

Arising from decisions by Government in relation to our remit, the Department of Social Protection is now the largest Government Department with a budget of almost 21 billion euro in 2012 and it has three very clear functions -

- (1) Provision of Income Support
- (2) Activation Support and Services and
- (3) Control of fraud and abuse

I would like to make a brief comment on all three functions.

(1) Income Support

When I last addressed the Committee in September 2011, I spoke about very high levels of activity and this continued in 2010. Over 1.4 million people were in receipt of a weekly social welfare payment, which was paid in respect of just under 2.2 million beneficiaries of the Department's schemes.

The biggest issue the Department's staff had to contend and cope with in this period was the surge to our jobseekers claims which reflected the changing economic climate. This change also had significant impact on both income to and expenditure from the Social Insurance Fund.

During the course of 2010, 'churn' in the Live Register was 1.10 million (557,000 new claims vs 554,000 'sign offs'), compared to 1.12 million in 2009 which represents continuing record levels of activity. The average Live Register in 2010 increased to 442,000 compared with 398,000 in 2009, and the share of long term unemployment increased rapidly from 22% at end 2009 to 36% at end 2010.

Whilst this volume of activity presented significant challenges for us in terms of processing claims, we have made significant progress in responding and processing times for these claims are now well within operating target.

I am aware, however, that the time taken to process claims across a number of our schemes remains one of the biggest issues of concern to the public and to the members of the Committee. I have to acknowledge that for certain schemes, particularly those that require both medical assessment and means assessment, the Department's performance currently falls considerably behind the targets in place. I am acutely aware of this, and am working with my colleagues throughout the Department to address it.

In seeking to provide assurance to the Committee in relation to this area, I would point to the significant improvements which have been evidenced over the last two years in the timescales for processing Jobseekers, Pensions, Child Benefit, and Illness Benefit.

Productivity improvements have come from a mixture of improved processes, new systems and targeting of some additional resources into appropriate areas. Our experience is that in a period of continuing high demand, it takes time and effort to deliver improvements in processing times, however, I am confident that with the same approach and mixture of tools, we will achieve improvements over the course of the coming months in the schemes where we are currently experiencing difficulties.

(2) Activation

Since I last addressed the Committee, the Department has seen considerable change. The Community Welfare Service of the HSE, involving 1,100 staff, was integrated with the Department on schedule in October 2011. The Employment Services and Community Employment Divisions of FÁS, involving over 700 staff, were transferred into the Department, on schedule, on 1 January 2012. Department organisation structures and systems have been revised to incorporate these new staff and the functions they perform and integration of services is on-going at an operating level.

As part of our process of integration, and as committed in the project plan for the establishment of the National Employment and Entitlements Service, the Department has developed and is implementing a new service model.

The purpose of this new service model is to address identified deficiencies in the State's approach to the provision of employment and income support services and, in doing so, to:

- a) expand and improve the quality of the employment services provided to unemployed people;
- b) draw a clear linkage between an individual's entitlement to income support and their responsibility to engage with the State's employment services; and
- c) enhance the engagement with employers especially at a local level.

Good progress has been made to date – and I have provided some detail in the update already sent to the Committee.

(3) Control of Fraud and Abuse

Given the scale of operations of the Department it is unsurprising that the subject of control is covered in five of the eight chapters in the Comptroller's Annual Report. The Committee will recall that the Department's Fraud Initiative (2011-2013) was launched in September 2011. The initiative takes a revised and renewed approach to the challenges posed by social welfare fraud.

Structures and oversight mechanisms have been put in place to ensure that the Initiative is implemented and outcomes monitored. Because of the expanded remit of the Department, a more integrated approach to fraud control can now be realised. In terms of progress and outcomes - the level of control review activity (980,000 reviews) and targets established for 2011 were exceeded with total savings of €645m realised. Thus far in 2012, review targets are being fully met.

The Department has recently finalised three fraud and error surveys which have been made available to the members of the Committee. These surveys will help us to refine the implementation of our control strategies for each of the areas covered.

The Department is applying both new and expanded approaches to enhance fraud investigation and control activity such as

- predictive risk analytics
- greater inter-agency cooperation with other public bodies at national and local level
- legislative provisions giving additional powers to Departmental staff.
- examination of new ways to recover social welfare fraud overpayments and increasing penalties for fraudulent activity
- systematic and regular data matching exercises on both internal systems and with external agencies

The roll out of the Public Service Card has commenced. This is a multi-annual project, and for a number of reasons it has been slower to move to full production than had originally been envisaged. We have now put the infrastructure, staffing and training in place to ensure that we will be significantly escalating roll out of the card to our customers across our local office network over the course of the rest of this year.

Other issues raised

In the briefing already provided to the Committee you will see that the Department and our accounting software provider have continued to make progress in addressing deficiencies in our accounting reconciliation system as set out by the Comptroller in his annual report for 2010.

Conclusion

I would like to acknowledge the great dedication and continued flexibility of the staff of the Department including those who have recently joined us. Our reorganisation which has included the transfer of large numbers of staff from the public sector to the civil service is an important part of the public sector reform agenda. Please be assured that in delivering on our mandate we are very conscious of our duties to our customers, to the taxpayer and of course to the Oireachtas.

ENDS