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Overview of Public Expenditure: Trends, Key Drivers and Main Challenges

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Introduction

The spending review process provides an important opportunity to step back and reflect on how government expenditure has changed over the course of the last two decades or so. This has been a period during which expenditure increased substantially over a prolonged period of time only to be curtailed in a short number of years with the onset of the recent economic and financial crisis. As economic growth has been restored, so too have the public finances and government expenditure has expanded. The allocation for 2018 is just shy of peak expenditure in 2009.

A common challenge encountered in most OECD countries is that the budgetary process tends to focus on incremental changes in expenditure to the detriment of a broader consideration of how public resources are allocated across all sectors and how these allocations have changed over time. The purpose of this overview is to set out the most recent changes in resource allocations but to do so by locating them within a broader context. This broader context is shaped not only by the passage of time but also by those key factors that drive public expenditure policy, the purposes to which public resources are put and the main challenges that inform any discussion about the sustainability of public expenditure policy.

Irish Public Expenditure – 1994 to 2018

This discussion examines trends in Irish public expenditure by focusing on two distinct periods. The first period are the years leading up to the emergence of the economic and fiscal crisis (1994 to 2007). The second period encompasses the subsequent decade of fiscal effort and strengthening economic growth (2008-2018). The purpose of this section is to compare where Ireland’s public expenditure is today with where it was prior to the emergence of the economic and financial crisis. As such, this discussion differs from the more familiar presentations that tend either to focus on presenting a contemporaneous picture of expenditure policy or the policy decisions that were taken in the context of the recent crisis.1

The year 2007 serves as a useful anchor because it is the final year before Irish governments had to implement expenditure decisions in reaction to the economic and financial crisis. It is clear from Figure 1 that the 2018 total allocation in nominal terms is greater than the volume allocated in the final year before the onset of the crisis and that it is now almost equal to peak

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expenditure. (The allocation for 2018 is 98% of total voted expenditure in 2009.) After the emergence of the crisis, overall expenditure continued to increase for a couple of years but this took place in the context of a significant effort to slow down the level of expenditure increases and ultimately reduce the volume of resources being consumed in the provision of public services.

**Figure 1 – Total Voted Public Expenditure, 1994-2018**

![Chart: Total Voted Public Expenditure, 1994-2018](image)


**Trends in Public Expenditure**

Figure 2 examines long-term trends in both overall public expenditure and its main component parts. As outlined above 2007 is selected as the anchor point for the various indices. Figure 3 seeks to supplement this information by setting out the year-on-year changes in total public expenditure and its main component parts.

In the years prior to the crisis, total expenditure grew from some €15.3bn in 1994 to €56.4bn in 2007 (an increase of almost 270%). Figure 2 suggests that the various components of expenditure grew more or less in line with total expenditure: expenditure on pay and pensions increased by just over 210% while that for non-pay related current expenditure increased by just over 275%. To some extent, the axis on Figure 2 probably distracts the eye from the very significant increase in government investment that occurred over that period as capital expenditure increased by just over 460%.

During this pre-crisis period, total expenditure grew by an average of 10.6% a year, ranging from 5.9% in 1996 to 20% in 2001. That said, the first few years of the new millennium were particularly notable for strong growth in public expenditure as it increased from €22.8bn in 1999 to €35.8bn in 2002 (an increase of 57%). There were some notable differences in the average rate of increase across the various types of public expenditure as the average annual
increase in expenditure on pay and pensions was 9.2% while that on non-pay related current expenditure was closer to the overall average at 10.8% with expenditure on capital growing by a notably stronger average of 14.6% a year. As is evident from Figure 2, the late 1990s and early 2000s was the period during which there was very strong growth in each of these types of public expenditure but it is worth noting that expenditure on capital is much more volatile than the other components of overall expenditure.\(^2\)

**Figure 2 – Indices of Public Expenditure, 1994-2018 (2007 = 100)**

![Graph showing indices of public expenditure from 1994 to 2018.](source)


It is abundantly clear from Figure 2 that the economic and fiscal crisis had a significant impact on public expenditure. This impact was keenly felt in capital expenditure. It is also evident from Figure 2, as well as from Figure 3, that government decisions impacted earlier on some types of expenditure than on others.

For instance, despite total government expenditure continuing to increase over the first few years of the crisis (until it peaked at almost €63.1bn in 2009), capital expenditure was the first type of expenditure to experience a reverse in that it peaked in 2008 at just over €9bn. Expenditure on pay and pensions peaked in 2009 at almost €20.1bn as did non-pay related current expenditure at some €35.6bn. In subsequent years, public expenditure was reduced each year until 2013 and 2014. This trend has since been reversed.

\(^2\) Expenditure on pay and pensions increased from €68.9bn in 2000 to €11.7bn by 2002 (+31%) while that on non-pay current expenditure increased from €13.3bn in 2000 to €18.5bn by 2002 (+39%). On the capital side, expenditure increased from €2bn in 1997 to €5bn by 2001 (+150%). While overall expenditure continued to increase in 2003 and 2004, capital expenditure in these years was reduced when compared with the previous year.
In addition to setting out the overall trends over time, it is useful to compare the distribution of expenditure across two different points in time. This provides some insight to how resources are distributed across policy areas and how these may have changed, or stayed the same. In a sense what this section is looking at is how resources were prioritised at the end of a period of strong economic growth and how they are now prioritised as the nominal volume of expenditure returns to levels last experienced at the start of a difficult period in the history of Irish society.

In terms of the types of public expenditure, the distribution has shifted in the sense that non-pay related current expenditure in 2018 accounts for 57% of total expenditure having accounted for 54% in 2007. The share of total expenditure accounted for by pay and pensions has increased by 1 percentage point to 33%. The share of total expenditure account for by capital investment by government has decreased from 14% in 2007 to 9% in 2018.

In overall terms, in 2018 almost 78% of total government expenditure is accounted for by four policy areas: social welfare, health, education and justice. (See Figure 4) In 2007, these four sectors accounted for 73% of total government expenditure. While there have been some marginal changes in three of these sectors, the share accounted for by social welfare has increased by 5 percentage points. When the perspective is broadened to include the next largest sectors, the share of total voted expenditure accounted for by these policy areas increased by 1 percentage point to 90% between 2007 and 2018.
Non-Pay Related Current Expenditure

As noted above more than half of total expenditure is accounted for by non-pay related current expenditure. However, this type of expenditure is dominated by the policy areas of social welfare and health. These policies not only account for three-quarters of this type of expenditure, their share has increased relative to 2007. Expenditure on both of these policy areas differ from each other in that non-pay related current expenditure accounts for almost all of the social welfare current allocation in 2018 (98%) but just less than half of the health allocation (48%).
Figure 5 – Distribution of Non-Pay Current Expenditure, 2007 and 2018 (% of Total Non-Pay Current Expenditure)


Figure 6 – Distribution of Current Expenditure on Pay & Pensions, 2007 and 2018 (% of Total Current Expenditure on Pay & Pensions)

**Expenditure on Public Service Pay and Pensions**

About a third of total expenditure is accounted for by current expenditure on pay and pensions. Perhaps unsurprisingly, this type of expenditure is dominated by those sectors with the largest numbers of public servants: Health, Education, Justice and Defence. Between them these policy areas account for almost 90% of public service pay and pensions. (See Figure 6) Since 2007, their share of this spend has changed slightly with health accounting for a slightly lower share while education accounts for a slightly higher share.

As a share of each policy area’s 2018 total current allocation, expenditure on pay and pensions within defence accounts for 86% while that within health accounts for 52%; pay and pensions expenditure within the education and justice policy areas account for about 78% of their current expenditure.

**Capital Expenditure**

As outlined above, in nominal terms, government investment in capital resources in 2018 is three-quarters of what it was in 2007 (or 65% of peak volume of investment in 2008). Figure 7 compares the distribution of the 2018 allocation of government investment by policy areas against that for the year prior to the economic and financial crisis and as with the other types of expenditure, over three-quarters of capital expenditure is accounted for a small number of policy areas.

While the distribution is for the most part unchanged it does reflect a shift from land transport to water services and enterprise policy areas. Yet, despite this shift, land transport continues to account for a fifth of government’s total capital investment. Government investment in housing in 2018 accounts for the same share of total investment as it did in 2007 but it should also be noted that in recent years there has been a significant increase in non-pay related current expenditure on housing (e.g. Housing Assistance Payments).
Figure 7 – Distribution of Capital Expenditure, 2007 and 2018 (% of Total Capital Expenditure)

Drivers of Public Expenditure

Throughout this report a range of expenditure drivers have been identified within each of the Vote chapters. The purpose of this section is to provide a brief summary of key drivers of expenditure.

Demographics

Ireland’s demographic profile is younger relative to other European Union countries. However, this should not distract from how that profile is projected to age over the coming years and contribute to increased demands for public services with resultant pressure on expenditure policy. For instance, over the next decade it is forecast that likely additional costs due to increased demands for public spending across the health, education and social protection areas are of the order of over €400m a year from 2023-2027.\(^3\)

Demand for public services are in part related to the age profile of the population and how this changes over time. There is a temptation to acknowledge the importance of demographic pressures but to then regard them as something that can be dealt with in the future. However, the impact of such changes are evident today. For instance, the allocation for the State Pension has increased by €900m between 2015 and 2018. While part of this increase is as a consequence of increases in the rate, about two-thirds of the increase is due to increases in the numbers of people eligible to receive the State Pension. Looking to the future, the latest actuarial review of the Social Insurance Fund (SIF) estimates that increasing demand, particularly as a result of demographic pressures on State Pension payments, could result in a deficit of some €3bn by 2030.

Another example relates to the relationship between the number of children and young people and demand for education both today and over the next decade or so. The number of children aged 14 years or younger has increased from about 828,000 in 2000 to about 1 million in 2017. This increase is associated with a large number of children and young people who are progressing through the education system. It is projected that primary pupil enrolment will peak this year with second level enrolment peaking in 2024. In addition to the provision of day-to-day educational services, as this cohort of children progress through the education system they will contribute to a need for further capital investment in the education sector, in particular at third level. Once the majority of this cohort have progressed through the education system, there are likely to be new challenges of how best to manage and allocate resources in light of projected reductions in demand for education services.

While demand for health care services is spread across the population, older cohorts tend to utilise health care services more that younger cohorts. One of the tangible benefits of investment in health care has been the substantial improvements in life expectancy within the Irish population. It is projected that the number of people aged 65 years or older will increase from about 532,000 in 2011 to about 991,000 by 2031. While Ireland is achieving similar health outcomes to other countries, it is spending more per capita. This broad context means that Ireland faces the challenge of managing potential increased demand for health care services while at the same time embracing the opportunity of leveraging the existing levels of public resources to deliver even more improved levels of population health.

Public Service Numbers and Pay & Pension Bill

The public service pay bill is comprised of the number of public servants and their rates of remuneration. At the end of 2017, the State employed over 317,500 FTEs representing approximately 15 per cent of total employment in Ireland. Over the last two decades public service numbers have been driven predominantly by changes in demographics and service demand as well as developments in the economy and the public finances. On the one hand, between 2000 and 2017, total public service employment increased by nearly 30%. (That said, public service numbers decreased by almost 10% between 2008 and 2014.) However, on the other hand, the population increased by about 26%. On a per capita basis, the number of public servants has remained relatively unchanged.

It is worth noting that over the last decade there has been a noticeable change in grade distribution of the civil service. Figure 8 sets out the share by groups of civil servant grades in 2007 and 2017 while Figure 9 presents the number of civil servants in grades lower than the reference grades of either principal officer or assistant principal officer. In Figure 8 it is evident that there has been a decrease in the relative size of the most junior grades and an increase in relative size of the middle management grades. Similarly, in Figure 9 it is evident that in most Departments there were fewer staff for each principal officer and assistant principal officer in 2017 than was the case in 2007. This change may in part be due to grade drift but may also reflect a restructuring of the civil service associated with its modernisation and reform.

Figure 8 – Relative Sizes of Civil Service Grades, 2007 and 2017

Source: Department of Public Expenditure & Reform

\(^4\) It should be noted that not all public servants are paid directly from the Exchequer, e.g. local authority staff and employees of certain non-commercial state agencies.
During the economic and financial crisis Government policy focused on making savings from the Exchequer pay bill by both reducing the number of public servants and rates of remuneration. To control the number of public servants a moratorium on recruitment and promotion across the public service was introduced as an emergency measure in 2009. A variety of actions were taken to reduce pay rates (as well as introduce wide-ranging reforms to the public service, including redeployment, which focused on achieving efficiencies and increased productivity through the maintenance of public services with reduced numbers of staff). By the end of 2014, the measures introduced during the crisis had yielded €3.4bn related to direct savings in the pay bill.

Since the moratorium on public service recruitment was lifted, public service numbers in the health, education and justice sectors as well as other areas of the public service have grown, on average, by more than 3 per cent a year. Between 2014 and 2017, this has equated to an additional 8,000 full time equivalents a year (an additional €1.8bn in pay bill expenditure). Public service staffing is now close to its peak level of just over 320,000 in 2008.

The moratorium did allow for the filling of some vacancies in exceptional circumstances, particularly in the Education and Health sectors. It also provided for vacancies to be filled by redeployment of staff from other Departments or public bodies. The reduction in numbers became more targeted in 2010 with the introduction of Employment Control Frameworks (ECFs) which involved setting multi-annual headcount ceilings for public service bodies. Each Department, and bodies under their remit, then had to deliver on their targets through non-replacement of retiring staff, redeployment and incentivised career breaks.
The issue of public service pension costs is also important in the context of overall Exchequer expenditure. Exchequer expenditure on public service pensions has increased significantly in the last couple of decades and is likely to continue to increase given demographic factors and the numbers of public servants who are likely to retire over the next decade or so. The share of civil servants who are aged 55 years or older has almost doubled from 15% in 2007 to 28% in 2017. From Figure 10 it is clear that the share of civil servants in 2017 who are both within 10 years of achieving 40 years of service and are aged 55 years or older has increased relative to 2007.

**Figure 10 – Length of Service by Age (Civil Service), 2007 and 2017**

As the public service hires additional staff, the accrued liability in respect of retirement benefits for current and former public service employees will increase beyond its current estimate of between €97.2bn and €114.5bn. Therefore, it is important that decisions related to the hiring of additional staff across the public sector are taken with a view to ensuring the short and medium term sustainability with regard to the Exchequer pay bill and the longer term sustainability in the Exchequer pension bill. The current level of expenditure on public service pensions, in addition to the level of future liability, highlights the need to ensure a sustainable approach in relation to the recruitment of additional public servants.

**Labour Market**

The future outlook for employment is positive. The latest Labour Force Survey figures indicate that reductions in unemployment are continuing and growth in the numbers employed is strong. The latest Department of Finance projections, contained in the *Stability Programme Update 2018*, forecast average annual employment growth of 2.0% over the period 2019 to 2021. The unemployment rate is expected to reach 5.3% in 2019 and subsequently remain
It is expected that these developments will reduce Live Register related costs and demand for employment supports in 2018 but this will begin to level off in 2019.

While these developments are very positive, the legacy of the last decade points to a number of challenges. Expenditure in this area is greater than it was in the years prior to the emergence of the economic and financial crisis. Participation levels have improved but remain below the European average. The numbers of people on the Live Register have decreased but have not done so at the same pace as unemployment. The long-term unemployed (3+ years) account for about 15% of the Live Register. Despite these challenges, there are opportunities to increase engagement and improve labour market participation across the whole of the Irish population. Activation is a key policy tool to boost labour force participation and can be supported through the ongoing implementation of the actions set out in Pathways to Work and the Comprehensive Employment Strategy for People with Disabilities.

Purpose of Public Expenditure

The development of modern welfare states has meant that governments have tended to have an increasingly more active role in their societies. The rationale for such interventions are related to how markets for goods and services work, or in this case how they don't work, that is, market failures: the production of “public goods” and other types of goods for which the benefits are non-excludable and accrue to those other than the direct consumer, monopoly power and imperfect information or uncertainty about the future as well as a tendency for people to discount future preferences. Government intervention is also motivated by distributional considerations that are concerned with developing a more equitable society by means of a more equal distribution of income or reducing the levels of poverty.

Based on the various rationales for government intervention, there are three core types of government expenditure: expenditure on government services, transfer payments and investment in infrastructure. Throughout this report the Vote chapters set out a variety of results or outcomes that are associated with public policies. The purpose of this section is to provide a brief summary of these key results or outcomes.

In developed countries, education and health care are the major items of public consumption and from the above it is clear that Ireland is no different. Government expenditure in both of these areas is motivated in part by redistributive considerations to ensure access for all to such services. Over the past couple of decades, health outcomes within the Irish population have improved significantly. For instance, in 1997 Irish life expectancy at birth was 76.1 years (a year and a half less than the average for the rest of the EU15) but by 2015 it was 81.5 years and more or less equal to the EU15 average. The growth in life expectancy suggests that the investment into healthcare in recent decades has translated into tangible benefits for the population. In terms of education, just over half of those aged 25-34 years had attained a tertiary education degree as of 2015. Compared to other countries, Ireland is performing above the average share of populations who have done so within both the OECD and EU22.

A second type of expenditure is transfer payments. The largest component of this type of government expenditure is expenditure on social welfare programmes. The core motivation for these types of transfer payments are government objectives relating to equity, income equality and the alleviation of poverty. The Irish welfare system performs well in terms of redistributing income and reducing the number of people at risk of poverty. Within the OECD, Ireland is the most effective country at reducing the level of inequality between pre and post transfer income.
The State plays a central role in ensuring the provision of an appropriate level of infrastructure to support economic activity and to enhance the quality of life of its citizens. Public investment in a country’s infrastructure has two economic motivations: to provide a level of infrastructure that raises the productivity of the economy and to provide public amenities that improve citizens’ quality of life and ensure that services are provided in appropriate settings. Over the last two decades, substantial progress has been made in improving the road linkages across the country. In particular, there have been significant improvements in the road linkages between the major urban areas and regions.

Policy Challenges

Throughout this report a range of policy challenges have been identified within each of the Vote chapters. The purpose of this section is to provide a brief summary of key policy challenges.

Economic Context

There are a number of external factors that may impact on the Irish economy over the short-to-medium terms. The Department of Finance has set out a risk assessment matrix that lists the principal identifiable economic risks along with an assessment of their relative likelihood and economic impact. The main short-term risks relate to Brexit, increasing trade protectionism and a tightening of financial market conditions. Over the medium term, the principal risks relate to potential overheating as the economy approaches full-employment, a more adverse than-expected outcome of the Brexit discussions, a faster-than-expected normalisation of monetary policy (especially in the euro area) and changes in other jurisdictions that affect the competitiveness of Ireland’s corporate tax regime.6

Environment

Ireland will continue its efforts to meet its climate change obligations. The need for Ireland to transition to a low carbon, climate resilient and environmentally sustainable economy is increasingly urgent. That said, Ireland has made progress across a range of environmental policy areas and has taken important steps towards a circular economy where resources are used in a more sustainable way.

Delivering a Substantial Programme of Capital Investment

A key policy challenge over the course of the next decade is to ensure the implementation of the National Development Plan which sets out Ireland’s investment priorities through a total investment estimated at €116bn.7

Road Network

The objective under the National Development Plan is to ensure that every region and all the major urban areas are linked to Dublin by a high-quality road network. Furthermore, it is intended to make substantial progress in linking the regions and urban areas with each other as a major enabler for balanced regional development. It is intended that this investment in regional access will be complemented by investment in, and maintenance of, local and regional

routes throughout the country, enabling local communities to access local, national and international markets and services.

**Broadband**

In order to ensure that Ireland’s citizens and businesses can avail of the opportunities and benefits of the digital age it is important that they have access to quality high speed broadband. The *National Broadband Plan* aims to deliver access to high speed affordable broadband to every home and business in Ireland through a combination of accelerated commercial investment and a State intervention in those parts of the country where there is no certainty that the private sector will invest.

**Housing**

The already high demand for housing in Ireland is likely to continue over the next decade due to sustained economic growth, a growing population and the rate of projected household formation. In terms of social housing, the *National Development Plan* sets out a planned capital investment of over €4.2 billion (2018 to 2021) to support the delivery of some 40,000 new social housing homes.

**Sustainable Public Finances**

It is important that Ireland continues on a sustainable fiscal path. While the EU fiscal framework is complex, it plays a pivotal role in providing a strong anchor to the successful conduct of fiscal and expenditure policy in Ireland.

The decade preceding the economic crisis was characterised by significant growth in public expenditure, a scale of expenditure growth that proved to be unsustainable. In the last number of years, a key focus has been on ensuring ongoing, sustainable improvements in public services and infrastructure. As outlined in the *Summer Economic Statement 2018*, a policy of sustainable incremental improvements in the delivery of public services works towards ensuring that the pattern of unsustainable growth in the run up to the economic crisis, and subsequent necessity for expenditure reductions will not be repeated.

While much attention focuses on public expenditure, another important factor is public debt. Ireland’s public debt peaked in 2012 at around 120% of GDP. Since then it has decreased, and the Department of Finance forecasts it at 66% of GDP this year. However, it is important to note that the marked reduction in the debt ratio that occurred in 2015 was primarily as a result of the unprecedented GDP growth that year. If an alternative measure of national income is used, the modified GNI*, as recommended by the Economic Statistics Review Group, the public debt ratio is forecast to be just under 97% in 2018. From this perspective, Ireland’s level of indebtedness remains very high by international standards. A consequence of high levels of public debt is that it limits the scope for absorbing external shocks. In order to ensure that Ireland has the room to weather unforeseen adverse events it will be important that this public debt ratio is further reduced.

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Agriculture, Food & the Marine

Niall McCabe

Summary

- From 1997 to 2017, Agriculture expenditure increased from €1bn to €1.4bn, although the peak of €2.1bn in 2008 has not re-occurred.
- As a proportion of government expenditure, Agriculture accounts for 2.3% of Gross Overall Expenditure (down from 2.8% in 2007 and 5.2% in 1997).
- The composition of expenditure on Agriculture tends to be relatively static over time, while different sectors have been added (for example the marine sector in 2008 and forestry sector in 2004).
- Spending Review 2018 takes an in-depth look at four components of expenditure - Beef Data and Genomics Programme, Forestry, Agriculture Cashflow Loan Support Scheme and also Research Funding Programmes.

Long-Term Trends

From 1997 to 2017, Agriculture, Food and the Marine Vote expenditure increased from €976m to €1,366m. The 2008 expenditure peak of €2.1bn was due to unplanned levels of take-up for the (now closed) Farm Waste Management Scheme (FWMS). This caused expenditure levels to surpass allocated expenditure and resulted in a marked increase in capital expenditure for the years 2008 – 10 (inclusive). Additionally, responsibility for forestry was transferred to Agriculture in 2004 and for the marine/seafood sector in 2008. The EU co-funding driven cyclical nature of agriculture expenditure is evident in the pattern of Exchequer funding deployed from 2007 onwards (RDP 2007-2013) and in the ramping up of Exchequer funding from 2014 onwards (RDP 2014-2020).
Over the past 20 years, Agriculture, Food and the Marine’s expenditure as a proportion of total voted Exchequer expenditure has dropped from 5.2% in 1997 to 2.3% in 2017. Figure 2 illustrates the 20 year trend.

Source: DPER Statbank
The proportionate reliance of the agri-food sector on Exchequer funding has changed over the last decade. EU Common Agriculture Policy (CAP) priorities have fostered a re-purposing of expenditure towards targeted policy initiatives. The expenditure role of Department of Agriculture, Food and the Marine is to serve the government and people of Ireland by leading, developing and regulating the agri-food sector, protecting public health and optimising social, economic and environmental benefits.

Figure 3 - Agriculture, Food and the Marine voted expenditure on substantial functions 2017 compared to 2018 Revised Estimates allocation (new programme format breakdown in use since 2017)

The functional breakdown between programme expenditure in Department of Agriculture, Food and the Marine was updated in 2017 providing greater visibility on the totality of Seafood sector expenditure. A key target of the agri-food industry strategy FoodWise 2025 is an investment-driven doubling of the contribution of the seafood sector as a proportion of overall national economic activity (out to 2025).

Expenditure Drivers

The different priorities assigned to each seven-year duration (EU-co-funded) Common Agriculture Policy (CAP) programme has fostered a re-purposing of expenditure towards targeted policy initiatives. The present 2014-2020 CAP objectives (as expressed by the EU) are (1) enhancing the competitiveness of agriculture; (2) ensuring the sustainable management of natural resources and climate action and (3) achieving a balanced regional development of rural economies and communities.
Estimated 2016 and 2017
While Ireland received €22.6bn from the EU CAP towards Agriculture and Rural Development (between 1997 and 2017 inclusive), during the same period, the Exchequer CAP contribution was €13.4bn. The steadily rising Exchequer contribution toward CAP Agriculture and Rural Development expenditure is evident, having risen from 17% in 1997 to 67% in 2017, in line with Ireland’s increasing contribution to the overall EU budget.

Staffing Trends

The staff number reduction achieved by DAFM over the last decade has been due to a number of factors; but principally the re-organisation of the Department’s Regional Office Network to
take account of changes in business priorities, the success of animal disease programmes and increased investment in IT. This facilitated the redeployment of some resources to other Public Service Organisations.

The Department’s staffing profile comprises just over 50% of general grades at CO, EO, AP, PO levels. The remaining staff profile includes a range of Professional and Technical skillsets ranging from Engineers, Veterinary Inspectors, Agricultural Inspectors, Technical Agricultural Officers, Laboratory Specialists, etc.

*Figure 6 - Agriculture, Food and the Marine staff profile by equivalent grade 2018*

A large element of ongoing expenditure commitment annually is staffing costs. The last decade has witnessed an alteration in the organisational profile of Department of Agriculture, Food and the Marine. During the period 2007-2017, the number of COs, SOs & EOs reduced by 42%, 76% & 23% respectively (Figure 7 below). Higher grade level staff numbers have been relatively static over the period.
Trends in staff grade composition (Figure 7 above) show the reduction in the number of staff from 4,294 Full Time Equivalent (FTE) civil servants in 2007 to 3,033 FTE in 2017 has been due to reduced numbers of staff within the grades with the largest number of staff (EO and CO grades). Over the period, the number of Executive Officers (EOs) decreased by 258, Clerical Officers (COs) decreased by 474, with the number of staff categorised as ‘Other’ category (TCO, SVO, POL, NPP and NPI) reduced by 54%, down by 88 FTE posts.

In 2017, 90 civil servant staff were under the age of 29 in Department of Agriculture, Food and the Marine which was 3% of total headcount (Figure 8 above). The 2017 headcount number of staff who were 60 years old and above was 471 (16% of total headcount). The age-band category with the highest number of staff has remained the 40-49 age group (893 headcount accounting for 29% of staff in 2017).
Figure 9 above depicts a relatively static balance between female and male civil servants in Department of Agriculture, Food and the Marine. Despite the overall headcount having dropped by approximately one third since 2007, the pre-existing pattern has remained intact.

**Longevity of Service**

Figure 10 above conveys the emerging trend of longevity in service. 52% of pensionable staff have between 10 and 29 years of service. The highest growth is seen in the 35-39 years category, up 350 since 2012, an increase of 184%. The second highest growth evident is in the 10-19 years category, up 322 since 2012, an increase of 44%. It is evident that 23% of staff have more than 35 years of service. Thus, workforce planning will need to be employed.
to ensure that the right number of people with the right skillsets are in place to deliver the Government’s priorities for the Agriculture, Food and the Marine sector.

Outcomes

There is a strong emphasis across the sector to drive value-added exports. Since 2007, annual agri-sector exports have risen from €9.6bn to €13.6bn in 2017 (Figure 11 below). It should be noted that the agri-food industry strategy ‘Food Wise 2025’ annual export target is €19 (to be achieved by 2025).

Figure 11 - Agri-sector exports 2007-2017 (inclusive)

The CSO has recorded a steady rise (2009 onwards) in annual Agri-sector exports reaching €13.6billion annually in 2017. Food Wise 2025, the food sector policy is targeting the achievement of annual agri-sector exports of circa €19billion by 2025.

Challenges remain in relation to the level of female participation in a constantly evolving labour market. According to EuroStat, in the EU-28, women account for 35.1% of the farming workforce. Ireland is an (EU) outlier in terms of female farm ownership (17%), farm worker participation (16%) and female farm management (28%) (EuroStat). Tapping into female participation may provide further opportunities for the sector.
Future Policy Challenges

Rural Development Programme (RDP) 2014-2020
Ireland’s Rural Development Programme (RDP) 2014 - 2020 is co-funded by the EU’s European Agricultural Fund for Rural Development (EAFRD) and the Exchequer. EU support for the RDP via the EAFRD amounts to an aggregate sum of €2.19 billion over the 7-year Programme lifespan. This EU funding will be supplemented by Exchequer funding, bringing the total envisaged allocation to some €4 billion. However, an underspend has occurred during the period 2014 – 2017 (inclusive) which means that meeting the projected spend for the full programme will prove problematic within current fiscal rules.

Brexit
Structural changes may be accelerated by the prospect of Brexit. Effective hedges against Brexit-related negative effects are to continue to boost competitiveness and have market development and diversification. Focusing on reducing input costs and maximising the use of available resources which hitherto may have been regarded as by-products or waste, could boost competitiveness.

Emissions-related Climate challenge
A significant challenge exists in measuring and analysing outcomes and benefits delivered by Rural Development Programme expenditure. Future prioritisation of finite exchequer resources between the sectoral programmes and against other areas of Government expenditure will remain an ongoing challenge.

Evidence Base
In order to assess whether value for money is being attained, visibility needs to be achieved in conveying the essential improvements being funded.

Figure 12 - Female farming worker participation percentage

Source: Eurostat
Business, Enterprise & Innovation

Robert Scott, Emma Lynch and Aisling Kirby

Summary

- From 1994 to 2018, Business, Enterprise and Innovation Vote expenditure (excluding FÁS) increased from €401m to €871m.
- As a percentage of overall gross voted expenditure, D/BEI has remained constant in recent years at approx. 1.5%.
- The programme spend on Innovation has increased 15-fold (€333 million) in the period of 1994 to 2018.
- Spending Review 2018 has two papers related to this Vote – FPA of Capital Supports for Start-ups and Entrepreneurships and a trend analysis of IDA Ireland Expenditure.

Overview

Expenditure Trends

From 1994 to 2010, D/BEI expenditure increased from €401m to €947m when FAS expenditure (excluded from 2011 onwards) is taken into account. The Expenditure outturn for the Vote in 2017 had increased to €852m, increasing to €871m in 2018 and again in 2019 with a pre-Budget position of €911m outlined in Expenditure Report 2018 in line with the allocation of additional capital as in the National Development Plan in line with the mid-term review of the capital plan. This would bring the allocation within 96% of the 2010 peak.
Figure 1 - Business, Enterprise and Innovation Expenditure excluding FÁS (€m), 1994 - 2019

*2018 is the expenditure allocation for Vote 32 as published in the Revised Estimates Volume
*2019 is the pre-Budget expenditure position as published in the Expenditure Report 2018

Figure 1 also illustrates the more dominant capital element to the D/BEI Vote from 2005 onwards.

As a percentage of total voted expenditure, over the past 20 years Jobs, the Vote’s expenditure (excluding FÁS) has ranged from 5.1% in 1996 to 1.5% in 2016. Since the recovery in the public finances, D/BEI’s allocation as a share of overall Voted Expenditure has been relatively constant at 1.5%.

Figure 2 - Main Programme Expenditure (Index: 1994=1), 1994-2018

Source: DPER

9 Department of Public Expenditure and Reform
A brief look at trends of active expenditure programmes are briefly outlined below:

**Innovation (Programme B):**
Innovation expenditure at €356m was the fastest growing programme over the period with a 15-fold increase. This increase was exponential from 2000 when expenditure was €35m until 2012 when expenditure reached €377m.

**Jobs and Enterprise Development (Programme A):**
However, the largest programme is JED which stands at €433m in 2018 after doubling over the period.

**Regulation (Programme C):**
The Regulation Programmes has also increased significantly.

**Staffing Trends**
Given the nature of the Vote Group, approximately 65% of staff are employed in the Department’s nine non-commercial State Agencies (NCSA). Figure 3 shows the total number of staff employed in active NCSAs between 2008 and 2018. Following a peak in 2008, staffing in NCSAs overall reached a nadir in 2015 with numbers increasing steadily since (10%).

**Figure 3 - Numbers Non-Commercial State Agencies (2006 – 2018)**

![Graph showing staffing trends in NCSAs from 2006 to 2018.](image)

*Source: DPER*

The remainder of this section will focus on civil service staffing trends specifically within D/BEI excluding NCSAs.

Figure 4 shows the number of civil servants directly employed within the Department over a thirteen year period. After significant increases from 2006, the number of civil servants employed reached a peak of 1,103 in 2008. Between then and 2012, numbers reduced by 314 (28%). Increased recruitment in the meantime has seen numbers rise to 830 YTD (a 5% increase)

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10 Department of Public Expenditure and Reform
Figure 4 - Department of Business, Enterprise and Innovation FTE Numbers (2006 – 2018)

Source: Civil Service HR Database

The composition of staff illustrates some noticeable shifts. While the number of staff employed at higher grades is broadly similar today to 2006 levels, there has been a decline in the number of EO and CO staff from 2008 peak levels.

Since 2008, the number of Clerical Officer (CO) roles has decreased by more than 100 (34%) in recent years. The number of staff in other entry level grades such as EO and AO has remained broadly constant as has the number of HEOs. The number of Staff Officers (SO) decreased from a peak of 47 in 2007 to 1 in 2018, reflecting the integration of SOs into the EO grade in 2017.

Figure 5 - Department of Business, Enterprise and Innovation Staff Composition (March 2018)

As illustrated above, despite a significant decrease in CO staff numbers in recent years, the highest number of staff are employed at this grade level (225). At present, there are 126 HEO staff along with 213 EO staff. At senior management level, there are 62 PO positions in the Department and double the number of AP staff (123).
The age profile of staff within the Department has changed since 2006 (Figure 6). The number of staff in D/BEI under the age of 30 has declined significantly (some 80%) and now accounts for just 5% of the total compared to 15% in 2006. The greatest proportion of staff in the Department are within the 30 – 49 year age group with 415 YTD. Furthermore, the number of staff aged 50+ and above now accounts for 45% of the total (up from 30% in 2006).

Figure 6 - Department of Business, Enterprise and Innovation Staff Age Analysis (2006 – 2018)

The above age profile of staff is reflected in the pensionable service trends in the Department (Figure 7). The number of staff with 19 years or less pensionable service has decreased from a peak of 746 in 2008 to 501 in 2018 YTD (33%). On the other hand, the number of staff with 30 years or more service years has risen significantly and now accounts for 21% of all staff (up from 13% in 2006).

Source: Civil Service HR Database
Figure 7 - Department of Business, Enterprise and Innovation Pensionable Service Trends (2006 – 2018)

Overall, the number of female staff (2018: 472) within the Department exceeded the number of males (2018: 359) every year between 2006 and 2018 (Figure 8).

Figure 8 - Department of Business, Enterprise and Innovation Gender Yearly Trends (2006 – 2018)

However, the number of males in higher grade levels (Assistant Secretary, PO and AP) has exceeded the number of females and this continues to be the case. As Figure 9 shows, there is evidence of a significant reduction in the size of the gender gap at higher grade levels within the Department, especially since 2009.

By way of illustration, the gender gap between male and female AP staff fell sharply from 54 staff in 2008 to 18 in 2018. As previously noted, the number of male and female CO roles
has decreased, however, the number of females working at this grade level continues to outweigh the number of male counterparts.

**Figure 9 - Gender Gap at Higher Grades**

![Graph showing gender gap at higher grades from 2006 to 2018. The graph displays the difference in gaps between Assistant Secretary, Principal Officer, and Assistant Principal over the years.](image)

*Source: Civil Service HR Database*

**Expenditure Drivers**

**Programme Drivers**

In the case of D/BEI the drivers of the expenditure are evident when we look back at past trends, however they are not driven by easily forecastable by demand-led drivers such as demographics. The drivers for D/BEI tend to be more reactive to the economic and industrial climate.

The capital allocations for Programmes A and B are focused towards IDA Ireland, Science Foundation Ireland and Enterprise Ireland’s grant spend (industry and R&D) and on capital investment (IDA Property Programme). This capital grant expenditure encompasses 56% of D/BEI’s total allocation for 2018 (Pay & Pensions being the next highest portion of expenditure at 25%). These grants are concentrated on attracting FDI and stimulating indigenous enterprise. Regulation (Programme C) is mainly a current spend on the regulatory non-commercial state agencies that are becoming more prevalent and active in the enterprise arena dealing with areas such as workers’ rights, safety and consumer protection.

In Programme A - Jobs and Enterprise Development there has been an increase of 107% in spend from 1994 to 2018, however its overall proportion of spend is relatively constant throughout the period. Of this €210m expenditure increase, roughly 72% of it can be ascribed to the increase in funding for grants given to the IDA and EI over the period. Given the current importance of creating sustainable rural and regional jobs through both EI and IDA, this is likely to be a constant driver of expenditure within the Department in the coming years.

As Figure 2 shows, the main driver of expenditure in D/BEI since the early 2000s is Programme B – Innovation. There was a very large increase in expenditure on Science and Technology Development under Programme B – Innovation, between 2000 and 2018. The
two main drivers to this growth are the evolution of Science Foundation Ireland (SFI) since its creation in 2000 and the increasing focus in EI on its R&D programmes.

SFI is the primary driver of this acceleration in spending on the Innovation programme due to its growing importance to both the indigenous enterprise base and its role in aiding the IDA in attracting foreign direct investment through its research centres and academic expertise. In addition, EI have increased their focus on their R&D programmes which are collaborations with both industry and 3rd level institutions.

The large increase in Regulation - Programme C - historically has been mainly driven by the addition to the Vote Group of the Workplace Relations Commission and Competition and Consumer Protection Commission as well as significant growth in the expenditure allocation of the Health and Safety Authority.

Programme for Partnership Government Commitments
The Programme for Partnership Government (PfPG) includes targets for the following:
- 200,000 additional jobs by 2020, including 135,000 outside of Dublin;
- A reduction in the national unemployment rate to 6%;
- Facilitating the return of at least 70,000 emigrants;
- Prioritising balanced regional development, and aims for an unemployment rate in each county that is within one percent of the State average by 2020; and
- Additional capital towards agencies for regional development and additional facilities to attract further multinational employment.

The PfPG also highlights the importance of quality employment, collective bargaining, well-functioning dispute resolution mechanisms and a safe working environment. Regarding regional development, specific expenditure commitments are:
- An extra €300million in capital funding between Enterprise Ireland and Udarás na Gaeltachta to allow them to provide additional support to Irish owned enterprises. This extra funding will give Local Enterprise Offices and incubation centres additional resources to help support start-ups and small businesses across the country.
- An extra €200million to the IDA which will allow it, among other things, to attract more multinational jobs by building additional advanced facilities in regional towns. This will follow on from the 11 advanced facilities which are currently being rolled out.

Payroll Impacts
- Significant pension costs are to be expected over the next 10 years with one-fifth of current civil service staff at or due to reach 40 years’ service. In the shorter term, over 15% will reach this milestone over the next 5 years.12
- There is potential for this issue to also arise in relation to the Non Commercial State Agencies under the aegis of D/BEI. These costs would have to be met from within the D/BEI vote allocation.
- Conversely, with almost half of staff over the age of 50, there is a likely need for recruitment in the medium term that will impact on the pay bill (although likely to be offset by retirements mentioned above).

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12 Retired Civil Servants are paid from the Superannuation Vote.
Outcomes

The various outputs of the Department and its non-commercial state agencies, and the effect on outcomes are outlined below.

Outputs include employment impacts, increased trade promotion and fostering greater levels of innovative activity and R&D, etc. At end of 2017 D/BEI agency client companies accounted for some 20% of all employment (457,266 jobs) with approximately 45,000 of these jobs outside of Dublin. This has helped contribute to the reduction in the rate of unemployment from just under 15% in early 2012 to 5.9% in April 2018.

Table 1 - Department of Business, Enterprise and Innovation Job Creation Numbers 2017

<table>
<thead>
<tr>
<th>Agency</th>
<th>Total Number of Jobs</th>
<th>Net Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA Ireland</td>
<td>210,443</td>
<td>10,684</td>
</tr>
<tr>
<td>EI</td>
<td>209,338</td>
<td>10,309</td>
</tr>
<tr>
<td>LEO</td>
<td>37,485</td>
<td>3,760</td>
</tr>
<tr>
<td>Total</td>
<td>457,266</td>
<td>24,753</td>
</tr>
</tbody>
</table>

Source: IDA, EI, LEO (2018)

D/BEI supports have helped to increase trade, innovation, and have also leveraged high levels of Foreign Direct Investment for Ireland in recent years. For example, in 2017 some 237 investment projects were won by the IDA – this helped Ireland achieve a rank of 4th amongst UN countries for FDI inward stock in 201613.

Client companies have a significant impact on economic output. During 2017, some €45bn in direct expenditure was undertaken by client companies whilst export sales by EI client companies amounting to €21.6bn.14

Investment in R&D has helped Ireland to improve its ranking in global scientific excellence. In 2017, Ireland was ranked 11th, with Ireland’s performance in the areas of nanotechnology, animal and dairy science, immunology, agricultural science, mathematics, materials science and chemistry contributing to our high ranking position.

SFI Research Centres currently in operation resulted in industry collaborations with almost 800 companies.15 They are focused on key sectors of the Irish economy, including pharmaceuticals, data analytics, medical devices, and advanced materials, marine and renewable energy. The twelve SFI Research Centres are and will be a significant part in building scale in research disciplines in Ireland.

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13 UNCTAD World Investment Report
Future Policy Challenges

Given Ireland’s economy is deeply embedded in the international economy, there is a risk to Irish businesses arising from disruptions internationally.

The Department of Finance have identified a number of external factors which may affect the Irish economy in the short to medium-term. These include an outcome to continuing Brexit negotiations which would result in a WTO-type arrangement between the EU and UK, having a particularly detrimental impact on Irish-U.K. trade; disruptions to world trade arising from a rise in protectionism; and any impact on global growth from geopolitical uncertainty.

The Department has outlined its response to these external challenges in its latest Statement of Strategy.16

Meeting Programme for Partnership Government Priorities

Significant progress has been made in terms of jobs creation with a further 25,000 net jobs directly created by agencies in 2017. This has contributed to the reduction in the unemployment rate to 6% as set out in the PFPG.

Significant additional resources have been allocated to both Enterprise Ireland and the IDA in order to improve regional development.

Medium to Long Term Strategies

There are a number of challenges facing D/BEI within the medium to long term, including domestic and externally driven issues. D/BEI’s three main medium to long term strategies include:

- Action Plan for Jobs 2018
- Enterprise 2025 Renewed
- Innovation 2020

The Action Plan for Jobs was first published in 2012 and has been an annual publication ever since. It sets out agreed actions to be completed during that year that feed into the Department’s overall goals in the medium to long term such as to drive enterprise, stimulate regional growth and, in the latest iteration, ensuring enterprise resilience as part of the response to Brexit.

Enterprise 2025 was launched in November 2015 to set out Ireland’s national enterprise policy from 2015 to 2025. Amidst global challenges including, the UK’s decision to leave the European Union, international tax developments, technological advances and changes in US policy, a review of Enterprise 2025 was conducted. Following the review process, Enterprise 2025 Renewed was agreed by Government and published in March 2018. An export led growth strategy remains at the core of enterprise policy but the key new elements included were; building resilience into our enterprise base both in indigenous firms and those here through FDI and ensuring innovation and talent underpins everything we do in this regard.

D/BEI is the lead Department responsible for Innovation 2020 which reflects the whole-of-Government strategy for research and development, science and technology that is supported at an EU level by the Horizon 2020 framework programme. The key Innovation 2020

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commitment to increase public and private investment in research is making progress. Since the publication of the strategy in 2015, direct Exchequer funding of RDI has increased from €736m in 2015 to an estimated €761m across different Departments and State Agencies in 2016. The European Innovation Scoreboard also shows that Ireland is a strong innovator, leading Europe in terms of innovative SMEs and employment in knowledge-intensive activities. While not a leader in terms of the amount invested in RDI, Ireland is leading Europe in terms of the employment and innovation impacts achieved on this investment\textsuperscript{17}.

**Rationale for looking at specific areas within Spending Review**

**The Spending Review 2018 topics:**

- **A Focused Policy Assessment of D/BEI’s Capital Supports for Start-ups and Entrepreneurship**
  Within DBEI’s 2018 Capital Allocation allocated to Job and Enterprise Development; circa €54m was allocated for Enterprise Ireland “funding to industry” and €49m was allocated to the Seed and Venture Capital Fund with €22.5m for Local Enterprise Development. The importance of fostering enterprise growth is well acknowledged and *The National Policy Statement on Entrepreneurship in Ireland* has identified key targets for support of entrepreneurs and start-ups which have been reiterated in Enterprise 2025 renewed. This FPA will provide a useful analysis of the various supports available and the activities which arising from this investment.

- **A Trend Analysis of IDA Ireland Expenditure**
  IDA Ireland seeks to attract FDI to locate in Ireland, setting ambitious targets for job creation, investments in regional areas and R&D expenditure. To help the agency achieve these objectives, IDA Ireland received a €132m grant allocation (€180m overall, 21% of DBEI’s total allocation) for 2018.\textsuperscript{18} In light of the important role of IDA Ireland, the Spending Review 2018 analyses expenditure in IDA Ireland over recent years.

**Workforce Planning**

- As noted in section one, 45% of staff in the Department are due to retire within the next 15 year period. There may be a number of implications arising from this including a loss of knowledge accumulated by staff with many years’ experience within the Department.

- Although the gender gap at higher grade levels has reduced significantly, a disparity between the number of males and females at Assistant Secretary, PO and AP level remains evident.

\textsuperscript{17} Department of Business, Enterprise & Innovation (July 2017). *Innovation 2020 2017 Progress Report.*

\textsuperscript{18} REV 2018.
Children & Youth Affairs

Larry Dunne

Summary:

- Since 2014, gross voted expenditure by the Department of Children and Youth Affairs has increased by 38% to €1.38 billion.
- In terms of composition, 54% of gross expenditure allocated for 2018 relates to the work and services of TUSLA while 35% is accounted for by childcare related supports.
- At end Quarter 1 2018 there were 4,253 staff employed within the Department and its Agencies, with some 87% employed in Tusla providing child protection and welfare services.
- The primary drivers of expenditure are related to demographics, economic dynamics, service demand and policy direction/implementation.
- In terms of demographics, the number of children is projected to increase over the next couple of years but demographic pressure in this cohort is expected to ease over the medium term.
- Policy direction and implementation is a key factor in determining expenditure in the area of childcare, the implementation of the Affordable Childcare Scheme, the extension of ECCE and commitments to provide supports in this area are important factors.

Long-Term Trends

Over the period 2014 to 2018, gross expenditure (current and capital) on the Children and Youth Affairs Vote increased from just under €1 billion to €1.38 billion, an increase of €384 million or 38%. Comparing expenditure before 2011 is difficult as the Children and Youth Affairs Vote was only established in 2011. The move to establish the Department of Children and Youth Affairs centralised a number of policy areas and programmes from a range of areas including health, education and justice. Thus, while many of the functions and programmes were in place before 2011, it is difficult to track previous developments.
Children and Youth Affairs expenditure is focussed on policy issues that affect children in areas such as early childhood care and education, youth justice, child welfare and protection, children and young people’s participation, research on children and young people, youth work and cross-cutting initiatives for children. As stated the Vote was established in 2011 and centralised a number of functions across a wide range of areas that related to children and youth affairs. As such, the work of the Department and the programmes delivered have a range of cross-cutting implications and relevance for other areas of policy. For instance, the delivery of childcare and youth initiatives supports overall Government objectives including better educational outcomes, health outcomes, labour force participation, social development etc. The cross cutting nature of the programmes is reflected in the Department’s National Policy Framework, ‘Better Outcomes, Brighter Futures’ which was launched in 2014.

Total expenditure on the CYA Vote can be analysed in a number of ways. The following sets out an overview of expenditure by programme between 2011 and 2018 and by type in 2018. Firstly, it is possible to look at expenditure on the CYA vote by sub-programme area. As can be seen in Table 1, 54% of gross expenditure allocated in 2018 is associated with TUSLA and the delivery of its services. The childcare related schemes, ECCE and general programmes and initiatives, account for 25% and 10% of the allocation respectively while the remainder of the expenditure can be accounted for by youth services and organisations (4%) and other expenditure streams. Table 1 details these expenditure levels between 2011 and 2018. It should be noted that the 2011-2013 figures have been amended to include expenditure on Child and Family Services under the HSE which was subsequently transferred to the CYA Vote following establishment of TUSLA19.

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### Table 1 - Gross Expenditure 2011-2018 by Sub-Programme Area, €’000

<table>
<thead>
<tr>
<th>Sub-Programme Area</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>TUSLA - Child and Family Agency</td>
<td>623,645</td>
<td>628,560</td>
<td>623,988</td>
<td>619,318</td>
<td>662,690</td>
<td>678,996</td>
<td>712,693</td>
<td>753,526</td>
</tr>
<tr>
<td>Early Childhood Care and Education Scheme</td>
<td>163,033</td>
<td>175,768</td>
<td>174,112</td>
<td>173,797</td>
<td>177,082</td>
<td>223,751</td>
<td>300,558</td>
<td>348,800</td>
</tr>
<tr>
<td>General Childcare Programmes and Childcare Initiatives</td>
<td>85,778</td>
<td>85,682</td>
<td>76,139</td>
<td>79,001</td>
<td>84,179</td>
<td>81,217</td>
<td>126,146</td>
<td>135,958</td>
</tr>
<tr>
<td>Youth Services and Organisations</td>
<td>60,941</td>
<td>57,030</td>
<td>53,895</td>
<td>50,523</td>
<td>51,485</td>
<td>53,607</td>
<td>62,776</td>
<td>61,895</td>
</tr>
<tr>
<td>Youth Justice - Child Detention Centres</td>
<td>15,853</td>
<td>17,254</td>
<td>19,293</td>
<td>54,701</td>
<td>29,343</td>
<td>22,869</td>
<td>23,614</td>
<td>27,893</td>
</tr>
<tr>
<td>Other</td>
<td>26,913</td>
<td>25,072</td>
<td>23,733</td>
<td>21,805</td>
<td>24,594</td>
<td>27,988</td>
<td>34,783</td>
<td>55,239</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>976,163</strong></td>
<td><strong>989,366</strong></td>
<td><strong>971,160</strong></td>
<td><strong>999,145</strong></td>
<td><strong>1,029,373</strong></td>
<td><strong>1,088,428</strong></td>
<td><strong>1,260,570</strong></td>
<td><strong>1,383,311</strong></td>
</tr>
</tbody>
</table>

Source: DPER. 2011 and 2017 are provisional outturn. 2018 is allocation.

Note: 2011-2013 TUSLA figures include expenditure under CYA Vote on Family Support Agency, National Educational Welfare Board, School Completion Programme and Child and Family Support Programme and expenditure on Child and Family Services by the HSE.

### Figure 2 - Gross Allocated Expenditure 2018 by Type

Furthermore, gross expenditure under the CYA Vote can be roughly broken down as:

Some three quarters non-pay and one quarter pay as detailed in Figure 2.

As such, the vast majority of the Vote is current expenditure with capital expenditure accounting for 2% of the allocation in 2018.

The proportions are similar to 2017.
The following sets out a brief overview of the main programme areas under the CYA Vote.

**Tusla – Child and Family Agency**

The funding of Tusla is delivered under Programme A of the Vote which is titled Children and Family Support Programme. The stated aim of the overall programme is to support and improve the existing service delivery arrangements to protect and support the welfare of children, young people and families, including oversight of the Child and Family Agency (TUSLA). TUSLA provides a range of services including child protection and welfare services, educational welfare services, psychological services, alternative care, family and locally-based community supports, early years services and domestic, sexual and gender-based violence services.

**ECCE and General Childcare Programmes/Initiatives**

Both ECCE and General Childcare Programmes are delivered under the overall programme of Sectoral Programmes for Children and Young People. The stated aim of the overall programme is to continue to support the provision of both universal and targeted services for the care, development and well-being of children and young people. The primary area of expenditure is the Early Childhood Care and Education Scheme (ECCE). The scheme is a universal programme, meaning that it is available to all children in the State in the qualifying age range. From September 2016, every child in Ireland can start pre-school at age three, and remain in pre-school until they start primary school. Children are able to enrol in pre-school at three different points in the year – September, January and April. In line with this expansion of free pre-school, capitation payments to providers have been fully restored to pre-2012 levels.

There are a number of targeted childcare scheme programmes delivered through the General Childcare Schemes and Childcare Initiatives and these include Community Childcare Subvention (CCS), Childcare Education & Training Support (CETS), After-School Childcare (ASCC) and Community Employment Childcare (CEC) or Community Employment After-School Childcare (CEAS). These programmes have a variety of targeted cohorts. Recent expansions of the ECCE scheme and the introduction of schemes such as ASSC and CEC have increased expenditure and the Budget 2017 decision to introduce an Affordable Childcare Scheme implies a significant change in overall programme delivery under these schemes.

**Youth Services and Organisations**

The Youth Services and Organisations sub-programme provides funding to support initiatives and organisations in the provision of service in the area of youth development. The budget largely comprises of provision for various grant programmes and services including the Youth Service Grant Scheme, the Special Projects for Youth Scheme, the Young People’s Facilities and Services Fund Rounds 1 and 2, Local Drug Task Force projects, the Local Youth Club Grant Scheme, Youth Information Centres, certain other youth programmes and provision for Leargas and An Gaisce. In 2015, a new initiative was introduced which focused on assisting young people to improve their employability termed the Youth Employability Initiative.

**Other Expenditure**

Other areas of expenditure primarily relate to smaller areas of expenditure within the programmes of Children and Family Support and Sectoral Programmes for Children and Young People. This includes:

- Youth Justice – Children Detention Campus
- Area Based Childhood Programme;
- Intervention Programmes Children and Young People;
- Programme for Peace & Reconciliation; and
- Administration expenditure

In addition, the Policy and Legislation Programme expenditure is targeted at key areas of policy, legislation and inter-sectoral collaboration to improve the lives and well-being of children and young people. Expenditure has expanded in recent years and this relates to expenditure on research (longitudinal studies and policy framework) and a Commission of Investigation.

Expenditure Drivers

The key drivers of expenditure in this policy area are demographics, economic dynamics, service demand and policy choices. As with any policy area the factors that drive expenditure are varied and complex. However, it is possible to usefully identify a number of high level and interrelated drivers.

Demographic Change

The primary driver of expenditure in the policy area is demographic trends in the cohort of children in the State. Over the period 2002 to 2016, the cohort of those aged between 0-14 expanded significantly by 22%, from 827,428 to just under 1.01 million. As such, there has been a significant expansion in the child population which has led to expenditure pressures in a number of areas of Government including education, children services, childcare and child related payments (Child Benefit).

Figure 3 - Population Years 0-14, 2002-2016

Source: CSO

Economic Dynamics

A second key driver of expenditure is economic dynamics. Trends in household income, employment, cost of living, quality of life, poverty and wealth are all important factors which contribute to child development and wellbeing. This can be seen as a general driver which impacts the demand for services. For example, in the area of childcare, demand to access childcare and the need for support to do so can be seen as a function of a number of factors including employment rates, the cost of childcare and income levels etc.
Service Demand
The level of demand for service provision is a driver of expenditure and is itself impacted by other stated factors such as demographics. As with other policy areas, expenditure pressures are interlinked with demand for services. An example of service demand is set out in Figure 4 which shows the total number, and rate, of referrals to Child Protection and Welfare Social Work Services between 2012 and 2016 at Tusla. As can be seen the total number of referrals has increased by 18% to 47,399 between 2012 and 2016 while the rate of referrals (per 1000 population 0-17 years) increased from 34 to 40.

A further indication of service demand can be seen through the total number of children in care as measured by TUSLA. The data, displayed in Table 2, indicates that the total number of children in care was 0.5% higher at the end 2017 compared to the same time in 2011. However, the total number of children in care has decreased in the last couple of years. While these two high level indicators show some trends in demand it is worth noting the overall point that demand for services in this area is interlinked with overall expenditure.

Figure 4 - Referrals to Child Protection and Welfare Social Work Services and Rate per 1,000 Population 0-17 Years, 2012–2016

Table 2 - Total Number of Children in Care, End-December 2011-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Children in Care</td>
<td>6,160</td>
<td>6,332</td>
<td>6,469</td>
<td>6,454</td>
<td>6,388</td>
<td>6,258</td>
<td>6,189</td>
</tr>
</tbody>
</table>

Source: TUSLA Review of Adequacy Report 2014 and Monthly Management Data

Policy Decisions
As in other areas, policy decisions taken within the childcare space have implications on the level of expenditure in the area. The additional resources provided to the Department of Children and Youth Affairs in Budget 2018 will facilitate the introduction of a new national scheme of financial support towards the cost of childcare, including both targeted (means tested) and universal subsidies. Targeted subsidies will be available for children aged between
6 months and 15 years, with eligibility based on net parental income. The universal subsidy is focused on children, aged 6 months to 36 months. This element of the Affordable Childcare Scheme was introduced in September 2017. From September 2018 there will be an extension in the ECCE to ensure an entitlement to a full two year service for all qualifying children. Capitation will also be increased by 7%.

**Staff Numbers**

Finally, a further area of consideration under the CYA Vote is trends in staffing numbers. Table 3 sets out the number of FTEs under the CYA Vote between 2012 and 2018. As can be seen staff numbers under the Vote increased substantially in 2014 with the establishment of Tusla, when over 3,000 FTEs transferred from the HSE and with the approximate 100 staff of the Family Support Agency and the National Educational Welfare Board represented the opening staff numbers of the new agency. Since 2014, total staff numbers in the Department have increased by 465 or 12.3%.

**Table 3 - Staff Number in Children & Youth Affairs Group 2011-2018**

<table>
<thead>
<tr>
<th></th>
<th>2012 Qtr 1</th>
<th>2013 Qtr 1</th>
<th>2014 Qtr 1</th>
<th>2015 Qtr 1</th>
<th>2016 Qtr 1</th>
<th>2017 Qtr 1</th>
<th>2018 Qtr 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department</td>
<td>118</td>
<td>130</td>
<td>135</td>
<td>151</td>
<td>159</td>
<td>197</td>
<td>251</td>
</tr>
<tr>
<td>The Adoption Authority</td>
<td>23</td>
<td>22</td>
<td>23</td>
<td>21</td>
<td>24</td>
<td>24</td>
<td>21</td>
</tr>
<tr>
<td>Office of the Ombudsman for Children</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>7</td>
<td>12</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td>Centre for Young Offenders</td>
<td>210</td>
<td>198</td>
<td>189</td>
<td>215</td>
<td>227</td>
<td>249</td>
<td>242</td>
</tr>
<tr>
<td>Child and Family Agency</td>
<td>102</td>
<td>107</td>
<td>3,432</td>
<td>3,440</td>
<td>3,579</td>
<td>3,664</td>
<td>3,719</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>462</strong></td>
<td><strong>466</strong></td>
<td><strong>3,788</strong></td>
<td><strong>3,834</strong></td>
<td><strong>4,001</strong></td>
<td><strong>4,148</strong></td>
<td><strong>4,253</strong></td>
</tr>
</tbody>
</table>

*Source: DPER Databank*

**Department**

Figure 5 sets out the total staff numbers and gender breakdown in the Department of Children and Youth Affairs while Figure 6 sets out the gender make up of each grade in the Department at end April 2018. Figure 7 sets out the percentage change of each grade within the Department. There have been significant increase in all grades (up from 121 in Q4 2012 to 240 in Q1 2018) which can be linked to the establishment of Tusla in 2014 and the increased policy role of the Department particularly in relation to childcare. Figure 8 sets out the age profile of the Department and would seem to indicate that some 20% of staff may retire by 2023.
**Figure 5 - Departmental Staff Numbers & Gender breakdown Q4 2014 to April 2018.**

**Source:** DPER Databank

**Figure 6 - Gender make up of each grade in the Department as of end April 2018**

**Source:** DPER Databank
**Figure 7 - % Change per Grade in the Departmental staff from 2012 Q4–2018 Q1**

*Source: DPER Databank (The SO Grade was abolished in 2017)*

**Figure 8 - Age of Departmental Staff 2014 to 2018**

*Source: DPER Databank*

Figure 8 details the age of Department staff between 2014 and 2018. In 2018 approx. 45 (18%) of departmental staff are over 55 years of age.

**Tusla**

Table 4 sets out the categories of staff in Tusla. Some 70% of the staff of Tusla are employed in Social Work or Care. Tusla will participate in the *National Strategic Framework for Health and Social Care Workforce Planning* to inform and support internal decisions regarding resource deployment.
Figure 9 sets out the age profile of Tusla. This indicate that some 18% of Tusla staff may retire by 2023.

Table 4 - Tusla Staffing breakdown by Category 2014 to 2017

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Work</td>
<td>1,396</td>
<td>1,402</td>
<td>1,458</td>
<td>1,466</td>
</tr>
<tr>
<td>Social Care</td>
<td>1,162</td>
<td>1,125</td>
<td>1,119</td>
<td>1,127</td>
</tr>
<tr>
<td>Psychology &amp; Counselling</td>
<td>21</td>
<td>22</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>Other Support Staff incl. Catering</td>
<td>65</td>
<td>63</td>
<td>63</td>
<td>59</td>
</tr>
<tr>
<td>Other Health Professionals</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>Nursing</td>
<td>46</td>
<td>50</td>
<td>51</td>
<td>46</td>
</tr>
<tr>
<td>Management VIII+</td>
<td>79</td>
<td>92</td>
<td>108</td>
<td>137</td>
</tr>
<tr>
<td>Family Support</td>
<td>177</td>
<td>172</td>
<td>163</td>
<td>155</td>
</tr>
<tr>
<td>Educational Welfare Officer</td>
<td>72</td>
<td>68</td>
<td>86</td>
<td>89</td>
</tr>
<tr>
<td>Admin Grade III-VII</td>
<td>427</td>
<td>457</td>
<td>517</td>
<td>578</td>
</tr>
<tr>
<td>Total</td>
<td>3,453</td>
<td>3,460</td>
<td>3,597</td>
<td>3,696</td>
</tr>
</tbody>
</table>

Source: Tusla Management Reports

Figure 9 - Age profile of Tusla Staff in 2018

Source: Tusla 2018 Business Plan
Outcomes

Assessing outcomes in relation to expenditure through DCYA is a challenging task with many of the policies aimed at achieving outcomes over the longer term in terms of improving the outcomes for children. Furthermore, the factors which affect outcomes such as child wellbeing are multifaceted and span a range of supports provided by Government as well as external factors. The biennial 'State of the Nation’s Children Report' provides a comprehensive overview of a variety of measures. However, for the purposes of this brief overview it is possible to look at trends in three relevant metrics, some of which relate to agreed indicators by Eurostat: child poverty rates, the cost of childcare and labour market participation.

The proportion of children at risk of poverty decreased between 2006 and 2008 but has since increased. While useful to consider as an important outcome measure of child wellbeing it is clear that this will be impacted by a number of different factors. The prevalence rate of those at risk of poverty at ages up to 17 is 3.6 percentage points lower in 2016 (19.3%) in comparison to 2006 (22.9%). However, the rate has grown in the years following 2008. In addition, the percentage of the population between the ages of 0 and 17 that are in consistent poverty has increased by 4.9 percentage points since 2008 to 11.1%. As such, the level of poverty experienced among children can be seen to have increased since 2008. These trends are described in Figure 10.

It is also of note that Ireland has a higher at risk of poverty or social exclusion rate than the EU28 average. As of 2015, Ireland’s rate of 28.8% was above that of the EU28 (26.9%) and the Euro Area (25.4%).

Figure 10 - At Risk of and Consistent Poverty Rate, Age 0-17, 2004-2016

Source: CSO

22 As measured by Eurostat. Note: different measurement than CSO.
In terms of childcare costs, Ireland can be seen to have higher costs relative to other OECD countries. As Figure 11 displays, the cost of full-time childcare in Ireland as a % of family income is 27.4% as measured in 2012. This is slightly lower than the UK level of 33.8% but above the overall OECD average of 12.6%. It should be noted that the latest data available is for 2012 and as such predates much of the latest policy changes in the area.

**Figure 11 - Out of Pocket Full-Time Childcare Costs as % of Net Family Income, Couple Family, 2012**

![Chart showing childcare costs across OECD countries as a percentage of family income, with Ireland at around 27.4% and UK at 33.8%](chart.png)

*Source: OECD Society at a Glance 2016*

Labour force participation rates among women are lower than men but the gap has narrowed in recent years. The European Commission’s latest Country Specific Report on Ireland\(^\text{23}\) notes that the availability and cost of childcare remain barriers to female labour market participation. Around 27.4% of inactive women aged 20-64 do not work because they have to look after children or incapacitated adults (4.5 % of men) and 26% of women who work part-time cite the same reason (3.6 % of men)\(^\text{24}\).

Figure 12 sets out the rate of participation in the labour force by gender. As can be seen there has been a decrease in rates for both genders with a fall of 2.1 percentage points overall between 2007 and 2016. However it is of note that the male participation rate fell by 4.2 percentage points lower while the female rate is 0.3 percentage points higher. As such, the gap between the two has narrowed. In comparison to the rest of the EU15, Ireland’s female labour participation rate is low. As of Q4 2016, Ireland’s rate of 63.9% was 4.8 percentage points below the EU15 average of 68.7%\(^\text{25}\).

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\(^{24}\) Ibid

\(^{25}\) Source: Eurostat
The ‘State of the Nation’s Children 2016’ report produced by DCYA highlights a variety of measures related to outcomes across a number of areas including demographics, education and health. For instance the report highlights that:

- The number of children in the care of Tusla, the Child and Family Agency increased by approximately 3.6% between 2011 and 2015.
- Retention rates to the completion of the Leaving Certificate have increased by 6.4 percentage points – from 83.8% of children in the 1999 school entry cohort to 90.2% of children in the 2009 school entry cohort.
- Approximately 38% of the 4,178 pre-school services contracted to deliver the Early Childhood Care and Education (ECCE) Programme in June 2016 met the higher capitation requirements.

**Future Policy Challenges**

In terms of future policy challenges, there are a number of areas which are relevant to the Children and Youth Affairs Vote including demographics and policy direction/implementation.

Demographic pressure will likely moderate over the medium/long term. Population modelling and analysis of demographic cost pressures carried out previously by IGEES\(^{26}\) estimated that the number of children (ages 0-18) will continue to increase until 2020 but will then begin to decrease with an average fall of 3,264 between 2021 and 2022 and an average fall of 7,312 between 2023 and 2027. The CSO’s latest projections (based off Census 2011) estimates a similar trend with the cohort increasing initially before the overall number declines due to falling birth rates. However, it is unclear as to how the relative level of service demand as a proportion of the population will trend in the future.

Policy direction and implementation presents the second main factor for expenditure in the policy area. Budget 2016, 2017 and 2018 saw a number of reforms and expansions of policy

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intervention in this area. Budget 2016 saw the extension of Early Childhood Care and Education scheme, including facilitation of children with disabilities and an increase in the number of places available through the Community Childcare Programme. Budget 2017 committed to the introduction of a new Affordable Childcare Scheme. Budget 2018 represented another significant step in ensuring access to high quality, affordable early years care and education. The Programme for Partnership Government features childcare and child related programmes as priority areas. As such, a key driver of expenditure in the area beyond demographic changes will be policy decisions around future delivery of childcare supports and the implementation of the Affordable Childcare Scheme.

________________________________________

Communications, Climate Action & Environment

Rory O’Rua and Ronan Nestor

Summary

- Exchequer expenditure has decreased from €520m in 2007 to €491m in 2017 - although annual expenditure over the period cannot be compared on a like-for-like basis due to a number of changes to Departmental functions.
- The Department accounts for less than 1% of overall gross Government expenditure in 2017.
- Expenditure relates to a number of sectoral areas (which have been varied over the years via Transfers of Departmental Functions).

Long-Term Trends

Figure 1 - Communications, Climate Action and Environment – Gross Expenditure (€m), 2007 – 2017

Source: Department of Public Expenditure and Reform - Databank

2017 Gross Exchequer expenditure of the Department at €503m is less than 1% of the overall Government expenditure.
Expenditure in the Department over the period has been across a number of sectoral areas, determined by the transfer of Departmental functions at different times during the period from 2007 to 2017 - e.g. the Environment and Waste Management area, with a 2017 gross spend of €50.6m, was added to the functions of the Department in 2016. As a result, the total expenditure from 2007 to 2017 depicted in Figure 1 does not show a like-for-like trend over the period. Certain functions also transferred out of the Department at different times during the period from 2007 to 2017.

The Department’s expenditure encompassed by this analysis can only relate to those Departmental functions that are currently located within the Department.

Staff Numbers

*Figure 2a - Communications, Climate Action and Environment – Total Staffing, 2008 - 2017 (Rounded)*

![Staff Numbers Graph]

*Source:* Department of Communications, Climate Action & Environment - HR Division

Figure 2a outlines the total staffing levels for both Civil Servants employed directly by the Department, and Public Servants employed by the Non-Commercial State Agencies (NCSAs) under the aegis of the Department. These NCSAs include the Commission for Communication Regulation (ComReg), Commission for Regulation of Utilities (CRU), Inland Fisheries Ireland and Sustainable Energy Authority of Ireland (SEAI). Figure 2b hereunder shows the breakdown of the 1,045 posts between the various NCSAs at the end of Quarter 4, 2017.
The largest NCSA in terms of staffing is the Environmental Protection Agency (EPA), which transferred to the Department in 2016 from the Department of Housing, Planning and Local Government. Similarly, Ordnance Survey Ireland (OSI), with a staff of 218 at the end of Q4 2015, transferred from the Department to the Department of Justice and Equality in 2016. As such, these transfers significantly skewed the pattern of staffing levels from 2016 onward. Staffing numbers within the NCSAs have been maintained at a broadly even level, with the EPA and SEAI being the only agencies to see an increase in staff between 2016 and 2017. This reflects the increased focus on environmental inspection, research and regulation enforcement, as well as climate change and renewable energy related schemes and grants.
Change in Staff Composition

**Figure 3 - Communications, Climate Action and Environment – Total Department Staff Levels*, 2007-2017**

Staff levels at the Department fell by almost 23% from 2007 to 2015. In 2016, 53 staff members moved into the Department as part of the transfer of the Environment function from the Department of the Environment, Community and Local Government.

By 2017, staff numbers had risen, with the grades of AP and HEO both seeing the highest growth of approximately 87% since 2015. The numbers of staff at EO and AO level have also seen increases of approximately 58% and 18% respectively. These increases are reflective of the expanded remit the general Civil Service trend of increased recruitment and promotions following the moratorium. The Department has developed a workforce plan and a resourcing plan to meet staffing requirements. Increased staffing has focused in particular on the areas of next generation broadband, climate action and cyber security.
Pensionable Service Trends

Figure 4 - Communications, Climate Action and Environment – Share of Department Staff per Pensionable Service Years, 2007-2017

The share of staff in the Department with 1-9 years of pensionable service declined from 2007 to 2015, in line with the general Civil Service trend resulting from the moratorium on staff recruitment. This has resulted in staff with 10-19 years of service becoming the largest single grouping in the Department. The expansion in recruitment since 2015 is reflected in the increase of staff at the Department with less than one year of pensionable service.

The Department currently has an average age of 44, with 67% of staff aged over 40. The Department anticipates that a total of 8% of staff will be eligible to retire in the next 5 years, with an expected 4% of staff retiring by 2019.

Source: Civil Service HR Databank
Gender trends

While the Department maintained a relatively even balance of male and female employees through the first half of the current decade, the expansion of staff levels has seen the proportion of male employees increase to 55% in 2017. This imbalance is more pronounced at the senior grades (A/Sec, PO and AP), where there are 88 male officers to 47 female officers, a difference of almost 50% more male officers. This gap is largely due to the higher number of males in technical roles such as engineers across AP and PO level, and compares with the wider Civil Service average of 13% more male officers than female officers at these grades.

In 2016, the Department removed a blanket requirement for applicants to commit to return to work on a full-time basis upon being promoted or being assigned from open or inter-departmental competitions. The Department has seen an increase in applications from work-sharing staff for competitions, and all staff successful in competitions have also retained flexible working options upon promotion.

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Expenditure Drivers

The current structure of the Department covers expenditure on Communications, Broadcasting, Energy, Natural Resources, Inland Fisheries, Environment and Waste Management programmes. Figure 6 outlines expenditure in each of these areas from 2007 to 2017.

**Figure 6 - Communications, Climate Action and Environment - Expenditure (€m), 2007 – 2017**

![Bar chart showing expenditure from 2007 to 2017 across different fields.]

*Source: Department of Public Expenditure and Reform - Databank*

The Broadcasting programme is consistently the single largest area of gross expenditure in the Department, regularly accounting for between 50-60% of gross expenditure.

Annual current expenditure on Broadcasting is driven by the level of TV licence receipts as Appropriations-in-Aid. The Licence Fee has been collected on behalf of the State by An Post.

Licence fee receipts are comprised of two elements:

(i) receipts from direct sales of TV Licences by An Post and;
(ii) a contribution from the Department of Employment Affairs and Social Protection (DEASP) for free TV licences issued under the Household Benefits Scheme.
Table 1 - TV Licence Fee Receipts 2007-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Free TV (DEASP) €m</th>
<th>TV licence Sales €m</th>
<th>Total €m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>51.4</td>
<td>166.1</td>
<td>217.5</td>
</tr>
<tr>
<td>2008</td>
<td>51.2</td>
<td>173.0</td>
<td>224.2</td>
</tr>
<tr>
<td>2009</td>
<td>55.7</td>
<td>170.5</td>
<td>226.2</td>
</tr>
<tr>
<td>2010</td>
<td>57.2</td>
<td>165.2</td>
<td>222.4</td>
</tr>
<tr>
<td>2011</td>
<td>57.2</td>
<td>160.6</td>
<td>217.8</td>
</tr>
<tr>
<td>2012</td>
<td>57.2</td>
<td>157.8</td>
<td>215.0</td>
</tr>
<tr>
<td>2013</td>
<td>57.2</td>
<td>159.2</td>
<td>216.4</td>
</tr>
<tr>
<td>2014</td>
<td>52.2</td>
<td>161.1</td>
<td>213.3</td>
</tr>
<tr>
<td>2015</td>
<td>52.2</td>
<td>161.8</td>
<td>214.0</td>
</tr>
<tr>
<td>2016</td>
<td>52.2</td>
<td>161.5</td>
<td>213.7</td>
</tr>
<tr>
<td>2017</td>
<td>53.2</td>
<td>161.9</td>
<td>215.0</td>
</tr>
</tbody>
</table>

Direct sales have increased from their lowest point in 2012 but are still below the highest level in 2008.

Figure 7 - Number of Television Licence Sales, 2008 – 2017

Source: Department of Communications, Climate Action and Environment

The increase in sales in 2017 is attributed by the Department to additional TV licence inspections, marketing campaigns targeting TV licence evaders and an increase in the number of licensable dwellings.

In 2011, the DEASP contribution to Licence Fee funding was ‘capped’ at 2010 level of €57.2m. This was reduced in Budget 2013 to €52.2m. However, in Budget 2017, it rose by €1m to €53.2m and for 2018 was increased by a further €1.6m to €54.8m.
This amount is based on average DEASP database numbers for 2016 with a discount of 18.5% (€130 per licence instead of €160). There remains a funding gap of €14m between the value of the free licences issued and the DEASP contribution. As the numbers qualifying for free licences has increased year on year from 398,579 in 2011 to 428,728 in 2017 and, due to an aging population, this gap is set to increase in the coming years with a resultant loss of revenue for public service broadcasting.

A number of factors influence the level of income generated by the Licence Fee:-
- The level of the fee
- The levels of evasion/avoidance
- The payments received from the Department of Employment and Social Protection

The level of the Licence Fee, at €160 per annum has been in place since January 2008, when it was raised by €2 from €158.

The Department calculated an evasion rate of 15% in 2016, out of all chargeable domestic households and business premises.

This compares unfavourably with the evasion rates with other European countries:

<table>
<thead>
<tr>
<th>Country</th>
<th>Evasion Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>15.0%</td>
</tr>
<tr>
<td>Denmark</td>
<td>9.9%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>8.5%</td>
</tr>
<tr>
<td>Norway</td>
<td>6.8%</td>
</tr>
<tr>
<td>UK</td>
<td>6.5%</td>
</tr>
<tr>
<td>Austria</td>
<td>4.0%</td>
</tr>
<tr>
<td>Germany</td>
<td>2.0%</td>
</tr>
</tbody>
</table>


The current evasion rate for 2017 in Ireland, estimated by the Department of Communications, Climate Action and Environment (DCCAE), is 14%.

In addition to this, there has been a steady growth in the number of households indicating that they have no TVs, estimated at 9.1% in January 2018. The Licence Fee does not extend to other technology platforms.
Outcomes

**Figure 8 - Public Service Performance Report 2017 – Communications, Climate Action and Environment**

<table>
<thead>
<tr>
<th>What has been delivered in 2017?</th>
</tr>
</thead>
<tbody>
<tr>
<td>The following section lists the latest headline figures for 2017 for the communication, climate action and environment sector in Ireland</td>
</tr>
</tbody>
</table>

### Communications €31.5m

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Enterprises based at Digital Hub</td>
<td>82</td>
<td>+10</td>
</tr>
<tr>
<td>Full Time Jobs based at Digital Hub</td>
<td>732</td>
<td>+25</td>
</tr>
<tr>
<td>People Provided with Digital Skills for Citizens digital skills training</td>
<td>22,231</td>
<td>+6,131*</td>
</tr>
<tr>
<td>Small Businesses Supported by Trading Online Voucher Scheme</td>
<td>1,189</td>
<td>+36</td>
</tr>
</tbody>
</table>

### Broadcasting €254.3m

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTE Services Reach among adults</td>
<td>95%</td>
<td>+4%</td>
</tr>
<tr>
<td>Hours of Home Produced Content on RTÉ One &amp; RTÉ Two</td>
<td>5,530</td>
<td>-299</td>
</tr>
<tr>
<td>Irish Language Programming (Average Hours Per Day)</td>
<td>12.5</td>
<td>New Metric</td>
</tr>
<tr>
<td>Spent on Independently Produced TV &amp; Radio Programmes</td>
<td>€39.7m</td>
<td>-0.6m</td>
</tr>
</tbody>
</table>

### Energy €111.5m

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Energy Savings (GWh)</td>
<td>407</td>
<td>+91 (GWh)</td>
</tr>
<tr>
<td>Energy Savings from Low Income Homes (GWh)</td>
<td>34.5</td>
<td>+16.6 (GWh)</td>
</tr>
<tr>
<td>Added Low Income Homes Provided with Energy Efficient Measures</td>
<td>8,268</td>
<td>+483</td>
</tr>
<tr>
<td>Energy Savings from Low Income Homes (CO2 Equivalent)</td>
<td>101kt</td>
<td>+22.5kt</td>
</tr>
<tr>
<td>Buildings Covered by Energy Efficient Measures</td>
<td>23,988</td>
<td>-1,075</td>
</tr>
<tr>
<td>New Grant-Aided Electric Vehicle Purchases</td>
<td>908</td>
<td>+270</td>
</tr>
<tr>
<td>Level of RES-E Capacity Installed</td>
<td>401 MW</td>
<td>+31 MW</td>
</tr>
</tbody>
</table>

### Natural Resources €24.8m

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum Authorisations Under Regulation</td>
<td>64</td>
<td>-21</td>
</tr>
<tr>
<td>Mineral Prospecting Licences Under Regulation</td>
<td>611</td>
<td>+44</td>
</tr>
<tr>
<td>Coverage by Tellus Survey Programme Implementation</td>
<td>8,353 sq km</td>
<td>(+61%)</td>
</tr>
<tr>
<td>Applications to Undertake Seismic Acquisition (Petroleum) Managed</td>
<td>4</td>
<td>-1</td>
</tr>
<tr>
<td>Mining Leases/Licences Under Regulation</td>
<td>16</td>
<td>+6</td>
</tr>
<tr>
<td>Mineral Prospecting Licences for which Exploration Data Released for Open Access</td>
<td>119</td>
<td>-48</td>
</tr>
<tr>
<td>Applications to Drill a Well (Petroleum) Managed</td>
<td>1</td>
<td>+1</td>
</tr>
<tr>
<td>Access Requests for National Archive of Petroleum Data Managed</td>
<td>43</td>
<td>+3</td>
</tr>
<tr>
<td>Coverage by INFORMAR Survey Programme Phase II Implementation</td>
<td>4,302 sq km</td>
<td>(+10%)</td>
</tr>
</tbody>
</table>

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Future Policy Challenges

Following the development of a workforce plan, the Department identified several staffing trends and challenges. The general demographic trends affecting the Department, which also face the wider Civil Service, include:

- An ageing workforce, with a significant proportion of staff at a senior level over 40 and a potential trend towards earlier retirement due to a favourable economic outlook.

- Increasing challenges to attract, on-board and retain talent in a buoyant labour market, and increased movement out of the Department in response to the Civil Service Mobility scheme.

- Gender disparity at senior grades, in particular PO and A/Sec.

- Indications of increased uptake of discretionary leave such as parental leave, unpaid maternity leave, career breaks and shorter working year.

Climate Change

Continued efforts will be needed in order for the State to meet its climate change obligations, as provided for in the Climate Action and Low Carbon Development Act 2015 and in the Government’s National Mitigation Plan (2017). The need for Ireland to transition to a low carbon, climate resilient and environmentally sustainable economy is increasingly urgent, with the 2020 greenhouse gas emissions reduction target of 20% and the target of at least a 40% reduction in emissions by 2030. As such, it will be necessary for the Department to continue funding technical and modelling analysis underpinning national climate change mitigation and adaptation measures.

The National Development Plan (NDP) will be a key implementation instrument for the National Mitigation Plan. The capital investment priorities will represent a step-change in Ireland’s delivery of climate-action objectives, providing a significant reduction in carbon emissions over the period to 2030. SEAI will play a key role in the delivery of the following NDP investment priorities:

- investment in energy efficiency, with upgrades to homes increasing from 30,000 to 45,000 per annum from 2021 to achieve a minimum BER Rating ‘B’;
- full rollout of the Renewable Heat Support Scheme;
- investments in energy efficiency of existing commercial and public building stock with a target of all public buildings and at least one-third of total commercial premises upgraded to BER Rating ‘B’.
- energy research funding to accelerate diversification away from fossil fuels to green energy, including wind, wave, solar, biomass, biofuels, biogas and hydrogen electrification of half of Ireland’s vehicle fleet;
- support for changing out oil-fired boilers to heat pumps, along with the provision of roof solar, in at least 170,000 homes.

This will have implications for staffing levels in the SEAI in future years with a consequential potential for additional Exchequer funding.
Natural Resources
Focus will be maintained on managing Ireland’s mineral, hydrocarbon and other geological resources in a sustainable and productive manner, and providing reliable geoscience support for environmental protection and the sustainable development of Ireland’s natural resources.

Energy
Secure supplies of energy and the introduction of the Integrated Single Electricity Market across the island of Ireland are key energy considerations. As the development of energy infrastructure, such as the electricity grid and onshore wind, is becoming more challenging due to planning and public acceptability issues, continued support for the development of offshore renewable energy through the test site infrastructure is increasingly important. The continuing development of the Celtic Interconnector project is particularly important as, if it proceeds, it will provide enhanced security of supply for Irish electricity users. This will represent Ireland’s only direct energy connection to an EU Member State once the UK leaves the EU, and will be vital in achieving the EU Council interconnection target of at least 10% of installed electricity production capacity by 2020.

Broadcasting
Ensuring a sustainable funding model for public service broadcasting remains a priority and will require detailed consideration of options and meticulous implementation of any changes to the existing model. This sustainability will include the support of high quality public service broadcasting, and a broadcasting sector underpinned by a proportionate and effective regulatory regime. Broadcasting is the subject of a 2018 Spending Review by the Department of Communications, Climate Action and Environment and the Department of Public Expenditure and Reform.

The current licence fee model and method of collection is being reviewed by the Department of Communications, Climate Action and Environment. The outcome of this review has the potential for an additional Exchequer funding requirement.

Communications
Over recent years, the role of ComReg, the telecommunications regulator has become increasingly complex, requiring greater specialisation and more detailed market analysis, investigation, monitoring and enforcement. It is critical that the Regulator is in a position to oversee a robust regulatory framework to underpin the competitiveness of the economy, while also making critical contributions to the delivery of Government priority projects.

Broadband
In order to further develop connectivity, investment in high speed broadband networks across the country and a focus on secure and innovative digital communications infrastructure is key. To this end, the Department is expanding the National Cyber Security Centre, in order to strengthen its role in relation to the protection of Government networks and critical infrastructure. Promotion of digital inclusion will continue, by providing digital literacy training in order to enable more citizens to get online for the first time. Ensuring the successful implementation of the National Broadband Plan (NBP), which aims to ensure access to high speed broadband to some 542,000 premises in the State Intervention area remains a priority.
Culture, Heritage & the Gaeltacht

Patricia Ballantine and Áine Mannion

Summary

- The Culture function of the Department of Culture, Heritage and the Gaeltacht has gone through seven different departmental formations since 1997.
- Spending on the culture programme has been the largest component of spending on the vote in recent years.
- Spending on the culture programme was €158m in 2017 accounting for approximately 55% of the Vote’s spend.
- In 2017 pay and pensions accounted for almost 29% of the Vote's spend. Programme spending accounted for almost 69% of the total vote spend.

Overview

The structure of the Department has changed in line with Government priorities. For example, over the last two decades the arts function has been within the following Departments:
- Department of Arts, Culture and the Gaeltacht (1993-1997)
- Department of Arts, Heritage, Gaeltacht and the Islands (1997-2002)
- Department of Arts, Sports and Tourism (2002-2010)
- Department of Tourism, Culture and Sport (2010-2011)
- Department of Arts, Heritage and the Gaeltacht (2011-2016)
- Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs (2016-2017)
- Department of Culture, Heritage and the Gaeltacht (2017 onwards)

The National Gallery of Ireland was a separate Vote until 2015, when it was subsumed into the Vote.

Total Voted expenditure on Culture, Heritage and the Gaeltacht equalled €7,617m from 1997 to 2017. Expenditure increased throughout the decade from 1997, reaching a high point of €719m in 2008. The Culture, Heritage and the Gaeltacht group has represented 0.81% of total Voted expenditure over the last 20 years.
Figure 1 - Expenditure on Culture, Heritage and the Gaeltacht group and as a percentage of total voted expenditure, 1997-2017

Note: The configuration of the Department changed seven times during the period 1997 to 2017 and the expenditure shown above includes all programme expenditure across every iteration e.g. expenditure on sport, tourism, regional and rural affairs, etc. which are no longer associated with the Department.

There are 14 agencies under the aegis of the Department: the Arts Council; Chester Beatty Library; Crawford Gallery; An Coimisinéir Teanga; An Foras Teanga; Heritage Council; Irish Film Board; Irish Museum of Modern Art; National Concert Hall; National Gallery of Ireland; National Library of Ireland; National Museum of Ireland; Údarás na Gaeltachta; and Waterways Ireland. As can be seen in Figure 2 below, expenditure on the bodies over the last decade has followed the same trend as overall expenditure.
Departmental staff comprise civil servants and industrial staff, both of which have increased since the ending of the Employment Control Framework and the lifting of the public service moratorium in 2015. Similarly, the number of public servants employed by the bodies under the aegis have followed the same trend. It should be noted that unlike the other bodies under the aegis of the Department, National Gallery staff comprise civil servants and industrial staff.

**Figure 2 - Expenditure on certain bodies under the aegis of the Department**

**Figure 3 - Staff numbers in the Dept. of Culture, Heritage and the Gaeltacht, 2012-2017**
Expenditure Drivers and Associated Policy

Changes in allocation and expenditure in the area of culture, heritage and the Gaeltacht are driven by Government policy rather than by demographics or service demand, as in other areas. The key policies are as follows:

Programme for a Partnership Government
The Programme for Government contains a number of commitments across the areas of culture, heritage, rural Ireland including the Gaeltacht, the Irish language, and north-south relations, which impact the Department.

National Development Plan
Culture, heritage and sport is one of the ten Strategic Investment Priorities in the National Development Plan, 2018-2027 and total funding in the area is in excess of €1bn over the life of the Plan. Areas of investment will include the National Cultural Institutions (€460m), national heritage, regional arts and culture facilities, digitisation of national collections, Galway European City of Culture, the restoration of Ulster Canal and investment in waterways and related infrastructure, and investment in media production and audio visual industry. In addition, €178m investment is planned for the Irish language, the Gaeltacht and the Islands.

Creative Ireland (2017-2022)
Launched in 2017, the Creative Ireland programme is a 5 year whole of government initiative.

20 Year Strategy for the Irish Language 2010-2030
Policy in this area is to increase on an incremental basis the use and knowledge of Irish as a community language. It commits to the development of a bilingual society, while recognising the policy focus of maintaining the linguistic identity of the Gaeltacht community. The Department has recently launched the Action Plan 2018-2022 for the 20-Year Strategy for the Irish Language 2010-2030.

Realising our Rural Potential: Action Plan for Rural Development
Despite the transfer of the Regional Development and Rural Affairs programme to the Department of Rural and Community Development in 2017, this Action Plan, which contains over 270 actions and aims to ensure that people who live in rural areas have increased opportunities for employment locally and access to public services and social networks that support a high quality of life, still impact on the Department in regards Údarás na Gaeltachta, etc.

National Biodiversity Action Plan,
Ireland’s vision for biodiversity is that biodiversity and ecosystems are conserved and restored, delivering benefits essential for all sectors of society and that Ireland contributes to efforts to halt the loss of biodiversity and the degradation of ecosystems in the EU and globally. The Plan captures the objectives, targets and actions for biodiversity that will be undertaken by a wide range of government, civil society and the private sector to achieve Ireland vision for biodiversity.

While future policy concerns will differ across the distinct functions of the Department, a significant challenge continues to exist in measuring and analysing outcomes and benefits delivered by the programmes in question. As a result, prioritisation both between the
programmes and against other areas of Government expenditure will remain an ongoing challenge.

Outcomes

It is important to link spending to impact in all areas of expenditure. While the Department gathers a large level of detail in terms of outputs (as demonstrated in Table 1, below), challenges exist in the analysis of outcomes for the different functions under the Department’s remit, largely due to the qualitative nature of much of the work of the Department, e.g. cultural endeavour, heritage activity, Irish language use, etc.

Efforts have, however, been made to capture the impacts of these expenditure areas. For example, in 2015 a Value for Money and Policy Review was undertaken in regards to the Arts Council and the review of the Heritage Council was published in 2017. The Department is currently analysing the implementation of recommendations made as part of those reviews. The Department is also undertaking a review of supports for transport to the islands as part of the Spending Review 2018.

<table>
<thead>
<tr>
<th>Table 1 - Selected Culture, Heritage and the Gaeltacht outputs, 2014-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No. of individual artists to allocate funding to</strong></td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>497</td>
</tr>
<tr>
<td><strong>No. of arts organisations to allocate funding to</strong></td>
</tr>
<tr>
<td>485</td>
</tr>
<tr>
<td><strong>No. of projects for Irish Film Board to invest in</strong></td>
</tr>
<tr>
<td>37</td>
</tr>
<tr>
<td><strong>No. of visitors to Cultural Institutions</strong></td>
</tr>
<tr>
<td>4.0m</td>
</tr>
<tr>
<td><strong>Number of Structures and Monuments protected / assisted through grants or other mechanisms</strong></td>
</tr>
<tr>
<td>548</td>
</tr>
<tr>
<td><strong>Number of jobs created in the Gaeltacht</strong></td>
</tr>
<tr>
<td>737</td>
</tr>
<tr>
<td><strong>% of waterways navigable in boating season</strong></td>
</tr>
<tr>
<td>99.35%</td>
</tr>
</tbody>
</table>
Future Policy Challenges

Delivery on National Development Plan
The scale of the funding being made available under the National Development Plan is significant for the Department and delivery of major capital projects and maximising and measuring returns on investment will require careful planning on the Department’s part.

Workforce planning
In their workforce Plan 2017 to 2019, the Department has highlighted two areas in particular where there are compliance issues which require additional resources (Special Areas of Conservation and Turf Cutting). In addition, given the scale of the capital programme over the coming years, recruitment of appropriately qualified staff to support the delivery of the capital programme will need to be managed by the Department in the short to medium term.
Defence

Rory O’Rua and Peter Molloy

**Summary:**

- Defence expenditure is provided for by the Exchequer through two votes: **Vote 35 (Army Pensions)** and **Vote 36 (Defence)** which, together, form the **Defence Vote Group**.
- Outcomes for the Defence Vote Group are focused on the high-level goal of the Defence Organisation: *‘To provide for the military defence of the State, contribute to national and international peace and security and fulfil all other roles assigned by Government’.*
- From 1997 to 2017 gross expenditure on the Vote Group increased from €0.6 billion to slightly over €0.9 billion.
- Current expenditure on personnel costs (incorporating both pay and pensions) has consistently accounted for the largest element of annual spending (ranging between 64% and 80%) on the Defence Vote Group during this period.
- Staff numbers in both the Department of Defence and the Defence Forces have decreased over the last decade.
Long-Term Trends

Gross Expenditure

Between 1997 and 2017, gross expenditure on the Defence Vote Group increased from €0.6 billion to slightly over €0.9 billion.

Defence expenditure – as outlined in Figure 1 – peaked during this period in 2008 at €1.08 billion, falling back to €0.89 billion by 2013. Since 2014, gross Defence expenditure has started to slowly increase again: moving from €0.90 billion in 2016 to €0.92 billion in 2017.

Figure 1 - Defence Vote Group Gross Expenditure, 1997-2017 (€ millions)

*Note – from 2015 onwards, military equipment was reclassified as capital expenditure rather than current expenditure (D/PER Circular 07/14)

Source: Department of Public Expenditure and Reform Databank
Staffing

The Defence Organisation funded through the Defence Vote Group has two main elements in personnel terms: the Department of Defence and the Defence Forces (Figure 2).

Figure 2 - Defence Organisation Structure

Department of Defence – Civil Service Staff

The Department is almost entirely decentralised outside Dublin – split primarily between its HQ location in Newbridge, County Kildare, its Finance Branch in Renmore, Galway and Civil Defence headquarters in Roscrea, County Tipperary.

Total civil servant (Full Time Equivalent) numbers have decreased by 72 (c. 18%) between 2007 and 2017; i.e. from 398 to 326 (Figure 3). The Department’s staffing trend during this period has been generally downwards.

Figure 3 - Department of Defence Civil Servant Numbers (FTE), 2007-17

Source: Department of Public Expenditure and Reform Civil Service HR Databank

While this chart illustrates the basic civil/military division of the Defence Organisation, it should be noted that Permanent Defence Force personnel based in Defence Forces Headquarters (DFHQ) are a component part of the Department of Defence itself (under the Defence Act 1954) which in legislation has civil and military branches.
The Department’s grade profile at end 2017 is concentrated at the grade of Clerical Officer (28.2%) and the middle management grades of Executive Officer (26.5%), Higher Executive Officer (18.35%) and Assistant Principal (13.3%) (Figure 4).

**Figure 4 - Department of Defence Civil Servant Grade Composition (FTE), December 2017**

Source: Department of Public Expenditure and Reform Civil Service HR Databank

Grade distribution across the Department has remained relatively stable between 2007 and 2017 – see Figure 5.

**Figure 5 - Department of Defence Civil Servant Grade Composition (FTE), 2007-17**

Source: Department of Public Expenditure and Reform Civil Service HR Databank
The Clerical Officer grade consistently represents the single largest staff cohort within the Department at c. 36% of FTE total in 2007 and c. 28.2% in 2017 – although numbers at the grade have reduced by c. 36% (i.e. from 144 FTE in 2007 to 92 FTE in 2017).

Executive Officer represents the next largest staff grade right across this period, at c. 20% of FTE total in 2007 and c. 26.5% in 2017.

Service Officer numbers have more than halved during this period, dropping c. 57% from 26 to 11.

Administrative Officer numbers have increased by c. 150%, from 2 to 5.

At the senior management level, the Department’s Management Board has increased by one member with the creation of an additional Assistant Secretary post in 2017.

Defence Forces

The Defence Forces occupy 14 permanent military installations across the State.

At the core of the Defence Forces is the Permanent Defence Force (PDF)\(^\text{29}\); a regular military force divided into land, air and naval components in the form of the Army, Air Corps and Naval Service.

PDF FTE numbers have decreased by 1,254 (12%) between 2008 and 2017 (Figure 6). This decrease should be considered in the context of a revised establishment of at least 9,500 personnel for the PDF announced in 2011.

*Note – Civilian Employees excluded
Source: Department of Public Expenditure and Reform Infor Databank

\(^{29}\) The other element of the Defence Forces, the part time Reserve Defence Force (RDF), has an authorised strength of 4,069 members but currently operates with less than half that number of effective personnel (https://www.kildarestreet.com/wrans/?id=2018-04-17a.268). Current expenditure on paid training for the RDF is very small in the context of overall Vote Group allocations – €2.1 million in 2018. NB: no pensions’ expenditure attaches to the RDF.
The PDF has an authorised full strength establishment of at least 9,500 personnel. Both the *White Paper on Defence (2015)* and the *Programme for a Partnership Government (2016)* include commitments to maintain the PDF at this level. In practice, for a number of reasons (e.g. level of exits, timing of recruitments campaigns, etc.), PDF FTE numbers have in recent years generally remained between 9,000 and 9,500.

The rank distribution of the PDF is as is to be expected in a military organisation (Figure 7).

- By far the largest elements of the force are enlisted ranks like Private (51.7%), Corporal (17.1%) and Sergeant (11.9%).
- The Department of Defence employs civilian staff who work with the Defence Forces at various military installations to support the upkeep and maintenance of military infrastructure and equipment. The grades employed are spread across a wide spectrum and include craft workers, services, administrative, healthcare professionals and other specialist grades. **463 FTE civilians** were employed at the end of 2017.

*Figure 7 - PDF Rank Composition (FTE), Q4 2017*

<table>
<thead>
<tr>
<th>Rank</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lieutenant General</td>
<td>1</td>
</tr>
<tr>
<td>Major General</td>
<td>2</td>
</tr>
<tr>
<td>Brigadier General</td>
<td>8</td>
</tr>
<tr>
<td>Colonel</td>
<td>38</td>
</tr>
<tr>
<td>Lieutenant Colonel</td>
<td>131</td>
</tr>
<tr>
<td>Commandant</td>
<td>335</td>
</tr>
<tr>
<td>Captain</td>
<td>365</td>
</tr>
<tr>
<td>Lieutenant</td>
<td>170</td>
</tr>
<tr>
<td>Battalion Sergeant Major</td>
<td>41</td>
</tr>
<tr>
<td>Battalion Quarter Master Sergeant</td>
<td>43</td>
</tr>
<tr>
<td>Company Sergeant</td>
<td>226</td>
</tr>
<tr>
<td>Company Quarter Master Sergeant</td>
<td>174</td>
</tr>
<tr>
<td>Sergeant</td>
<td>1099</td>
</tr>
<tr>
<td>Corporal</td>
<td>1573</td>
</tr>
<tr>
<td>Private</td>
<td>4755</td>
</tr>
<tr>
<td>Cadet</td>
<td>212</td>
</tr>
<tr>
<td>Nurse</td>
<td>6</td>
</tr>
<tr>
<td>Chaplain</td>
<td>15.5</td>
</tr>
<tr>
<td>Civilian Employee</td>
<td>463</td>
</tr>
</tbody>
</table>

*Note – Public Service numbers returns for the PDF use Army ranks (Battalion Sergeant Major, Lieutenant General, etc.) for all three military services
*Source: Department of Public Expenditure and Reform Infobank*

This distribution has been broadly consistent over the last decade, proportionate to an overall decrease in PDF military numbers (Figure 8). At end 2008, Privates represented 48.6% of military FTE numbers and Corporals 17.3%, compared to 51.7% and 17.1% respectively at end 2017.

---


**Figure 8 - Permanent Defence Force Rank Composition (Q4 FTE), 2008-17**

*Note* – Public Service numbers returns for the PDF use Army ranks (Battalion Sergeant Major, Lieutenant General, etc.) for all three military services  
*Source: Department of Public Expenditure and Reform Infor Databank*
Pensionable Service Years

Department of Defence

Figure 9 - Department of Defence Civil Service Staff (FTE) per Pensionable Service Years, 2007-17

Source: Department of Public Expenditure and Reform Civil Service HR Databank
Defence Forces

Comprehensive “pensionable years” data from the PDF was supplied by the DOD to DPER in the context of their preparations of the ‘Actuarial Review of Public Service Pension Liabilities’ published in December 2017.

Gender

Department of Defence

Female staff have consistently outnumbered male staff in the Department of Defence in 2007-17 (Figure 10).

**Figure 10 - Department of Defence Gender Trends, 2007-17**

![Gender Trends Graph](image)

*Source: Department of Public Expenditure and Reform Civil Service HR Databank*

In 2017, female staff members accounted for 62.8% of the Department’s Civil Service FTE numbers, with males making up 37.2%. This gender disparity appears to be most pronounced at the Clerical Officer and Executive Officer grades. Some 80% of Clerical Officers and 72% of Executive Officers were female at end-2017.
Defence Forces

As at end February 2018, male personnel represented c. 93.5% of the PDF (Figure 11).

**Figure 11 - PDF Gender Breakdown, February 2018**

<table>
<thead>
<tr>
<th>Service</th>
<th>Male Personnel</th>
<th>Female Personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Army</td>
<td>6,791</td>
<td>490</td>
</tr>
<tr>
<td>Naval Service</td>
<td>978</td>
<td>68</td>
</tr>
<tr>
<td>Air Corps</td>
<td>697</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,466</strong></td>
<td><strong>591</strong></td>
</tr>
</tbody>
</table>

*Source: Dáil Debates – Department of Defence Written Questions, 29 March 2018*

**Figure 12 - PDF Gender Trends, 2007-17**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Personnel</th>
<th>Female PDF</th>
<th>% of PDF Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>560</td>
<td>5.4%</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>570</td>
<td>5.5%</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>567</td>
<td>5.7%</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>569</td>
<td>6.0%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>565</td>
<td>6.0%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>582</td>
<td>6.2%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>564</td>
<td>5.9%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>570</td>
<td>6.1%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>561</td>
<td>6.1%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>568</td>
<td>6.2%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>600</td>
<td>6.5%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Department of Defence / Defence Forces data*
Expenditure Drivers

Current Expenditure

Without exception, the largest element of annual expenditure on the Defence Vote Group is current spending driven by personnel costs (Figure 13).

This category incorporates pay for serving personnel (i.e. civil servants, military personnel and civilian employees of the Defence Forces), as well as the military pension and post-service entitlements of retired members of the Defence Forces, which are administered via Vote 35\(^\text{32}\) (Figure 13).

*Note – from 2015 onwards, military equipment was reclassified as capital expenditure rather than current expenditure (D/PER Circular 07/14)

*Source:* Department of Public Expenditure and Reform Databank

Ireland has a relatively small, professional military which does not maintain an extensive suite of high cost military hardware and infrastructure. In other countries, equipment and infrastructure costs might account for a greater share of defence expenditure. By contrast, in Ireland personnel costs are the largest single driver of expenditure.

The military pensions expenditure funded through Vote 35 is demand-driven and non-discretionary. There has been a steady increase in military pensioner numbers over the last decade (Figure 14).

\(^\text{32}\) NB: While their pay is funded via Vote 36, superannuation for retired Civil Service staff of the Department of Defence and civilian employees of the Defence Forces is funded through Vote 12 (Superannuation and Retired Allowances). This expenditure does not fall under the Defence Vote Group.
Arising from the estimated Voted provision of Vote 35 proving insufficient, a Supplementary Estimate has been required annually from 2006-17, inclusive, averaging €10.2 million each year (Figure 15). Spending Review 2018 examines this expenditure in detail.

### Figure 15 - Vote 35/37 Supplementary Estimates, 2006-17 (€ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Vote 35/37 REV Allocation (Gross)</th>
<th>Supp. Estimate (Gross)</th>
<th>Outturn (Gross)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>174.5</td>
<td>1.6</td>
<td>175.9</td>
</tr>
<tr>
<td>2007</td>
<td>183.6</td>
<td>4.8</td>
<td>188.4</td>
</tr>
<tr>
<td>2008</td>
<td>190.6</td>
<td>13.1</td>
<td>203.6</td>
</tr>
<tr>
<td>2009</td>
<td>209</td>
<td>5.9</td>
<td>214.8</td>
</tr>
<tr>
<td>2010</td>
<td>208.9</td>
<td>9.5</td>
<td>218.2</td>
</tr>
<tr>
<td>2011</td>
<td>208</td>
<td>15.3</td>
<td>223.3</td>
</tr>
<tr>
<td>2012</td>
<td>214.4</td>
<td>30</td>
<td>243.8</td>
</tr>
<tr>
<td>2013</td>
<td>214.8</td>
<td>9</td>
<td>223.6</td>
</tr>
<tr>
<td>2014</td>
<td>221</td>
<td>4.7</td>
<td>225.6</td>
</tr>
<tr>
<td>2015</td>
<td>221</td>
<td>6.5</td>
<td>227.4</td>
</tr>
<tr>
<td>2016</td>
<td>223.7</td>
<td>11</td>
<td>234.7</td>
</tr>
<tr>
<td>2017</td>
<td>229.6</td>
<td>10.7</td>
<td>240</td>
</tr>
</tbody>
</table>

*Note: final Appropriation Account outturn figures may be slightly lower than the sum of REV allocation and Supplementary Estimate. 2017 outturn figures provisional.*

Source: Appropriation Accounts and REV

### Capital Expenditure

**Following Estimates 2018 and the Mid-Term Review of the Capital Plan, the Defence Vote Group had a confirmed 2018-21 capital envelope of €416 million, an increase of €98 million on original allocation.**

The *National Development Plan* (February 2018) provides the Defence Vote Group with a 2022 capital allocation of €125 million, which brings the total 2018-22 Defence capital ceiling to €541 million (Figure 16).

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33 Whereby savings on Vote 36 are used to address overspend on Vote 35. No additional Exchequer funding is required for the Vote Group overall.

34 Between 2006 and 2011, the Army Pensions Vote was numbered Vote 37.
The *White Paper on Defence* identifies the Vote Group’s capital priorities, including:

- Replacing Cessna and CASA Air Corps aircraft;
- Replacing two Coastal Patrol Vessels and the Helicopter Patrol Vessel (LÉ *Eithne*);
- Investing in the Army’s armoured vehicle fleet;
- Refurbishing built infrastructure.

It is to be noted that:

- a contract for three new Pilatus utility aircraft for the Air Corps was signed in December 2017;
- a fourth Samuel Beckett class Naval Service vessel[^35] is due to be delivered in mid-2018; and
- the planning process has commenced for a new multi-role vessel to replace the current Naval Service flagship LÉ *Eithne*.
- the procurement process for the replacement of the Air Corps’ two CASA maritime patrol aircraft has recently commenced.

[^35]: LÉ *George Bernard Shaw*.
Outcomes

The high-level goal of the Defence Organisation is: 'To provide for the military defence of the State, contribute to national and international peace and security and fulfil all other roles assigned by Government' (Department of Defence and Defence Forces Strategy Statement 2017-2020, p.3).36

The Public Service Performance Report 2017 summarises annual outputs for the Defence Vote Group for the year (Figure 17).

Figure 17 - Defence Vote Group Outputs 2017

<table>
<thead>
<tr>
<th>Department of Defence €680.5m</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,173 +47 Permanent Defence Force (PDF) strength</td>
</tr>
<tr>
<td>97% +1% Permanent Defence Force Strength as % of establishment (9,500)</td>
</tr>
<tr>
<td>1,856 -153 Army Reserve and Naval Service Reserve effective strength</td>
</tr>
<tr>
<td>46% -4% Reserve forces as % of establishment (4,060)</td>
</tr>
<tr>
<td>100% +0% Requests for ATCP and approved ATCA support met</td>
</tr>
<tr>
<td>1,091 +23 Naval Service fishery protection patrol days delivered</td>
</tr>
<tr>
<td>227 -50 Air Corps fishery protection maritime air patrols delivered</td>
</tr>
<tr>
<td>620 +141 PDF personnel deployed overseas (on average)</td>
</tr>
<tr>
<td>18% +2% % PDF personnel who served overseas</td>
</tr>
<tr>
<td>100% +/-0 Overseas peace support and crisis requirements met</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Army Pensions €240.0m</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,750 -10 Cases processed under Defence Force superannuation code</td>
</tr>
<tr>
<td>1,380 +6 Cases processed under the Defence Forces occupational injuries code</td>
</tr>
<tr>
<td>13,070 +161 Pension accounts in payment at year end</td>
</tr>
</tbody>
</table>

Source: Public Service Performance Report 2017

36 http://www.defence.ie/website.nsf/SS2017
Future Policy Challenges

Vote 35 (Army Pensions)
Vote 35 faces a number of expenditure pressures in the short to medium term. By its nature, the military pensions expenditure administered through the Vote is demand-driven and non-discretionary.

The trajectory of Exchequer spending on military pensions and the proportion of this area to overall Irish defence expenditure have both steadily grown over the last two decades. Military pensioner numbers are increasing. All of these trends are forecast to continue in the short to medium term.

Military pensions differ in several key respects when compared to other areas of the public service, including earlier retirement and immediate payment of benefits. This can make the estimation of annual expenditure requirements difficult to predict.

The Estimates provision for Vote 35 in recent years has proved to be insufficient. This has led to an annual requirement for a Supplementary Estimate, largely met through identified savings from the Defence Vote (Vote 36) – which has been noted by the Comptroller & Auditor General. This will need to be addressed in the context of increasing costs expected in the short to medium term.

Vote 36 (Defence)
An increasing focus at EU level on cooperative European defence may apply expenditure pressure to Vote 36 in the medium term.

In November 2016, the European Commission published the European Defence Action Plan (EDAP). It is one of a number of initiatives being pursued by the EU with the aims of deepening cooperation among Member States that will enhance EU’s credibility in security and defence, of ensuring a more responsive civilian and military Common Security and Defence Policy, and of enhancing defence expenditure.

As part of the EDAP, the European Commission launched the European Defence Fund in June 2017. The purpose of the fund is to promote research and innovation and contribute to the strengthening of the European Defence technology and industrial base, and to further stimulate the development of key defence capabilities. The Fund is not designed to substitute Member States’ defence investments, but to enable and accelerate their cooperation.

The Fund has two strands or windows, which are complementary. The Research Window involves Commission funded direct grants for research in innovative defence products and technologies. These will be fully financed from the EU budget. The Capability Window deals with development and acquisition - the European Defence Industrial Development Programme (EDIDP). Going forward, participating Member States will pool financial contributions to jointly develop key defence capabilities. The EU will offer co-financing from the EU budget through the EDIDP. No decision has been made on the budget to be assigned to the Fund post 2020. This will be a matter which will have to be considered by Member States in the context of the 2021/2027 Multiannual Financial Framework (MFF).

Ireland formally joined PESCO (Permanent Structured Cooperation), a framework for enhanced EU defence cooperation, in December 2017. Under PESCO, Member States will come together in different groups to develop and make available additional capabilities and
enablers for peacekeeping and crisis management operations. PESCO is a structure for resource-pooling and enhancing the effectiveness of participating Member States’ militaries, including interoperability and research programmes.
Summary

- From 1994 to 2018, Education and Skills expenditure increased from €2.5bn to €10.1bn.
- As a portion of total government expenditure, Education and Skills is the third largest and has remained relatively stable as a percentage of total government expenditure revolving around 15% to 17%.
- The scale and composition of expenditure on Education and Skills has changed over time due to a variety of factors including demographics, increase in special needs education, the economic downturn, need for capital investment and skills development.
- The largest element of Department of Education and Skills expenditure is pay and pensions, which is estimated to reach 73% of overall DES expenditure in 2018.
- Capital services saw the largest increase over the twenty-five year period with 453% (€567m increase) however First, Second and Early Years education saw the largest magnitude increase in expenditure over the twenty-five year period; increasing by €5.1bn (254%).
- As a portion of GDP, Ireland spends more on its primary education system than the OECD and EU22 average (OECD Education at a Glance, 2017).
- Special education needs gross current allocation (€1.75bn) has now surpassed that of Higher Education (€1.58bn).
- Tertiary degree attainment for Irish 25-34 year olds, at 52%, is 11% above the EU22 average and 9% above the OECD average.
- Examining outcomes, graduates of second level and third level education in Ireland can expect higher relative earnings than the OECD and EU22 average.
- Regarding future policy challenges, a demographic bulge is working its way through the education system. Primary school enrolments are expected to peak in 2018 and decrease year-on-year thereafter up to 2034. Similarly, secondary school enrolments are expected to peak in 2024 and decrease year-on-year thereafter up until 2036.
Long-Term Trends

Figure 1 - DES Expenditure, 1996 - 2018

Source: Department of Public Expenditure & Reform

As Figure 1 shows, expenditure in Education and Skills grew by an average of 11% per annum from 1997 to 2008. Overall, average annual growth for the period 1994 to 2018 was 6%. Exchequer expenditure on education and skills will peak in 2018 at €9.7bn – this is a 4% increase from the previous peak in 2009.

Growth in expenditure from the National Training Fund (NTF) was greatest from 2002 to 2007 where it grew at an average of 15% per annum. NTF expenditure will peak in 2018 at €415m, the increase from 2017 to 2018 of 16% is the third largest yearly increase observed over the period.

Overall, expenditure for the sector as a whole (Exchequer and NTF) will peak in 2018 reaching €10bn for the first time, some 4% higher than the previous peak in 2010.

37 Under the National Training Fund Act 2000, employers contribute to training initiatives, mainly, but not entirely, in the FET areas, through a levy of 0.8% of reckonable earnings in respect of the majority of employees, collected through the PAYE/PRSI system and transferred monthly to the Department of Education and Skills by the Department of Social Protection.
Expenditure on first, second and early years education as a percentage of overall education and skills expenditure has remained relatively stable over the period, averaging 71% of total expenditure over the twenty-five years. However, the magnitude of expenditure has increased as is shown in figure 3 (below).

Higher education expenditure has been on a downward decline since the onset of the fiscal crisis but has increased year on year since 2014. Higher education currently stands at 17% of aggregate expenditure.

The total share of capital expenditure increased over the period from 5% in 1994 to 7% in 2018.

The Department of Education and Skills assumed full responsibility of the Further Education and Training (FET) sector in 2010, with expenditure averaging 4% of aggregate spend from 2010 to 2018.
Expenditure Growth

Figure 3 - Expenditure Growth 1994 - 2018

Figure 3 above outlines expenditure growth from 1994 to 2018. Expenditure on first, second and early years education is the highest out of four areas examined. While it has a similar trend and movement to expenditure on higher education, the increase from 1994 to 2009 is much smoother and of course is a greater magnitude of expenditure. First, second and early years education and Higher Education experience a trough in 2013 and 2014 respectively.

In 2018 expenditure on first, second and early years is expected to be the highest level of expenditure of the period with a 5% increase from the previous peak in 2009 while higher education is expected to be 13% lower than its peak 2008 levels.
Over the past 20 years Education expenditure as a proportion of total Government expenditure has remained relatively constant and ranged from a peak of 16.9% in 1998 to a low of 14.8% in 2009 at the onset of the economic downturn. Education represents the third largest element of government expenditure (after Social Protection & Health). Figure 4 (above) illustrates the twenty-five year trend of education and skills expenditure as a percentage of overall government expenditure. Expenditure in education and skills fell from 16.6% in 1994 to 15.7% in 2018 (averaging 15.8% over the period). Expenditure peaked at 16.9% in 1998, with lowest levels experienced during 2008 & 2009 (14.9% and 14.8% respectively). However, in the years since the economic downturn the share of education and skills expenditure as a percentage of overall government expenditure has increased.
The extent to which the sector was safeguarded during the economic downturn is illustrated in Figure 5 (above). Education expenditure grew broadly in line with total government expenditure from 1999 to 2008. Similarly, from the onset of the downturn, reductions in expenditure on education were less than reductions of total government expenditure. From 2014 to 2018 percentage growth of expenditure in education has equalled percentage growth in government expenditure.

Source: Department of Public Expenditure & Reform

Figure 6 - Composition of DES Expenditure, 2008, 2013 and 2017

Source: Department of Public Expenditure & Reform
Figure 6 outlines the four components of DES expenditure in 2008, 2013 and end 2017. As with all other frontline public services, such as Health, Defence, Garda, etc. pay is the single largest element of expenditure in the education sector. The education paybill at its peak in 2008 stood at €5.6bn, reducing to €4.9bn in 2013 to a 2016 level of just over €5.0bn finishing at €5.4bn in 2017. In overall terms, the share of four expenditure components as a percentage of aggregate education expenditure are outlined in Table 1 below. It is worth noting that between 2014 and 2018 current education expenditure increased by €1,053m, 87% (€914m) of which was in the first, second level and early year’s area. 44% of this expenditure (€457m) was special education expenditure. This further reiterates the point that that first level, second level and early year’s education has been, in previous years, prioritised over third level.

Table 1 - Change in Composition of DES Expenditure (Percentage Share) 2008, 2013 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2013</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Pay</td>
<td>22%</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>Pay</td>
<td>62%</td>
<td>61%</td>
<td>62%</td>
</tr>
<tr>
<td>Pensions</td>
<td>7%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Capital</td>
<td>9%</td>
<td>7%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Department of Public Expenditure & Reform
Capital Investment

Figure 7 outlines gross capital expenditure. Examining the years (2011-2018) the average annual expenditure on primary, second level and early years has increased to €480m while third level has increased to €52m. Following the outcome of the review of the Capital Plan in mid-2017, an additional €663 million was provided for the Education Sector for 2018-2021. This is in addition to circa. €3 billion already provided for the sector for those years under the existing Capital Plan (2016-21). €332 million of the additional allocation will be provided to the Schools sector with the additional funding directed primarily towards the provision of additional permanent accommodation at both Primary and Post-Primary levels.

Project Ireland 2040 (National Strategic Objective 10)
Project Ireland 2040 is informed by the Programme for a Partnership Government 2016 commitment which recognises that economic and social progress go hand in hand, as well as by the National Planning Framework to 2040 and the National Development Plan 2018 - 2027. Access to quality education is one of the ten national strategic outcomes under project Ireland 2040. The key education projects include accommodating increased demographic demand in the schools and higher education sector, delivering quality education via broadband and ICT; delivering high-quality FET programmes to meet the needs of learners and developing Technological Universities in the Higher Education sector.
Expenditure Drivers

As Education expenditure expanded over the past two decades, the main drivers have included:

Demographic changes

*Figure 8 - Staffing trend for 1st, 2nd and 3rd Level, 2008 - 2017*

Figure 8 outlines staffing trends at first, second and third level. Staffing in the primary education sector has been on an upward trend from 2008 to 2017, growing by 16% over the period. Similarly, second level increased by 12% over the period. Third level staffing decreased from 2008 to 2017 (13% decrease). The below graph Figure 9 outlines the staffing trends among special needs assistants (SNA) and support staff. Overall SNA staffing levels increased by 31% over the period 2008-2017. Support staff grew minimally. Thus third level staff were the only staff numbers to decrease, while enrolment numbers into third level have increased.
Table 2 outlines the increase in students across all three levels of the education sector. Both the primary and post primary sectors saw considerable increases in student numbers with an increase of just under 72,000 (15%) in the primary sector from 2007/08 to 2016/17 and an increase of over 48,000 (14%) in the post-primary sector for the same period. In percentage terms, the third level sector saw the largest increase of over 28% in student numbers (39,000 students).
### Table 3 - Change in Expenditure Compared with Enrolments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1st, 2nd and Early Years Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure Change</td>
<td>-8%</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>Enrolments Change</td>
<td>8%</td>
<td>6%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Higher Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure Change</td>
<td>-16%</td>
<td>3%</td>
<td>-14%</td>
</tr>
<tr>
<td>Enrolments Change</td>
<td>16%</td>
<td>10%</td>
<td>28%</td>
</tr>
</tbody>
</table>

*Source: Department of Public Expenditure & Reform and the Department of Education and Skills*

The above table (Table 3) outlines the difference in the percentage changes in expenditure and enrolments for the three periods; 2008 to 2013, 2013 to 2017 and 2008 to 2017. The analysis show the extent to which first, second and early years’ education has been prioritised over higher education. Overall, higher education saw the largest percentage increase in enrolments from 2008 to 2017 while also seeing the largest decrease in funding over the same period.

#### Special Education

Special education needs expenditure represents an estimated 19% of the Department of Education and Skills gross current allocation in 2018 (€1.75bn). Expenditure on this area increased by 39.7% (€497m) from 2011 to 2018. An estimated 89% (€1.56bn) of total expenditure in this area is allocated to pay. This is divided between teacher pay of €1.03bn (59% of total) and special needs assistants’ pay of €0.53bn (30% of total). A significant proportion of this can be attributable to the diagnostic nature of resource teacher provision and special needs assistants, and the increases in special classes established. There have been various drivers of the increase in expenditure on special education including, the underlying change in the school age population, the increasing proportion of children who are qualifying for SNA and special educational needs supports, and in particular, the increasing number of pupils presenting with an autism diagnosis.
Outcomes

Primary
Expenditure on primary schools as a percentage of GDP amounted to 1.8% for Ireland in 2014\(^{18}\) (OECD Education at a Glance, 2017) which was a decrease of .2% from the previous year. This was .3% higher than the OECD average and .4% higher than the EU22 average. Expenditure from primary to tertiary education amounted to 4.8% of GDP in 2014 (decreased from 5.2% in 2013) which was .4% lower than the OECD average and .1% lower than the EU22 average.

Figure 10 - Annual Expenditure per Primary Level Student 2013 & 2014

Examining primary level education, during 2013, Ireland spent less per primary level student ($8,002) than the OECD average ($8,477) and the EU22 average ($8,545). The OECD (+$256/+3%) and EU22 (+$258/+3%) saw an increase from 2013 to 2014 while Ireland (+$5/.06%) saw a minimal increase.

\(^{18}\) OECD’s Education at a Glance uses most up to date data from the past in most recent publications i.e. 2017’s publication predominantly focuses on 2014 while 2016’s publication would predominantly focus on 2013.
Examining second level education, during 2013, Ireland spent more per second level student ($10,804) than the OECD average ($9,811) and the EU22 average ($10,053). Ireland saw a slight decrease from $10,804 to $10,665 (1%) while the OECD (+$295/+3%) and EU22 (+$307/+3%) saw increases. However, Ireland is still $549 (6%) above the OECD average and $305 (3%) above the EU22 average.

As part of the EU2020 Strategy, Ireland aimed to reduce the percentage of 18-24 year olds with secondary education and not in further education and training to 8%. Latest data shows a current rate of 6.9% (Action Plan for Education 2016-2019). The total not in employment or education (NEET) figure has decreased from 19.8% to 18.2% in 2015.
Third Level

Figure 12 - Annual Expenditure per Third Level Student 2013 and 2014

For third level, annual expenditure per third level student was $13,633, lower than the OECD average ($15,772) and EU22 average ($15,664) in 2013. Ireland grew by 3% from 2013 to 2014 while the OECD average grew by 2% and the EU22 average grew by 3%. Both OECD and EU22 average levels in 2014 were 14% higher than Ireland.
Figure 13 outlines the earning differential of workers by educational attainment in Ireland, the OECD and EU22. Ireland has the highest earnings for educated adult workers at all categories, when compared with the OECD and EU22, with the highest earnings income from those that are educated to masters or doctorate level. Ireland has the highest earnings for workers in this category when compared with the OECD and EU22. Furthermore, bachelor’s degree graduates in Ireland yield more income when compared with the OECD and EU22 average. Similarly second level educated workers in Ireland can also expect a higher income than their counterparts in the EU22 and OECD. Table 4 (below) outlines further outcomes for graduates from the third level sector.
Table 4 - Third Level Graduation Outcomes Ireland (2010-2014)

**Table 4 - Third Level Graduation Outcomes Ireland (2010-2014)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Among 2010 Graduates, 66% were in substantial employment in the first year after graduation, and this had increased to 76% for 2014 graduates.</td>
<td>About three quarters of level 6 and 7 graduates from 2010 had re-enrolled in education in their first year after graduation.</td>
</tr>
<tr>
<td>More than a quarter (28%) of 2014 graduates had re-enrolled in education in the first year after graduation, with most of these being simultaneously in substantial employment.</td>
<td>Median weekly earnings for 2010 graduates with a level 6 award rose from €245 in the first year after graduation to €475 five years later while the median for graduates with a level 10 award rose from €705 to €920.</td>
</tr>
<tr>
<td>Median weekly earnings for 2010 graduates rose from €420 in the first year after graduation to €640 by the fifth year.</td>
<td>Five years after graduation, median weekly earnings for graduates of level 8 awards with a H1 were €745, which was €175 higher than the median of €570 for graduates with a H3.</td>
</tr>
<tr>
<td>In the first year after graduation, median weekly earnings were equal for men and women at €420 per week. However, after five years, median weekly earnings for men, at €655 per week, were €20 above the figure of €635 per week for women.</td>
<td>The field of study with the highest median weekly earnings five years after graduation was Information &amp; Communication Technologies at €775 followed by Education at €740 and Health &amp; Welfare at €705.</td>
</tr>
</tbody>
</table>

The table below (Table 5) outlines Ireland's ranking on the earnings ladder when focusing on education. Ireland places better on the ranking in every category except for post-secondary non-tertiary earnings.

Table 5 - Relative earnings of workers, by educational attainment Rankings

<table>
<thead>
<tr>
<th>Country</th>
<th>Below upper secondary</th>
<th>Post-secondary non-tertiary</th>
<th>Short-cycle tertiary</th>
<th>Bachelor's or equivalent</th>
<th>Master's, doctorate or equivalent</th>
<th>Total tertiary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ireland</strong></td>
<td>9th</td>
<td>18th</td>
<td>9th</td>
<td>4th</td>
<td>7th</td>
<td>10th</td>
</tr>
<tr>
<td><strong>OECD Average</strong></td>
<td>17th</td>
<td>10th</td>
<td>12th</td>
<td>11th</td>
<td>8th</td>
<td>15th</td>
</tr>
<tr>
<td><strong>EU22 Average</strong></td>
<td>15th</td>
<td>-</td>
<td>10th</td>
<td>16th</td>
<td>18th</td>
<td>19th</td>
</tr>
<tr>
<td><strong>No of Countries in Ranking</strong></td>
<td>36</td>
<td>20</td>
<td>26</td>
<td>29</td>
<td>29</td>
<td>36</td>
</tr>
</tbody>
</table>

*Source: OECD Education at a Glance, 2017*
Future Policy Challenges

There are a number of challenges facing the Education sector over the short and long term, including demographic pressures, challenges in the third level sector and other structural challenges.

Capital Investment

Demographics for primary sector are expected to peak in 2018 and 2024 for secondary schools. Expected increase in student numbers will further drive the need for capital investment in the Irish education system specifically at third level. The Action Plan for Education 2016 – 2020 outlines the commitment to delivering a capital investment programme for extensions/refurbishments, additional school places and eliminating the use of prefabs. The 2016-2021 Capital Plan allocated €3.8 billion (14% of total capital allocation) in direct exchequer funding for investment in primary, secondary and tertiary level education facilities. In addition, following the review of the Capital Plan in late-2017, an additional €663 million was provided for the Education Sector for 2018-2021. €332 million of the additional allocation was provided to the Schools sector with the remainder allocated for the Higher Education, FET and research activities out to 2021. The investment in the HE sector complements a €200m investment in new infrastructure for the sector via a PPP programme, announced by the Minister for Education and Skills in late 2017.

Higher Education

Demographic pressures are set to continue. Student numbers have increased from 169,474 in 2014 to 181,039 in 2017 with a projected further increase of 15% (207,544\(^39\)) by 2029. A significant challenge on the horizon is the expected increase in student demand over the coming years from demographic pressures and higher participation rates combined with funding issues highlighted in the Cassells Report\(^40\).

Funding Issues combined with demographic changes will pose a significant challenge in the future. The Exchequer grant to the Higher Education Authority (HEA) decreased from €1.3 billion in 2008 to €978 million in 2017 (25% decrease). Overall, third level funding as a percentage of total education funding decreased from 20% in 2008 to 16.6% in 2018 and core funding per student also decreased. Furthermore it is worth noting the university sector has its own resource income which is additional to income received from exchequer sources. Expenditure on student support grants increased by 55% from 2008 to 2016 (€264m to €408m). Budget 2017 and 2018 provided an additional €100m to the higher education sector, the first such increases since the onset of the downturn.

As part of the Government’s response to addressing the funding needs in the sector, the Minister for Public Expenditure and Reform announced a consultation process on the design and operation of an Exchequer-Employer investment mechanism in Budget 2017 to operate from 2018 onwards.

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39 Using S1 baseline scenario from the Department of Education and Skills projections of full time demand for third level education.
Box 1: Strategic Public Infrastructure: Capacity and Demand Analysis

The Irish Government Economic Evaluation Service Capacity and Demand Analysis of Irish Public Infrastructure (2017) makes the following observations in relation to capital expenditure in the Irish education sector.

- In terms of the current composition of capital expenditure in 2017, we observe that primary and post-primary level accounts for 77% of gross capital expenditure while PPPs account for 14% and higher education accounts for 9% (6% research activities and 3% infrastructure).

- While Exchequer capital investment decreased from 2008 to 2012 there has been growth from 2012 to 2017, however it now stands below the peak level in 2008. It is clear that reductions in third level were greater than those in first and second level.

- The higher education sector has stretched itself significantly to accommodate an increasing student population at third level along with also increasing numbers of part-time students at all levels. This has been achieved largely on the strength of highly efficient space utilisation.

- Space provision within the higher education sector is seriously inadequate. Around 39 per cent of the existing space is not of an appropriate standard—this is an average so the proportion is higher in a number of HEIs.

- This report outlines the following as the main factors that are likely to influence demand for education infrastructure in Ireland in the years ahead; 1) Demographics 2) Participation Rates 3) Existing Stock and Prefab Replacements 4) Technological Developments 5) Special Needs Provision and 6) Skills Needs and Further Education.

- The total number of students enrolled at third level has increased by 49% between 2000 and 2016. Growth in full time and part time enrolments over the time period has been 55% and 26% respectively. In terms of the composition of total enrolments in 2016, 82% of students at third level are full time while 18% are part time.

- At aggregate primary level, student numbers are projected to peak in 2018, thereafter declining each year by around 2% on average. At post-primary level, the peak in student numbers will be in 2024 beyond which demand is expected to decrease. The demand for access to third level education is expected to increase which will exert further pressure on capacity.
Following the consultation process with stakeholders, the Government decided to increase the rate of the National Training Fund levy by 0.1% in 2018 to 0.8% and by a further 0.1% in both 2019 and 2020. The final two increases in 2019 and 2020 are subject to the implementation of the necessary reforms to ensure that employers have a greater role in determining the priorities and the strategic direction of the Fund. The 0.1% increase in 2018 provided c. €47.5 million of additional investment in the HE and FET sectors in 2018.

**The Expert Group report and continuing work.** Following the analysis undertaken in the Expert Group report the Oireachtas and the Public Accounts Committee have tasked the Department of Education and Skills with undertaking an economic impact assessment into the funding options outlined in the report. Work is ongoing in this area.

**Primary and Post Primary Education**

**Demographic pressures at primary school level are expected to peak in 2018.** Under all six migration and fertility estimates the primary school population is expected to decline year-on-year from 2019 to 2034. This is not an isolated problem for the primary education sector; a demographic bulge is working its way through the education system. While the decrease in demand for primary teachers can be offset by the non-replacement of retiring teachers, the supply of teachers must be managed at second level to ensure the needs of the sector are being met, particularly with regard to priority areas such as languages.

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and STEM subjects. However, while extra staff may be needed up until the peak enrolments in 2024, student enrolments are expected to decline year-on-year for the following twelve years (up to 2036), resulting in a possible oversupply at second level.

Furthermore demographic change is not expected to develop evenly across the country with growth concentrated in urban and commuting areas. Allocation of future resources will need to be aligned with high pressure demographic areas. As the bulge moves from secondary to tertiary it will pose a potential significant problem for the tertiary sector. The Department of Education and Skills in figure 14 (above) outlines four potential scenarios for full time demand in third level institutions. Using 2014 as a base year, demand within all four scenarios is expected to increase year-on-year up to 2029.
Employment Affairs & Social Protection

Orlagh Lavelle

Summary

- From 1997 to 2017, Social Protection expenditure increased from €5.7bn to €19.9bn.
- As a proportion of government expenditure, Social Protection is the largest sector at 34% in 2017.
- The scale and composition of this expenditure has changed over time due to a variety of factors including demographic change, the prevailing economic circumstances and increases in the rates of income supports.
- Staffing levels peaked in 2012 mainly due to the expansion of function of DEASP with regard to activation labour market policies, but have been falling steadily over the last few years due to decreased pressures in line with improvements in labour market conditions.
- Pensions experienced the largest increase in expenditure over the 20 year period.
- In terms of outcomes, Ireland’s social welfare system is focused primarily on helping to reduce income inequality and poverty levels.
- There are currently positive trends in relation to improving labour market conditions but there is continued upward cost/budgetary pressures driven by demographic change and increasing number of payment recipients in certain schemes, particularly in relation to disability-related payments.
- Taking a closer look at expenditure developments from 2014 to 2017, it shows that underlying expenditure (excluding cyclical Live Register related costs) increased by €1.06bn or 6% over the period, with this underlying expenditure set to increase further in 2018 in line with the increased budget allocation.
- To this end, Spending Review 2018 will take an in-depth look at the following issues:
  - Public Employment Services – mapping of activation supports;
  - Analysis of changes in incentives to work;
  - Resourcing in the context of workforce planning in the Department of Employment Affairs and Social Protection.
Long-Term Trends

Between 1997 and 2017, Social Protection expenditure increased from €5.7bn to €19.9bn.

Figure 1 - Social Protection Expenditure, 1997-2017

As Figure 1 shows, growth was greatest between 2001 and 2009 when expenditure increased by an average of 13% per annum. Expenditure peaked in 2011 at €20.9bn in the midst of the economic downturn and decreased to €19.9bn in 2017.

Total Social Protection expenditure is funded through both the Vote and the Social Insurance Fund (SIF)\(^2\). Prior to the downturn over the period 2000 to 2008, SIF expenditure represented approx. 45% of the total. This fell to 32% in 2012 reflecting the reduction in employment and associated fall in PRSI receipts and rebounded in 2017 to 45% due to employment growth.

Over the past 20 years Social Protection expenditure as a proportion of total Government expenditure has ranged from 25% in 2001 to 37% in the aftermath of the economic downturn over the period 2012 to 2014.

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\(^2\) The Social Insurance Fund (SIF) is made up of on Pay Related Social Insurance (PRSI) contributions from employers, employees and the self-employed. The SIF provides insurance related payments to people in retirement and to meet certain contingencies, including periods of unemployment, illness and maternity leave.
Social Protection represents the largest element of Government expenditure. Figure 2 illustrates the 20 year trend with expenditure falling from 32% in 1996 to an average of 27% over the period 2000 to 2007. From 2008 onwards, with the onset of the economic downturn, Social Protection expenditure increased and peaked at 37% of the total over the period 2012 to 2014, reflecting the provision of a social safety net-automatic stabilisers. By 2017, Social Protection expenditure represented 34% of total expenditure.

Table 1 - DEASP Expenditure by programme breakdown, 1997/2017.

<table>
<thead>
<tr>
<th>DEASP Expenditure by programme</th>
<th>1997</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>176,423</td>
<td>521,707</td>
</tr>
<tr>
<td>Pensions</td>
<td>402,256</td>
<td>994,742</td>
</tr>
<tr>
<td>Working Age Income Supports</td>
<td>1,625,949</td>
<td>2,844,754</td>
</tr>
<tr>
<td>Working Age Employment Supports</td>
<td>123,672</td>
<td>912,059</td>
</tr>
<tr>
<td>Illness, Disability, Carers</td>
<td>250,319</td>
<td>2,557,543</td>
</tr>
<tr>
<td>Children</td>
<td>538,786</td>
<td>2,603,340</td>
</tr>
<tr>
<td>Supplementary Payments</td>
<td>191,929</td>
<td>605,516</td>
</tr>
<tr>
<td>Programme Expenditure</td>
<td>29,383</td>
<td>-</td>
</tr>
<tr>
<td>Total SP</td>
<td>3,338,717</td>
<td>11,039,661</td>
</tr>
<tr>
<td>SIF</td>
<td>2,390,342</td>
<td>8,903,891</td>
</tr>
<tr>
<td>Total Group</td>
<td>5,729,059</td>
<td>19,943,552</td>
</tr>
</tbody>
</table>
Table 1 shows that increases occurred across all areas of programme expenditure with the largest increases seen in Illness, Disability, Carers (922%), Working Age Employment Supports (637%) and Children (383%) over the period. These increases in expenditure coincide with increases in both recipient and beneficiaries.

**The number of weekly paid recipients of social welfare payments** increased by approx. 530,000 or 61% over the period 1996 to 2016. This was accompanied by a smaller increase in the number of other beneficiaries.

*Figure 3 - Number of recipients and beneficiaries of weekly social welfare payments, 1996-2016*

![Graph showing the number of recipients and beneficiaries from 1996 to 2016](image)

*Source: DSP Annual Statistical Reports*

The cohort benefitting from weekly social welfare payments can be divided into two groups; the number of direct payment recipients and other beneficiaries including Qualified Adults and Children. Over the period 1996 to 2016 recipients increased by 530,296 or 61%. This was accompanied by an increase in the number of other beneficiaries of 119,491 or 20%.

In terms of coverage, 45% of the population were assisted by weekly social welfare payments in 2016. This represents an increase from 37% coverage during the period 2000 to 2007 but less than the peak level of 49% prevailing from 2011 to 2013.

Figure 3 highlights the significant increase in recipients and beneficiaries from 2008 onwards again reflecting the provision of the social safety net; over the period of the economic

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43 Weekly social welfare payments include Jobseekers, Pensions, Disability Allowance, Supplementary Welfare Allowance, Insurance schemes and Assistance schemes. Other non-weekly payments are not included such as Child Benefit, Domiciliary Care Allowance (payable to guardian of children up to age 16) as they are paid on a monthly basis.

44 A qualified adult is someone a participant is married to or living with as husband and wife and who is wholly or mainly maintained by that participant.

45 A qualified child is a child who normally lives with the participant and is being maintained by the participant up to the end of the academic year in which they reach age 18, or they are aged 18 to 22 and in full time education by day at a recognised school or college.
downturn (2008 to 2014), the total cohort benefitting from weekly social welfare assistance increased by 44%.

Table 2 highlights the changes in weekly recipient numbers by client group and the corresponding changes in weekly payment rates over the period 1997 to 2016. The largest increase has been in relation to older people, with an increase of over 300,000 or 180% in weekly recipients, although there has been some changes in relation to categorisation of payments in the earlier part of this period that should be borne in mind\(^{46}\). In percentage terms the most significant increase has been in the carers' category. The number of people in receipt of disability income supports has also increased considerably. All client groups have seen very significant increases in their weekly payment rates. As Table 2 shows the combined impact of volume (number of recipients) and cost increases (payment rates) over the period explains the upward trajectory of expenditure set out in Figure 1.

<table>
<thead>
<tr>
<th>Client Group</th>
<th>Change inrecipient numbers</th>
<th>Change in weekly payment rates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pensions</strong>(^{47})</td>
<td>303,575</td>
<td>€136</td>
</tr>
<tr>
<td><strong>Widow &amp; Widowers</strong></td>
<td>5,233</td>
<td>€103</td>
</tr>
<tr>
<td>Unemployment</td>
<td>34,886</td>
<td>€102</td>
</tr>
<tr>
<td>Disability</td>
<td>82,703</td>
<td>€102</td>
</tr>
<tr>
<td>Carers</td>
<td>44,296</td>
<td>€115</td>
</tr>
<tr>
<td>Other</td>
<td>63,086</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>533,779</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Source: DSP Annual Statistical Reports

\(^{46}\) Some of the recipient increase can also be attributed to categorisation changes. “Recipients of Widow/er’s Pension, Deserted Wife’s Allowance, Blind Pension, One Parent Family Payment and Prisoner’s Wife’s Allowance have since 2006 transferred to State Pension (Non-Contributory) upon reaching 66 years of age, resulting in some decreases in recipients and expenditure on such schemes and concomitant increases in recipients and expenditure on State Pension (Non-Contributory). Recipients of Invalidity Pension aged 66 years or over transferred to State Pension (Contributory) on reaching that age threshold.” (Department of Social Protection, 2007)

\(^{47}\) This is based on the Non-Contributory Pension rate: for the Contributory rate the increase of the period was €134 or 136%.
Staffing Trends

The level of staffing in the Social Protection sector increased by approx. 2,150 or 51% over the period 1997 to 2017 due mainly to an expansion of functions.

The function and scope of provision has shifted from mainly welfare provision to the expansion of services with the objectives of reducing poverty risk, social inclusion and promoting employment and labour force participation. This expansion of function is reflected by increases in both recipients and beneficiaries and has led to the increase in staff numbers.

At end 2017 there were 6,348 FTEs working in the DEASP. This represented 17% of Civil Service staff. Figure 4 illustrates the trend over the period 1997 to 2017: staffing levels increased by 2,150 or 51%. This trend can be broken into two phases:

- Over the first decade (1997-2007) staffing levels increased by 290 FTEs or 7%; from 4,197 to 4,486.
- Over the second decade (2008-2017) staffing levels expanded significantly to reflect transfer of functions to DEASP. From 2008 to peak levels in 2012 the number of FTEs increased by over 2,135 or 46%, from 4,610 to 6,745. Since then it has fallen by almost 400 FTE to 6,348 in 2017.

Figure 4 - Social Protection Staffing (FTE), 1997-2017

Source: Civil Service HR Databank

The large increase in staffing levels from 2010 onwards is due to:

- The consolidation of employment supports within DEASP following the wind-down of FÁS as the primary provider of employment supports and the rollout of the INTREO network (nearly 800 staff transferred to DEASP) and;
- Over 1,000 staff also transferred from the Health Service Executive when the DEASP took ownership of the Community Welfare Service.

In terms of grade composition the bulk of staff are at Clerical Officer (40%), Higher Executive Officer (24%) and Executive Officer (23%) grades.
Over the period 2007-2017, increases in staff occurred within the lower grades. AO/HEO increased by 904 of which 888 occurred in the HEO grade. The grouped grades of EO/SO/CO/TCO/SVO increased by 893 of which 678 was within the EO grade and 413 was within the CO grade.

Trends in staff grade composition (Figure 6) show the rise in the number of staff are due to increases within the existing largest grades of staff (HEO and CO grades). Over the period, the number of HEO’s increased by 879 (↑140%), CO’s by 434 (↑21%), with little changes in EO’s grades.
Large gender disparities have remained constant over the period with females accounting for 68% of the total share of staff. Growth in staff levels occurred across both genders with females increasing by 1,386 (+47%) and males increasing by 475 (+31%) pointing to the large differences in underlying base levels (See Figure 7).

Figure 7 - Gender Breakdown, 2007 - 2017

Source: Civil Service HR Databank

Trends in the age profile of DEASP staff reflect age trends in the civil service generally with reductions in the number of staff under the age of 40 and concentrated growth in the 55-59yrs and 60+ cohorts. As of end 2017, the largest proportion of DEASP staff are within the 40-49yrs age band (1,960 staff), followed by 55 – 59yrs (1,391 staff). The average age of DEASP staff is 49 as of April 2018. Over the period (See Table 3), the number of staff under the age of 40 fell by 263, (-17%). In turn, the number of staff aged 55 – 59yrs and 60+yrs rose by 1,523 (+258%).
Table 3 also demonstrates the emerging trends in longevity of service. The largest proportion of staff (57%) have pensionable service years of less than 20 years, followed by 19% of staff with 20 – 29 years of pensionable service. The highest growth is within the < 20 year cohort which has increased by 1,287 (54%) over the period. There has also been concentrated growth in the 35 – 39 years and > 40 years of service with increases of 503 (220%) and 191 (214%) respectively.

Given the age profile of staff in DEASP, with 49% of staff in the >50 years age category and moving towards retirement in the next 5 – 15 years, DEASP will face resourcing challenges and there is a need for a greater focus on strategic workforce planning in the coming years.
Expenditure Drivers

As the quantum of Social Protection expenditure expanded over the past two decades, the allocation to different client groups has evolved.

Figure 8 - Expenditure allocated to different client groups, 1997 & 2017

Figure 8 sets out the level of expenditure allocated to each client group in 1997 and 2017. All groups have seen significant increases in expenditure. The largest nominal increase in expenditure was in the Older People category, reflecting increased pension costs of €4.6bn over the period. Carers have seen the largest proportionate increase with expenditure increasing 15.5 times from €47m in 1997 to €730m in 2017.

Source: DSP Annual Statistical Reports

48 Other expenditure relates to employment supports, administration and a range of supplementary payments including Treatment Benefits, Rent Allowance, Household Benefits Package, Free Travel, Fuel Allowance.
A range of factors have played a role in driving changes in the scale and composition of expenditure over the past 20 years. The main reasons are briefly outlined below.

- Firstly, demographic change has led to an expansion in the volume of Social Protection support recipients. The overall population expanded by 1.128 million or 31% in the period 1997 to 2017. Critically the two significant groups in terms of universal social protection payments, are children and older people and over the review period, the number of children increased by 125,800 or 11% and the number of people aged 65 and over increased by 233,600 or 56%.

- Secondly, Social Protection plays a leading role in providing a social safety net/automatic stabilisers in the face of economic shocks and accordingly elements of expenditure such as jobseekers benefit and assistance and employment supports are driven by cyclical conditions. The number of people on the Live Register fell below 150,000 at the turn of the century and remained relatively constant until the economic downturn in 2008. The number rose sharply to approx. 450,000 in 2010/2011. Since 2012 it has been on a downward trajectory reaching 241,000 at end 2017 on a seasonally adjusted basis.

- Thirdly, there were sustained increases in the rates payable across the range of income supports. For example, Figure 9 highlights the growth in weekly pension, disability and unemployment income supports well above changes in the Consumer Price Index (CPI). Figure 10 above shows the year-on-year percentage changes in weekly social welfare payments, and developments in the trend-line of CPI changes. This demonstrates the relationship between changes to CPI and key rate adjustments to payments which broadly follow Ireland’s economic trajectory i.e. CPI falls in 2009 and there are reductions in Jobseekers Allowance, State Pension and Disability Allowance. In the years pre financial crisis period (2003-2007), payments increased by between 7% and 11%, well above the rate of inflation which remained relatively flat over the period.

- Many other factors have also contributed to the increased scope of supports available. The specific drivers of expenditure related to activation services, Disability Allowance and staff resourcing are analysed in more detail in supporting Spending Review papers.
Figure 9 - Index of weekly payment rates (Pensions, Disability & Unemployment) versus CPI, 1998-2017

Figure 10 - Rate of changes to Weekly Social Welfare payments year on year Vs Annual CPI rate Base 1998 – 2017

Jobseekers and Disability Allowance follow same rate of change over the period hence they are included as one above.
Outcomes

Ireland’s level of disposable income inequality is around the middle of the distribution of European and other advanced economies. The Gini coefficient, a measure of the degree of equality with 0 representing perfect equality and 100 representing total inequality, stood at 29.5 in 2016. Equality has improved over time with the Gini coefficient falling below the EU average in 2015 with this downward trend continuing in 2016.

Figure 11 - Gini coefficient Ireland versus EU Average, 2005-2016

Source: Eurostat

Ireland’s welfare system performs well in terms of redistributing income and reducing inequalities. As demonstrated in Figure 12, Ireland is the most effective country in the OECD at reducing the level of inequality between pre and post transfer income.

Figure 12 - Reduction in inequality between pre and post transfer income, 2014

Source: OECD database
Ireland’s social welfare system significantly reduces the at-risk of poverty rate\(^{50}\). As Figure 13 demonstrates, the at-risk of poverty rate excluding social transfers increased continually from 2008, going from 41% in 2007 to a peak of 50.7% in 2011 before declining thereafter to 44.9% in 2016. The at risk of poverty rate - including social transfers - highlights the effectiveness of the social welfare system with the rate at 14.1% in 2009, increasing gradually to 17.3% in 2012 before reducing to 16.5% in 2016.

\(^{50}\) “People or households are considered to be at risk of poverty when their income is less than a particular threshold. In the EU, the threshold has been set at 60% of the median income (mid-point in the scale of the highest to the lowest of all incomes in Ireland). Between 2008 and 2013, median disposable income for an individual dropped from €20,758 to €18,148 but began to increase again in 2014 and in 2016 reached €20,597 per annum. This means that the 60% at risk of poverty threshold in 2016 was €12,358.” (European Anti Poverty Network Ireland, 2018)
Short-term trends, 2014 - 2018

Since 2014 and the beginning of the economic recovery Social Protection expenditure increased by 1.1%. However this masks an underlying growth rate of 8.5% when significant Live Register related savings are taken into account.

Figure 14 - Social Protection expenditure trends, 2014-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Expenditure</th>
<th>Underlying expenditure (Total less Live Register)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>19.79</td>
<td>16.44</td>
</tr>
<tr>
<td>2015</td>
<td>19.88</td>
<td>16.75</td>
</tr>
<tr>
<td>2016</td>
<td>19.78</td>
<td>16.97</td>
</tr>
<tr>
<td>2017</td>
<td>19.94</td>
<td>17.5</td>
</tr>
<tr>
<td>2018</td>
<td>20.01</td>
<td>17.84</td>
</tr>
</tbody>
</table>

Source: DPER Statbank

Table 4 - Changes in components of expenditure, 2014-2018*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditure</td>
<td>€bn</td>
<td>€bn</td>
<td>€bn</td>
<td>€bn</td>
<td>€bn</td>
<td>€bn</td>
</tr>
<tr>
<td>Live Register Expenditure</td>
<td>3.34</td>
<td>3.13</td>
<td>2.81</td>
<td>2.44</td>
<td>2.17</td>
<td>-1.17</td>
</tr>
<tr>
<td>Underlying expenditure (Total less Live Register)</td>
<td>16.44</td>
<td>16.75</td>
<td>16.97</td>
<td>17.5</td>
<td>17.84</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Source: DPER Statbank
*revised estimate allocation for 2018

Over the period 2014 to 2018 Social Protection expenditure is projected to have increased by €220m or 1.1%. At the same time Live Register related expenditure is projected to have fallen by €1.2bn due to improvements in the labour market. Therefore underlying Social Protection expenditure (excluding cyclical Live Register costs) is projected to have increased by €1.4bn or 8.5% over the period.
This significant increase in underlying expenditure has been driven partly by demographic related pressures, increasing recipient numbers and Budget packages which include full year costs of €142m in 2015, €279m in 2016, €469m in 2017 and a further €453m in 2018.

This increased level of funding has enabled a higher level of support, through increased payment rates, to be provided to an increasing number of recipients.

The number of recipients of weekly social welfare payments, excluding Live Register related income and employment supports, increased by 7% over the period 2014 to 2018. Over the same period the number of recipients of pension payments grew by over 50,000 or 9%. The number of working-age recipients, excluding the Live Register, increased by 4%, due mainly to an expansion in recipient numbers of Disability and Carer’s Allowances.

*Figure 15 - Number of recipients of weekly social welfare payments excluding Live Register related and employment support schemes, 2014-2018*
As a proportion of total recipients over the period 2007 - 2016, Children (33%) followed by Pensions (28%) account for the largest percentage of recipients, followed by Illness, Disability, Carers (18%) with Working Age Income Support (17%) rising and falling in line with economic circumstances.

Recent budgets have seen the introduction of substantial packages (average full year cost of €400m over past 3 years)

In addition to demographic pressure on pensions and increased recipients of Disability and Carer’s Allowances a number of sizeable Budget packages have been rolled out in recent years. Full Year cost of Budget packages have ranged from €142m in 2015, €279m in 2016, €469m in 2017 and a further €453m in 2018.

The carryover cost of packages into the following year has also been significant.

**Table 5 - Budget Packages 2015-2018**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full Year cost (€m)</strong></td>
<td>142</td>
<td>279</td>
<td>469</td>
<td>453</td>
</tr>
<tr>
<td><strong>First year cost (€m)</strong></td>
<td>132</td>
<td>264</td>
<td>330</td>
<td>343</td>
</tr>
<tr>
<td><strong>Carryover (€m)</strong></td>
<td>10</td>
<td>15</td>
<td>139</td>
<td>110</td>
</tr>
</tbody>
</table>
Future Policy Challenges

There are a number of challenges facing the Social Protection sector over the short and long term, including demographic related pressures, an evolving labour market and other structural challenges.

**Table 6 - Positive and negative challenges**

<table>
<thead>
<tr>
<th>Positive Pressures</th>
<th>Labour market improvements with falling unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Pressures</td>
<td>Demographic-related pressures</td>
</tr>
<tr>
<td></td>
<td>Structural issues – increasing disability-related costs</td>
</tr>
<tr>
<td></td>
<td>Labour force participation</td>
</tr>
</tbody>
</table>

Demographic pressures will continue to drive up recipient numbers particularly in relation to pensions. Previous analysis undertaken by IGEES in the paper “Budgetary Impact of Changing Demographics 2017 – 2027” estimated the average short-term annual cost of demographic change on the Social Protection budget at €253m. This is mainly driven by child benefit (€8m) and pension-related (€245m) increases. Structural issues will also likely further contribute to upward pressures specifically on disability and carer related supports projected to amount to a further €38m.

The future outlook for employment is positive with expected average growth of 1.95% over the medium term. The latest Labour Force Survey figures indicate that reductions in unemployment are continuing and growth in the numbers employed is strong. At end 2017, the unemployment rate stood at 6.1%. The latest Department of Finance projections, contained in the Stability Programme Update 2018, forecast average annual employment growth of 2.15% over the period 2018 to 2021. The unemployment rate is expected to reach 5.3% in 2019 and subsequently remain stable. These developments will drive down Live Register related costs and demand for employment supports in 2018 but this will begin to level off in 2019.

However challenges remain in relation to the level of participation in a constantly evolving labour market. The participation rate, defined as the population aged over 15 in employment as a percentage of the total population. Between Census 2011 and 2016, Ireland’s participation rate fell from 61.9% to 61.4%. Significant number of the population are not in the labour market as result of unemployment, home caring responsibilities, studying, or retirement.

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Table 7 - Persons aged 15 or over by economic status, 2011 - 2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons at work</td>
<td>1,807,360</td>
<td>2,006,641</td>
<td>199,281</td>
<td>11.0</td>
</tr>
<tr>
<td>Looking for first job</td>
<td>34,166</td>
<td>31,434</td>
<td>-2,732</td>
<td>8.0</td>
</tr>
<tr>
<td>Unemployed</td>
<td>390,677</td>
<td>265,962</td>
<td>-124,715</td>
<td>31.9</td>
</tr>
<tr>
<td>Labour force (A)</td>
<td>2,232,203</td>
<td>2,304,037</td>
<td>71,834</td>
<td>3.2</td>
</tr>
<tr>
<td>Not in labour force (B)</td>
<td>1,376,459</td>
<td>1,451,276</td>
<td>74,817</td>
<td>5.4</td>
</tr>
<tr>
<td>Population aged 15 or over (=A+B)</td>
<td>3,608,662</td>
<td>3,755,313</td>
<td>146,651</td>
<td>4.1</td>
</tr>
<tr>
<td>Labour force participation rate</td>
<td>61.9%</td>
<td>61.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>19.0%</td>
<td>12.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

While there has also been a significant fall in the numbers on the Live Register, it has not declined at the same pace as unemployment. The gap between the number of people unemployed and the number of Live Register claimants has widened during the recovery. The ratio of the Live Register figure to the unemployment figure was 1.56 in Q1 2006 Q1 and 1.63 in Q4 2017\(^53\). This discrepancy is wider in Ireland than in other European countries, although excluding casual workers on the Live Register this ratio decreases to 1.28 in Q4 2017\(^54\). Whilst the number of part-time workers has increased (401,100 in Q3 2008 to 432,200 in Q2 2017) the number of those underemployed has fallen (95,200 in Q3 2008 to 88,400 in Q2 2017) amounting to 20% of all part-time employment, reflecting the improvements in the labour market but also the scope for increased participation for part-time workers.

Whilst the long-term unemployed cohort (>1 year) has been falling at a greater rate than the short-term unemployed cohort, there remains a significant cohort of very long-term unemployed (3 + years) at 53,519 as of April 2018, accounting for 15% of the total Live Register, of which 62% are males. 78% (25,762) of the total male 3+ year unemployed cohort are aged between 35-64 years, which may suggest a very low attachment to the labour market given current positive economic conditions. This cohort have likely long standing structural/social barriers to entry not related to economic conditions. With Ireland potentially approaching full employment and minimal slack left in the labour market a key question for policymakers is how to further target this cohort for optimal and inclusive labour market activation. Furthermore, the participation rate fell during the downturn and has yet to fully recover. Whilst participation levels have been improving in recent years, they are below the European average placing a potential burden on the welfare system going forward. The unemployment rate has been falling consistently and is now amongst the lowest in Europe, it is only relative to the amount of people participating in the labour force. Activation is a key policy tool to boost labour force participation from inactive cohorts and further progress in implementing the actions from Pathways to Work and the Comprehensive Employment Strategy for People with Disabilities is required.

Other structural issues will also pose a challenge into the future. Disability income support expenditure has increased significantly over the past 20 years but this growth

\(^{53}\) CSO Statbank 2018: http://www.cso.ie/px/pxeirestat/Statire/SelectTable/Omrade0.asp?Planguage=0

\(^{54}\) Excluding PSRI credits (those signing on for PSRI credits but receiving no payment) would likely reduce this ratio further.
escalated over the period since 2012 with annual growth of 6% in the number of recipients. Further analysis is in train in this area currently.

**In order to inform sustainable policy decisions going forward, on-going analysis is required across the breadth of Social Protection expenditure.** The Spending Review 2018 takes an in-depth look at a number of different policy issues, including Disability Allowance, Public Employment Services, changes to work incentives as measured by replacement rates and staff resourcing within the Department of Employment Affairs and Social Protection.
Finance

Victoria Cahill

Summary:

The Finance Group consists of 4 Votes in total:

1. Department of Finance
2. The Comptroller and Auditor General
3. The Revenue Commissioners
4. The Tax Appeals Commission

- Total Voted expenditure for this Departmental Group 1997-2017 is €9,181m. This expenditure reflects the Government’s commitment to ensure that public money is spent and taxes and customs are collected.
- This review focusses on the expenditure and staffing trends of the Department of the Finance, reflecting the establishment of the Department of Public Expenditure and Reform and the separation of functions in 2011.
- The composition of expenditure; paybill, fuel grant and consultancy is outlined at section 2.
- Section 3 reports on a number of outputs and outcomes of the Department’s spend under its 3 programmes; Economic and Fiscal Policy, Banking and Financial Services and Delivery of Shared Services.
- The main policy challenges for the Department are:
  - outcome of Brexit negotiations
  - Shareholding in Banks
  - Introduction of FMSS
  - Progression of ICT projects
Long-term Trends

Expenditure Trends

Figure 1 - Department of Finance Expenditure 1997-2017

Total Voted expenditure on the Department of the Finance equalled €1,358m within the period 1997 to 2017. With the exception of an expenditure peak in 2001 (primarily due to provisions for the Euro Changeover Board and North/South cooperation), the Department of Finance remained relatively stable over the decade 2000-2010.

The expenditure cliff in 2011 reflects the establishment of the Department of Public Expenditure and Reform and the separation of functions. With this in mind, the period 2012-2017 has also remained moderately balanced.
Staffing Trends

Figure 2 - Department of Finance Staffing Trends 2006-2017

There has been a steady decline in staffing numbers within this Department from 2007 onwards - prior to the separation of function and establishment of the Department of Public Expenditure and Reform. 2011-2017 staffing numbers have remained relatively constant.

Expenditure Drivers

- Paybill accounts for approximately 45% of the vote.
- The Fuel Grant which has been part of the vote since 2016 accounts for approximately a further 25% of our Gross Estimate.
- Consultancy related to policy advice and legal advice account for approximately another 15% - the outturn in any year in this category of expenditure depends on how many of the amount of the potential legal cases concerning the Department take place.
Outcomes

The Department of Finance delivers under three programmes and while is not possible to fully cover the entire range of outputs and outcomes of their spending, the following is reflective of the overall output trend in recent years.

Table 1 – Selected Outputs and Outcomes

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Debt Repaid</td>
<td>€5.5bn</td>
<td>€5.5bn</td>
<td>€2.6bn</td>
</tr>
<tr>
<td>State Disposals</td>
<td>€2.1bn</td>
<td>€1.6bn</td>
<td>€3.4bn</td>
</tr>
<tr>
<td>Monitor banks performance to ensure</td>
<td>AIB 15.9%</td>
<td>AIB 19%</td>
<td>AIB 19.9%</td>
</tr>
<tr>
<td>taxpayer investment protected</td>
<td>BOI 13.3%</td>
<td>BOI 14.2%</td>
<td>BOI 14.4%</td>
</tr>
<tr>
<td>(measured by CETI and profit –</td>
<td>PTSB 17.1%</td>
<td>PTSB 17.2%</td>
<td>PTSB 17.1%</td>
</tr>
<tr>
<td>minimum core tier 1 ratio of 10.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>on an on-going basis</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Future Policy Challenges

Outcome of Brexit negotiations - the impact of which may not be assessed until the EU UK negotiations develop further in the coming months.

Shareholding in Banks - Government policy remains that it does not wish to hold its bank investments long term and subject to market conditions is committed to exit in a manner that generates value for the taxpayer. The challenge is to do so in a timely manner, bearing in mind the risk that a poorer macro environment would materially impact valuation, Brexit risk continues to impact and visibility around interest rate environment / formal ECB tapering not yet clear.

Introduction of FMSS to the Department – the timing of the introduction of the new system will be a challenge for the Department

Progression of ICT projects – while ICT projects are not policy challenges per se, there is a challenge for the Department in delivering our services, if we do not have appropriate ICT in place. Our SLA with OCGIO supports the provision of new technology, however, there is a need to ensure that the technology delivered is properly designed, tested, user friendly and supports the achievement of Departmental goals.
Summary:

The Foreign Affairs Groups consists of:

- Vote 27 – International Co-Operation
- Vote 28 – Foreign Affairs and Trade

For the purpose of this review we will focus on the Department of Foreign Affairs and Trade. Total Voted expenditure within the period 1997 to 2017 equalled €3,886m.

The funding provided to the Department of Foreign Affairs and Trade supports the Department’s efforts to serve the Irish people, promote their values and advance their prosperity abroad, and provides the Government with the capabilities, analysis and influence to ensure that Ireland derives the maximum benefit from all areas of its external engagement.

Foreign Affairs staff comprises civil servants and mission staff. With grade structure remaining relatively consistent in the past decade the Department of Foreign Affairs staffing numbers are back to peak 2009 figures.

The main expenditure drivers are new missions, Brexit, increased demand for passports, currency exchange exposure and general cost increases worldwide which are expanded on in Section 2.

There are five expenditure programmes under Vote 28 corresponding with the Department’s five high level goals: Our People, Our Place in Europe, Our Values, Our Prosperity and Our Influence. The outcomes delivered under these programmes are outlined in Section 3.

The future policy challenges facing the Department of Foreign Affairs and Trade are:

- Passport Reform;
- Ireland’s SECCO Campaign; and
- Ireland House Tokyo
- Brexit
Long-term Trends

Expenditure Trends

Figure 1 - Expenditure on the Department of Foreign Affairs and Trade, 1997-2017

Total Voted expenditure on the Department of Foreign Affairs and Trade equalled €3,886m within the period 1997 to 2017. Expenditure increased rapidly throughout the decade from 1997, reaching a high point of €256m in 2008.
Staffing Trends
Foreign Affairs staff comprises civil servants and mission staff. Up to 2010 International Cooperation staff were included in Foreign Affairs numbers.

With grade structure remaining relatively consistent in the past decade, the department of Foreign Affairs staffing numbers are back to peak 2009 figures.

Figure 2 - Foreign Affairs and Trade staffing trends, 2008 - 2018

Expenditure Drivers

- **New Missions:** On 2018 Budget Day the opening of six new Missions was announced. With two of those Missions due to open in Q4 2018, and the remaining four due to open in Q1 2019, expenditure implications for 2018 will not be very significant. The full-year cost of these new Missions will not be required until 2020.

- **Brexit:** A key focus for this Department is around safeguarding Ireland’s interests in the broader context of Brexit negotiations and additional resources have been put in place at HQ and in key EU Missions to address the challenges. 30 additional posts dedicated to Brexit-related posts, at home and abroad, have been created so far.

- **Increased demand for passports:** The increased demand for passports, which leads to an increase in operating costs, is driven by a number of factors including a general increase in travel abroad, a growing population and a rise in applications from Northern Ireland and Great Britain following the UK referendum on EU membership in June 2016. Linked to the last issue is also a significant increase in applications for Irish citizenship under the Foreign Births Registration arrangements.

- **Currency exchange exposure:** DFAT has significant exposure to currency exchange risks as the Department incurs expenditure in 32 foreign currencies. Almost 40% of the Vote 28 gross allocation is denominated in currencies other than the Euro, with
just under 20% of the budget in US dollars, representing the cost of US Missions and contributions to international organisations including the UN.

- **General cost increases worldwide, ICT Global Network and the Global State Property Portfolio** are also driving expenditure within this Department.

Outcomes

The Foreign Affairs Group encompasses responsibilities under its two Votes and it is not possible to fully cover the entire range of outputs and outcomes of their spending. The figures below are reflective of the overall output trend in recent years for this Group.

**Table 2 – Selected Outcome Trends 2014-2016**

<table>
<thead>
<tr>
<th>Within Vote 28</th>
<th>2014</th>
<th>2016</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cross Border Trade</td>
<td>€6.18bn</td>
<td>€6.839bn</td>
<td>€6.29bn</td>
</tr>
<tr>
<td>Passport Revenue</td>
<td>€37.3m</td>
<td>€42.2m</td>
<td>€46.7m</td>
</tr>
<tr>
<td>Consular Services Revenue (as outlined in 5)</td>
<td>€3.3m</td>
<td>€3.2m</td>
<td>€4.7m</td>
</tr>
<tr>
<td>Consular services documents processed including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Letters of freedom to marry abroad; Foreign Birth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Registrations; documents authenticated</td>
<td>67,972</td>
<td>63,683</td>
<td>71,521</td>
</tr>
<tr>
<td>Total No. of citizens in distress who receive</td>
<td>1,676</td>
<td>2,614</td>
<td>2,762</td>
</tr>
<tr>
<td>consular assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of passports issued</td>
<td>629,446</td>
<td>669,806</td>
<td>733,060</td>
</tr>
</tbody>
</table>

There are five expenditure programmes under Vote 28 corresponding with the Department’s five high level goals, viz. **Our People, Our Place in Europe, Our Values, Our Prosperity and Our Influence**.

**Programme A: Our People**

*To Serve Our People at Home and Abroad and to Promote Reconciliation and Cooperation*

So far in 2018, the Department is focussing on:

- Following from the successful introduction of online passport renewals for adults during 2017, the Passport Reform Programme will continue to 2019 to deliver a modern Passport Service with enhanced security and anti-fraud capabilities. It is estimated that the Passport Service will issue over 850,000 Passports and 70,000 Passport Cards during 2018.
- Providing Irish citizens abroad with appropriate assistance and deliver a responsive consular service. The Department’s public offices in Dublin and Cork deal with the authentication of some 60,000 documents annually for use abroad by Irish companies and citizens. The number of applications for Irish citizenship through Foreign Birth Registration (FBR) has increased threefold since the British Vote in 2016 to leave the EU.
- Allocating grants from the Reconciliation Fund (in the region of €2.7 million) to support over 100 civil society and community organisations working to support peace and reconciliation on the island of Ireland and between Ireland and Britain;
- Supporting 200+ organisations under the Emigrant Support Programme and provide resources for diaspora engagement.
**Programme B: Our Values**  
*To work for a Fairer, More Just, Secure and Sustainable World*

The 2018 targets for this Programme which the Department is focussed on, which are integrated with those in Vote 27 (International Cooperation), are:

- to promote our human rights priorities and improve coherence of human rights promotion and protection in our foreign policy;
- to drive international efforts to protect woman and girls in conflict zones and to ensure participation of women in peacebuilding and conflict resolution;
- to campaign for Ireland’s election to the UN Security Council in 2020;
- to advocate for peace building through our membership of multilateral organisations;
- to lead international efforts on disarmament and non-proliferation;
- and to implement the rulings of international courts.

**Programme C: Our Prosperity**  
*To Advance Ireland’s Prosperity by Promoting our Economic Interests Internationally*

The Department’s work under this programme in 2018 is focussing on:

- leveraging our resources to drive job creation, exports (including cultural exports), inward investment, and the tourism and education markets. There is a continued focus on assisting Irish business in the context of the UK’s exit from the EU, drawing on the strategies outlined in *Ireland Connected: Trading and Investing in a Dynamic World*.
- The deepening of Ireland’s global footprint including a targeted response to both new and mature markets to mitigate the economic impact of Brexit.

**Programme D: Our Place in Europe**  
*To Protect and Advance Ireland’s Values and Interests in Europe*

The focus of work under this Programme in 2018 is around:

- Safeguarding Ireland’s interests in the broader context of Brexit negotiations – especially with regard to Irish issues, the new EU-UK relationship and the future direction and policies of the Union.
- Actions in 2018 include: Formulating and delivering clear Irish messages on key Brexit issues to our European partners, including the EU institutions, in Brussels and across the EU27;
- Mission network providing support to all Government Departments as required and proactively reporting on key issues affecting Ireland; and active participation at the Foreign Affairs Council and input to the implementation of the EU’s Global Strategy.

**Programme E: Our Influence**  
*To strengthen our influence and our capacity to deliver our Goals*

The Programme E focus in 2018 is on strengthening DFAT’s corporate performance with a view to improved public service. This includes:

- enhanced corporate governance;
- increased public diplomacy;
services in Irish;
strong commitment to transparency, i.e. in relation to proactive FOI publication;
expansion of online payments for additional consular services; and delivery on our Employee Engagement Action Plan.

Future Policy Challenges

- **Passport Reform Programme**
The Passport Reform Programme was launched in 2016 with an ambitious plan to transform the Passport Service by delivering 26 projects at a total cost of €18.6m over a three year period. The Programme aims to deliver a citizen-focussed efficient and consistent service while maintaining the Irish passport’s strong integrity. A number of important milestones have been met by the Reform Programme to date, including the introduction of the online adult renewal passport service. Building on the success of online adult renewals the project will incorporate child and family renewals as a next step with an expected go-live date of Q4 2018.

- **Ireland’s SECCO Campaign**
On 2 July 2018 the Taoiseach and Tánaiste launched Ireland’s election campaign for a non-permanent seat on the UN Security Council for the 2021-2022 term. Ireland has sought election to the Security Council at roughly 20-year intervals. The campaign will be an opportunity to showcase Ireland’s foreign policy credentials and international standing at the UN, to highlight our contribution to the UN throughout six decades of membership in the fields of sustainable development, peacekeeping, disarmament and human rights and to build relationships with new partners for investment, trade and tourism.

- **Ireland House Tokyo**
In late 2017 the Department purchased a site from the Japanese Government to construct a multi-purpose Ireland House building in Tokyo that will house the Embassy, State Agencies and staff accommodation. It will have representational and exhibition space for the promotion of Irish goods and services, culture and the arts.

**Brexit:** A key focus for this Department is around safeguarding Ireland’s interests in the broader context of Brexit negotiations and additional resources have been put in place at HQ and in key EU Missions to address the challenges. 30 additional posts dedicated to Brexit-related posts, at home and abroad, have been created so far.
Health

Jenny Connors and Deirdre Collins

Summary:

From 1997 to 2017, total Government expenditure on healthcare rose from €3.6bn to €15.6bn.

- Health expenditure has fluctuated over the last two decades. Expenditure increased considerably from 1997 reaching a peak in 2009 and then falling as a result of the economic downturn. In more recent years, total health spend has increased significantly reaching record levels in 2017 of €15.6bn.
- Since the formation of the HSE in 2005, healthcare has consistently accounted for approximately a quarter of Voted expenditure.

In terms of outcomes, from 1999 to 2008 life expectancy in Ireland rose from 76.2 to 80.2, equivalent to an average annual increase of five months.

- Five year survival rates in Ireland for all cancers have improved, however they are still below the OECD average in terms of breast cancer five year net survival; 82% compared with 85%.

Total health expenditure increased by 19% from 2014 to 2018, this growth is significant over such a short period of time.

- Growth over this period was primarily driven by increased expenditure in the acute hospital setting through increased staff numbers and growth in pharmaceuticals.

There is an increasing need to ensure that all health resources are deployed as effectively as possible. To this end, Spending Review 2018 will take an in-depth look at the following topics:

- HSE Staffing Level Trends 2014 to 2017;
- Nursing Pay and Numbers Review;
- Hospital Inputs and Outputs;
- Older Persons Services; and
- Primary Care and GP Services.
Long-Term Trends

Healthcare has traditionally been the second largest area of Government expenditure behind Social Protection, and the amount spent on it has consistently risen over the past two decades. Figure 1 below illustrates this trend.

*Figure 1 - Total Expenditure on Health, 1997 to 2017*

It is difficult to compare health expenditure across this period on a like-for-like basis due to a number of significant changes that have taken place. These include the establishment of the HSE in 2005, the transfer of the Domiciliary Care Allowance to the Social Protection Vote in 2010, the transfer of Children and Families expenditure to the Children and Youth Affairs Vote in 2014 and the disestablishment of the HSE Vote in 2015. Figure 1 attempts to control for these changes as far as possible, and it is clear that the amount Government spend on health has increased substantially since 1997. *That year, the Government spent just over €3.6bn on health. By 2017 that figure had more than quadrupled to €15.6bn.*

Health expenditure has fluctuated over the last decade reflecting changes in the economic climate.

In the period from 1997 to 2009 health spending increased by an average of €860m annually to a pre-crisis peak of €14.8bn. Spending contracted during the recession years – largely the result of central pay agreements and the recruitment moratorium – but has grown again since 2013. Once off-Vote HSE income is taken into consideration the 2017 spend of approximately €15.6bn marked a record in the history of the State, and the 2018 allocation has continued this upward trend. From 2014 to 2018 spend increased dramatically as health spending increased by an average of €560m annually from the post-crisis trough.
Figure 2 above shows that healthcare has become an increasing priority within overall Government spending over the past two decades. In 1997 health accounted for 19% of Voted Government expenditure. This proportion steadily grew in the subsequent decade and reached a peak of 26.5% in 2007. **Since the establishment of the HSE in 2005 health has on average accounted for 25.5% of Voted expenditure annually.** It maintained this share of Government spending even during the recession years when spending on other areas declined. This can be seen in the figure by the diminishing share of expenditure accounted for after 2008 by areas outside of health.

Ireland’s age profile remains young. Ireland’s elderly population (those over 65) is significantly lower than the EU average; 12.7% of the population in Ireland compared with the 17.5% EU average. Using the supposition that there is a positive relationship between age and the demand for health care services we would expect Government spending on health per capita be lower than the EU average.

While Government spending on health care would have had to increase over the past twenty years simply to keep pace with a growing population, the rate of expenditure growth since 1997 has been far greater than demographic pressures.
As a consequence of this investment, the per capita Government spend on healthcare has increased significantly since 1997, as shown in Figure 3. That year, Government spending on health was €865 per person but by 2009 this had more than tripled to €3,277. As with total expenditure, per capita spend declined for a period after 2009 but began growing again in 2013. In 2017 the per capita spend of €3,246 was just 0.9% below peak levels. With the 2018 allocation it is estimated that per capita spend on health today is €3,386.

Staffing Trends

The level of staffing in the health sector increased by approximately 42,900 or 63% over the period 1997 to 2017. At end 2017 there were 110,795 WTEs employed by the HSE. Figure 4 illustrates the trend over the period 1997 to 2017. This trend can be broken into two phases:

- Over the decade, 1997-2007, staffing levels increased considerably by 43,611 WTEs or 64% to reach a peak in 2007;
- Over the next decade, 2008-2017, staffing levels began to reduce incrementally and then more substantially from 2010 to the trough in 2014 of 97,792 WTEs. This fall off in numbers reflects the economic downturn and is largely a result of the recruitment moratorium. Since 2014 there has been a significant increase in recruitment levels with HSE staff numbers rising by 13%.

In 2017 over half of the total HSE staff were employed in hospitals, around 53% of all HSE staff.

The second largest proportion work in community services at 44%. While the proportion of HSE staff working across the community appears large, this sector covers a wide range of
services from primary care and mental health to disabilities services. See Figure 5 for further breakdown.

**Figure 4 - HSE Staffing Levels 1997 - 2017**

![Graph showing HSE Staffing Levels 1997 - 2017]

*Source: HSE Employment Reports*

**Figure 5 - Breakdown of WTE Staff by Service Area in 2017**

![Pie chart showing breakdown of WTE Staff by Service Area in 2017]

*Source: HSE Employment Reports*
Nursing staff account for the majority of those employed by the HSE at 36,777 WTEs or 33% in 2017. From 2007 to 2017, staff numbers across General Support, Administrative/Management and Health & Social Care remained relatively flat. The only categories that experienced a change in numbers were Nursing and Medical/Dental. Over the period numbers in the Nursing grade reduced by 5.7% while the Medical/Dental category increased numbers by around 26%.

Figure 6 - Composition of HSE Staff 2007 and 2017

Source: HSE Employment Reports

Over the last decade the gender breakdown of HSE Staff has remained relatively static with 78% of the workforce being female. The only change in the split was in 2017 where the female component fell slightly to 77%.

Figure 7 - Gender Breakdown of HSE Staff from 2007 - 2017

Source: HSE Employment Reports
Figure 8 below sets out the distribution of staff across counties. This heat map highlights the following:

- **The greatest density of HSE staff are in areas that have a university hospital, such as Dublin, Waterford, Cork, Limerick, Galway and Sligo.** Sligo has the greatest density of HSE staff per population compared to any other county.
- **Counties in the greater Dublin region have a low density of HSE staff.** This may be due to the wide range of acute services being available in Dublin.

*Figure 8 - Heat map of WTE staff coverage across counties in 2017*

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55The heat map illustrates HSE staff coverage across Ireland ranging from lowest 0.5 to highest 5. Counties with a greater proportion of HSE staff per population are darker while counties with a lower coverage are lighter.
Expenditure Drivers

Long Term Overview
Taking expenditure developments as a whole, a range of factors have played a role in driving changes in the scale of expenditure over the past 20 years. Some examples are briefly outlined below.

The greatest increase in health spend was experienced over the decade 1997 to 2007, with expenditure increasing from €3.7bn to €13.7bn.

- Firstly, demographic change led to an expansion in numbers of supported by the health sector. The overall population expanded by 1.128 million or 31% in the period 1997 to 2017.
- There were a number of health reforms over this decade which contributed to the significant additional spend theses were primarily structural changes to the delivery of health services. In 2005, the HSE was established and its predecessor the Regional Health Board system was dissolved.

Over the following decade 2007 to 2017, expenditure fluctuations were reflective of changes in the economic environment. However, since 2014 expenditure on health care has increased significantly from €13.8bn to €15.6bn in 2017.

- Health expenditure reached a peak in 2009 and from this point fell considerably until 2013 as a result of the economic downturn. The reductions in health expenditure were primarily delivered through changes in pay policy, these included reductions in numbers and the use of Financial Emergency Measures in the Public Interest (FEMPI). These measures resulted in the HSE paybill falling by an estimated €597m or 9% over the period 2009-2013.
- Trends in total health expenditure from 2013 onwards, as illustrated in Figure 1, mirror movements in the HSE pay bill over the period. See Table 1 below for HSE pay bill and HSE WTEs.

<table>
<thead>
<tr>
<th>Table 1 - HSE Pay Bill and HSE Staffing Levels from 2009 - 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay Bill (€m)</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Annual Change (€m)</td>
</tr>
<tr>
<td>Annual Change (%)</td>
</tr>
</tbody>
</table>

| WTE | 109,753 | 107,972 | 104,392 | 101,506 | 99,959 | 97,791 | 103,884 | 107,085 | 110,795 |
| Annual Change | -1,781 | -3,580 | -2,887 | -1,547 | -2,168 | 6,093 | 3,201 | 3,710 |
| Annual Change (%) | -2% | -3% | -3% | -2% | -2% | 6% | 3% | 3% |

Source: HSE Employment Reports
The largest element of growth in total non-pay related health expenditure is pharmaceuticals. Pharmaceutical expenditure has fluctuated over the period 2012 to 2017. Spend on some community schemes\textsuperscript{56} decreased from 2012 to 2014 as a consequence of the introduction of a number of measures tightening eligibility and reducing supplier fees (FEMPI). However from 2014 to 2016 pharmaceutical expenditure was on an upward trajectory, this is similar to the trend in overall health expenditure as significant growth occurred from 2014 onwards.

Figure 9 - Pharmaceutical Spend Across Hospitals and Community Schemes 2012 – 2017

Source: PCRS Administrative Data

Short Term Overview
In 2017, hospitals accounted for the largest proportion of spend at around 31% of total HSE spend. In recent years, the hospital sector has received the greatest proportion of additional annual funding and as a result expenditure has increased considerably from 2014 to 2018. The second largest single component of HSE spend is Primary Care Reimbursement Services (PCRS) at 18% or €2.6bn of total spend. The greatest of PCRS spend relates to Medical Cards at €1.4bn\textsuperscript{57}. This section sets out key trends in hospital spend and medical card numbers from 2013 – 2017.

Hospital Expenditure
Acute hospital gross expenditure remained relatively flat from 2013 to 2014 however since then expenditure has risen consistently. Hospital expenditure increased by €715m or 18% over the period 2013 to 2017, this growth can be broken down as follows:
- €523m or 73% is pay related expenditure
- €192m or 27% is non-pay related spend

\textsuperscript{56} General Medical Services (GMS), Drug Payment Schemes (DPS), Long Term Illness (LTI)

\textsuperscript{57} Medical card expenditure comprises of spend on pharmaceuticals and doctor fees and allowances.
The majority of the increase in hospital spend from 2013 to 2017 is explained by the considerable growth in pay expenditure over the period.

*Figure 10 - Decomposing Gross Expenditure in Acute Hospitals by Pay and Non-Pay 2013 - 2017*

As illustrated in Figure 10, growth in non-pay expenditure in hospitals follows a similar trajectory to spend on hospital drugs. Hospital drug spend increased by 37% over the period 2013 to 2017, this explains the majority of the increase in non-pay spend in hospitals over the period. In 2016, growth in hospital drug spend began to stabilise as a result of the signing of a new agreement with pharmaceutical industry. This agreement reduces the price the State pays for drugs in Ireland. Going forward, growth in hospital drug spend is expected to remain relatively flat due to these cost containment measures. The impact of this agreement is already evident from 2016 to 2017 as spend on hospital drugs increased by only 3%, this annual growth is minimal when compared with the growth rate in the previous year of 10%.

**PCRS - Medical Card Numbers**

Medical card numbers rose consistently from 2007 to 2012 however since 2012 the number of medical cards in the system has fallen every year. **Medical card numbers peaked between 2012 and 2013 and following this they have been on a downward trajectory.** This downward trend has continued into 2018 with the number of medical cards falling by a total of 261,933 or 14% from end 2013 to April 2018. See Table 2 for annual medical card numbers from 2013–2018.
Table 2 - Number of Medical Cards in the Health System 2013 - 2018

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Cards</td>
<td>1,849,380</td>
<td>1,797,811</td>
<td>1,734,853</td>
<td>1,683,768</td>
<td>1,609,820</td>
<td>1,587,447</td>
<td>-261,933, 14%</td>
</tr>
<tr>
<td>Annual Change</td>
<td>-51,569</td>
<td>-62,958</td>
<td>-51,085</td>
<td>-73,948</td>
<td>-22,372</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Change (%)</td>
<td>-3%</td>
<td>-4%</td>
<td>-3%</td>
<td>-4%</td>
<td>-1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: PCRS Administrative Data [YTD – year to date April 2018]

Over the period 2013 to 2017, medical card numbers have fallen by an annual of average 4% or around 60,000 cards each year. These reductions are expected to continue in 2018 as indicated by early figures which show that medical cards have already reduced by 22,373 or 1% since the beginning of 2018 to end April 2018.

Health Outcomes

As health expenditure has increased over the past two decades, Irish health outcomes have improved. This is perhaps best illustrated by the growth in life expectancy that has been witnessed since 1997, as shown in Figure 11 below. That year, Irish life expectancy at birth was 76.1 years, which was around a year and a half less than the average for the rest of the EU15 of 77.7 years. By 2010, however, Irish life expectancy at birth had grown by over four and a half years to 80.8, and this was virtually the same as the EU15 average of 80.9. In 2015 Ireland’s life expectancy at birth remains almost the same as the EU15 average at 81.5 years.

Figure 11 - Life expectancy at birth for Ireland and the EU15, 1997 to 2015

The most dramatic growth in Ireland’s life expectancy at birth occurred during the period from 1999 to 2008. In those nine years Irish life expectancy rose from 76.2
to 80.2, roughly equivalent to an average annual increase of five months. The growth in life expectancy in those years compares to expenditure growth from €4.8bn to €14.7bn across the same period, which is equivalent to an average annual increase of €1.1bn.

This growth in life expectancy suggests that investment into healthcare in recent decades has translated into tangible benefits for the population. However, given the amount spent on healthcare each year and Ireland’s relatively young population, it may be the case that our standing in outcomes indicators should be much better.

**Figure 12 - Percentage of the Population that is Elderly, 2000-2014**

The age profile of a population and demographic trends influences a country’s interaction with the health care system. The older cohort of a population generally utilises health care services to a greater extent. **The latest comparison figures (2013) show that Ireland has the youngest population in the EU with an elderly population proportion of 12.4%, 5 points less than the EU average in 2013 of 17.4%**. Although the elderly population is increasing in numerical terms, remains small proportion of the overall population. The greatest proportion of the Irish population remains under 40.
Hospital discharges quantifies the number of patients who leave a hospital having stayed at least one night. **Using hospital discharges as a measure of health care activity, Ireland is below the OECD 35 average and just above the UK in terms of hospital activity.** In other words, the number of patients who leave an Irish hospital, having stayed at least one night is less than the OECD35 average. Discharge rates were lowest in Mexico implying less health care activity occurring in a hospital setting. This is more of an output than an outcome in health terms but nevertheless represents the levels of investment in health care services in comparison to other countries.

**Cancer is one of the main causes for hospitalisation in OECD countries with breast cancer the highest prevalence and incidence in cancer types across the OECD.** Many OECD countries, including Ireland, have breast cancer screening programmes. In 2015 the eligible uptake rate for the breast cancer screening programme in Ireland ‘BreastCheck’ was 74.7%. These screening programmes aim to detect cancer while it is treatable and before it becomes life threatening.
Despite such high uptake in the screening programme, breast cancer mortality rates in Ireland are among the highest in the OECD and are above the OECD35 average. Although the five year survival rates in Ireland for all cancers is improving, we are still below the OECD31 average in terms of breast cancer five year net survival; 82% compared with 85%.

*Figure 14 - Breast Cancer Five-Year Net Survival, 2010-2014*

*Source: OECD*
Going forward

The demographic impact on health expenditure is expected to be significant in the years ahead. Analysis carried out by the Department of Public Expenditure and Reform indicates that dealing with demographic pressures will cost €130m annually from 2017 to 2020\(^6\). There is also likely to be upward pressure in the form of increasing pay. On the other hand, there are also downward expenditure pressures such as declining medical card coverage as the labour market improves and pharmaceutical savings arising from the 2016 agreement with IPHA. Some of these pressures are summarised in Table 3.

<table>
<thead>
<tr>
<th>Upward Pressures</th>
<th>Increase in number of new high cost drugs</th>
<th>Carryover cost of increase in HSE staff numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing wage claims</td>
<td></td>
<td></td>
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<tr>
<td>Increase in number of medical cards</td>
<td></td>
<td></td>
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<tr>
<td>Drugs savings on existing medicines</td>
<td></td>
<td></td>
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<tr>
<td>from IPHA agreement</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Meeting these expenditure pressures may prove to be a challenge in the coming years. While increased spending appears to have brought about improvements to population health in the past twenty years, Ireland may now be at a point where increasing expenditure alone is unlikely to be a reliable means to further improve population health. Figure 15 below illustrates this point; Ireland now finds itself at the centre of a large group of countries that achieve roughly the same outcomes in terms of population life expectancy but on a per capita basis spend a wide range on healthcare. That said, given the relative youthfulness of the Irish population and our poor standing in most international quality of care comparisons, there is likely to be considerable scope to improve population health further within existing resources.

It is against this backdrop of rising demographic pressures and diminishing returns from health spending that Spending Review 2018 is taking place. In order to continue to improve population health outcomes and grow health expenditure in a sustainable manner consistent with EU fiscal obligations, it is important that existing resources are deployed as efficiently and effectively as possible. To help to achieve this objective Spending Review 2018 takes an in-depth look at a number of areas of health expenditure: HSE Staffing Levels, Older Persons Services, Primary Care and Hospital Productivity.
Housing, Planning & Local Government

Paul Kilkenny

Summary

- The Department of Housing, Planning and Local Government (DHPLG) vote disburses central government allocations for public housing programmes, water services, planning and local government and Met Éireann. Since 2018, the vote also includes funding for Irish Water domestic supply and associated capital projects.

- Department of Housing Planning & Local Government gross exchequer expenditure has increased from €1.3bn in 1997 to a peak of just over €3.2bn in 2008. Following the economic crisis, it dropped to €1bn in 2013 but has since returned to pre-crash levels of just over €3.2bn in 2018. **This does not reflect transfer of functions over the period.**

- Housing stock in the state has risen from approximately 1.16 million units in in 1991 to just over 2 million units in 2016.

- The state currently has a shortage of housing to meet overall demand. Current estimates of overall housing need is 25,000 units per annum in the short term. The ESRI have projected that this will increase to at least 35,000 units from 2021 onwards.

- Under the *Rebuilding Ireland Action Plan*, the Government has committed to investing €6bn to advance a range of policy interventions to ensure a sustainable and sufficient supply of housing. 50,000 additional units of social housing stock have been targeted in the action plan by 2021, with a further 87,000 social housing solutions provided over the lifetime of the plan.

- It was decided that, from 2018 onwards, all State funding to Irish Water will be channelled through the Department’s Vote and will be in the form of a payment for domestic water services as determined through the regulatory process and a capital contribution.

- Exchequer funding for Irish Water will total €1.1 billion in 2018 (€600m current and €500m capital).
It is very important to note that the composition of the DHPLG Vote has changed over recent years and therefore a year on year, like for like comparison is difficult from a Vote funding perspective. For example Community functions which transferred to new Department of Community & Rural Development in 2017 and Environment programmes which transferred to DCCAE in 2015.

As provided for in the Water Services Act 2017, on foot of the Joint Oireachtais Committee Report on future funding of domestic water services, technical adjustments to the Vote for funding Irish Water were made in both the Further Revised Estimates 2017 and the Revised Estimates 2018. One of the main features of the Water Services Act was the granting of legal powers to Irish Water to make refunds of domestic water charges, and the cost of refunding water charges was factored into Budgetary calculations, with a total of €178m set aside in the DHPLG Further Revised Estimates (2017).

The expenditure trend analysis for housing components relates solely to Exchequer housing expenditure administered by the Department of Housing, Planning & Local Government (DPHLG). It does not include any tax expenditures, Rent Supplement support provided by the Department of Social Protection, other housing supports that may have historically been provided by other central government departments or own resource investment by local authorities such as LPT.

Long-Term Trends

As illustrated in the graph below, since 2014 DHPLG expenditure has been rising steadily with a greater share of the budget on current expenditure supports for social housing provision. Capital expenditure on housing had reduced significantly since a peak in 2008 but been rising significantly since 2016 following the launch of Rebuilding Ireland as demonstrated in Figure 1 below. It is important to note that an additional €860m in funding for Irish Water (domestic supply programmes) are now channelled through the vote.
In 2017, DHPLG gross expenditure accounted for 3.5% of total Government Expenditure. In 2018, this will rise to 5.3% and reflects significant changes in the Vote composition (Irish Water in particular) and increases in both current and capital funding. This will bring the proportion of Government expenditure back in line with pre-crash levels in 2007.

**Figure 2 - DHPLG Gross Expenditure as % of Total Government Gross Expenditure 1997-2018**

*Source: DPER Databank*
**Staffing Trends**

Overall staffing for the Department (full time equivalent) numbers have decreased since 2006 by 527 or 42%. In 2018, the number of FTE has risen to just over 722 from 645 in 2016, which represents an 11% increase in two year. It is important to note here that the DHPLG pay bill is estimated to account for only 1.4% of gross expenditure for the Department in 2018.

*Figure 3 - DHPLG Full Time Equivalent Staff (FTE) 2006 - 2018*

*Source: Civil Service HR Databank*
Of particular note in terms of the composition of staff, there has been a significant reduction in the number of administrative and executive positions since 2006 but the numbers have been gradually increasing since 2015.

**Figure 5 - Trend in Composition of Staff (FTE) 2006 – 2008**

- Senior MGMT (SEC/A.SEC/PO)
- Assistant Principal (AP)
- Higher Executive Officer (HEO)
- Administrative Officer (AO)
- Executive Officer (EO)
- Staff Officer (SO)
- Clerical Officer (CO)
- Other

**Source (Figures 4 & 5):** Civil Service HR Databank
Figure 6 - DHPLG Staff Age Profile 2006 - 2018

![Staff Age Profile Chart]

Source: Civil Service HR Databank

Consistent with demographic trends more generally across the civil service, the proportion of staff over the age of 40 has been increasing over the last decade with a smaller cohort of staff under the age of 40 evident from the Figure 5 above.

Figure 7 - DHPLG Gender % Breakdown 2006 – 2018

![Gender Breakdown Chart]

Source: Civil Service HR Databank
As demonstrated in Figure 8 above there has been a gradual decrease in the numbers of people with more than 20 years of service as a proportion of the total.

**Expenditure Drivers**

Developments in the overall housing market are strongly interlinked with the operation of social housing and housing support programmes. In particular, developments in property purchase and rent prices affect overall social housing demand. Figure 3 below provides an illustration of how rent prices have now exceeded their pre-financial crash levels in Dublin and are now at all-time high.

With regard to domestic water, according to its business plan, by 2021, Irish Water’s intention is that the current risk of drinking water contamination affecting 940,000 people is eliminated, that all current boil water notices are lifted and that leakage in the water network is reduced, by over 10%, to less than 38%, as a first step towards reaching sustainable levels of leakage. Irish Water will also implement a national lead remediation strategy benefiting at least 180,000 homes. By 2021, there will be no wastewater discharge without treatment.

**Demand for both residential and rental accommodation continues to outstrip supply in the Dublin area. It is not yet clear if the recently introduced Rent Pressure Zones will have the desired effect of dampening rental cost inflation as it is evident that rent levels are continuing to rise, particularly in the Greater Dublin Area.**
Figures 9 and 10 below demonstrate the increases in both residential and rental accommodation prices indices.

Figure 9 - Residential Property Price Index; Jan 2005 – Feb 2018

![Graph showing Residential Property Price Index from Jan 2005 to Feb 2018](image)

Source: CSO

Figure 10 - Residential Tenancies Board Rent Index, 2007 Q3 – 2017 Q4

![Graph showing Residential Tenancies Board Rent Index from 2007 Q3 to 2017 Q4](image)

Source: CSO
The latest estimate of social housing demand puts the total net household need at 85,799 at the end of 2017. ‘Net Household Need’ is defined as the total number of households qualifying for social housing support whose social housing need is not being met. Net household need increased between 2013 and 2016 by 1.9% or 1,728 households. There has been a slight decline between of almost 5,000 between 2016 and 2017. With regard to ‘Net Need’ in Figure 11 below, it is important to note that it excludes those already receiving social housing support, for example, the Housing Assistance Payment. Data is not comparable pre-2013 as the collection methodology changed.

Figure 11 - Net Household Need 1993 2017

Source: Housing Agency
Outcomes

We can observe from Figure 12 below that there was a large increase of overall housing stock between 1991 and 2011 from 1.16 million units to just under 2 million units. Between 2011 and 2016, there has been a slight increase of 0.4% indicating a restricted level of additional supply. However, supply trends are positive, with the supply of new dwellings increasing from 7,219 in 2015, to just under 10,000 in 2016 and 14,446 in 2017.

*Figure 12 - National Housing Stock Changes 1991 – 2016*

Social housing delivery is funded through local authority capital funded construction and current expenditure schemes, e.g. the rental accommodation scheme (RAS), the housing assistance payment (HAP) and the Social Housing Current Expenditure Programme (SHCEP).

In terms of trends in social housing output over time, it is evident that delivery has increased in recent years. Overall social housing output has increased by 423% over the last thirteen years, from 6,117 units in 2004 to 25,901 in 2017. However, since 2015, the vast majority of this is accounted for by HAP, illustrating the importance of current expenditure for social housing solutions during this period.

*Figure 13 - Social Housing Output, 2005-2017*

*Source: Analysis of DHPLG data*
Social Housing Output figures for 2016 and 2017 present outputs under the Rebuilding Ireland: An Action Plan for Housing and Homelessness 2016-2021 delivery streams of Build, Acquisition and Leasing along with HAP and RAS. This is consistent with the discrete annual targets set out under Pillar 2 of the Action Plan and represents a move away from presenting the data grouped by funding stream and programme.

The LA New Build output figures consolidates all local authority new unit construction activity, including units delivered by traditional construction, rapid build, turnkey, regeneration and Part V units, but do not include the number of void local authority units brought back into use through local authority construction activity; these are included in the All Build output figure which represents all construction activity undertaken by local authorities and approved housing bodies (AHBs) to increase the supply of social housing.

Further detailed information on social housing output across a multiplicity of sub programmes is available from the housing statistics section of the DHPLG website.

Table 1 - Rebuilding Ireland Delivery Targets (2016-2021) & Outputs

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<td>4,054</td>
<td>4,969</td>
<td>6,385</td>
<td>7,716</td>
<td>8,907</td>
<td>16-21</td>
<td>33,437</td>
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<td>Acquisition</td>
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<td>1,957</td>
<td>1,250</td>
<td>2,214</td>
<td>900</td>
<td>1,025</td>
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<td></td>
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<td>6,530</td>
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<tr>
<td>Lease</td>
<td>225</td>
<td>792</td>
<td>600</td>
<td>827</td>
<td>2,000</td>
<td>2,130</td>
<td>2,631</td>
<td>2,450</td>
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<td>Subtotal</td>
<td>4,240</td>
<td>5,714</td>
<td>5,050</td>
<td>7,095</td>
<td>7,869</td>
<td>9,540</td>
<td>11,147</td>
<td>12,157</td>
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<td></td>
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<tr>
<td>RAS</td>
<td>1,000</td>
<td>1,256</td>
<td>1,000</td>
<td>890</td>
<td>600</td>
<td>600</td>
<td>600</td>
<td>0</td>
<td></td>
<td></td>
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<td>3,800</td>
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<tr>
<td>HAP</td>
<td>12,000</td>
<td>12,075</td>
<td>15,000</td>
<td>17,916</td>
<td>17,000</td>
<td>16,760</td>
<td>13,000</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>83,760</td>
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<tr>
<td>Subtotal</td>
<td>13,000</td>
<td>13,331</td>
<td>16,000</td>
<td>18,806</td>
<td>17,600</td>
<td>17,360</td>
<td>13,600</td>
<td>10,000</td>
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<td></td>
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<td>87,560</td>
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<tr>
<td>Overall Total</td>
<td>17,240</td>
<td>19,045</td>
<td>21,050</td>
<td>25,901</td>
<td>25,469</td>
<td>26,900</td>
<td>24,747</td>
<td>22,157</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>137,563</td>
</tr>
</tbody>
</table>

Source: DHP&LG Statistics
Future Policy Challenges

*Rebuilding Ireland – An Action Plan for Housing and Homelessness* – was launched in July 2016 – with the objective of ensuring that everyone can access a home either on their own or with appropriate State support. The plan sets out a range of detailed interventions under five pillars:

- Address Homelessness
- Accelerate Social Housing
- Build More Homes
- Improve the Rental Sector
- Utilise Existing Housing

Overall, measures under the plan will facilitate an increase in the supply of housing to 25,000 houses or more annually to meet housing needs.

Following a review of Rebuilding Ireland in September 2017, the Plan will now deliver 50,000 social housing units over the period 2016 to 2021. It is estimated that over 26,000 units will be delivered via construction, while 11,000 will be acquired by local authorities and approved housing bodies directly from the market or the Housing Agency, with a portion of these being newly built units. The remaining 10,000 units will be leased by local authorities and approved housing bodies.

In addition, housing supply will be boosted through initiatives such as the Local Infrastructure Housing Activation Fund (LIHAF) for 34 key projects which will provide enabling public infrastructure works to facilitate the delivery of some 20,000 private housing units on these sites by 2021, with potential for up to 70,000 homes by 2027. Exchequer allocation for LIHAF is €150m (with a matching contribution of €50m from relevant local authorities).

Under-provision of housing, whether by insufficient construction of new housing or existing housing not being used to its full potential, is one of the last significant legacies of the economic downturn to be tackled. This challenge will be addressed in the years ahead through a combination of new builds, the utilisation of existing vacant stock and supports such as the Housing Assistance Payment which enables households in need of housing to secure accommodation in the private rented market.

It will also be important to ensure that sufficient funding is available to meet the ambitious programmes being delivered by Irish Water. €8.5 billion will be invested by Irish Water over the period of the National Development Plan. Some of the water and waste water projects to be progressed across the country include:

- Eastern and Midlands Water Supply Project - Shannon/Parteen Basin
- Ringsend Wastewater Treatment Plant (WTP) project
- Vartry Water Supply Scheme
- National Programme of Investment to tackle leakage through find and fix (active leakage control) and water mains rehabilitation.
Summary

- From 1997 to 2017, expenditure on the Justice Group of votes increased from €0.9bn to €2.6bn.
- As a proportion of Government expenditure, the Justice sector accounts for almost 5%.
- Pay is the key driver of expenditure in the Justice Sector. When combined with pensions, it accounts for approximately 72% of vote expenditure.
- Members of An Garda Síochána ranks account for the majority of staffing in the Justice sector overall, comprising 60% of all staff. The majority of additional staff provided for in recent budget decisions are for An Garda Síochána.
- While the incidence of crime types fell over the period 2013 to 2016, some categories are now beginning to rise again e.g. thefts. These figures should be interpreted with caution.
- While most people are not victims of crime and generally express satisfaction with An Garda Síochána, the satisfaction of victims with policing services has fallen since quarter 3 2016.
- International protection applications, a driver of both pay and non-pay costs, are rising again.
- Reform is a common policy challenge right across the justice sector with implications for structural changes, specialisation of staffing, process efficiencies and better capabilities, among others.
- Spending Review 2018 reviewed the following areas of policing expenditure due to the materiality of the Garda paybill, the pressures on the sustainability of Garda expenditure and the importance of the Garda reform programme in delivering better policing services to communities.
Long-Term Expenditure Trends

Between 1997 and 2017, Justice Group expenditure increased by €1.7 billion, from €0.9 billion to €2.6 billion, representing an increase of 172%. The Group of Votes has changed in composition over this period with the introduction of new votes such as the Irish Human Rights and Equality Commission (2015) and the Policing Authority (2016). The Group changed again in 2018 as Government decided to transfer the functions of the Valuation Office and the Property Registration Authority to the Department of Housing, Planning and Local Government.

Figure 1 - Breakdown of Justice Group Gross Expenditure by Vote 1997-2017

Source: DPER INFOR system and Databank
Note: Expenditure related to IHREC was managed within the Human Rights Commission and Equality Authority subheads in the Justice vote for the period 2011 to 2014.

Peak expenditure occurred in 2008, when it reached a level of €2.7 billion or 186% greater than in 1997. In the years between 1997 and 2008 inclusive, Justice Group expenditure increased annually by an average of 10%. During the downturn Justice Group expenditure declined to a low of €2.3 billion in 2014, falling by €0.4 billion or 16% compared with the 2008 high. Since then, it has increased by €0.3 billion or 14% to €2.6 billion (i.e. up until 2017).

Figure 1 also shows that over the two decades, the big three contributors to expenditure on the Justice Group have been the Garda Vote, the Prisons Vote and the Justice Vote. Figure 2 shows the proportional breakdown of expenditure for 2017 compared to 1997. While the Garda share of total expenditure is broadly consistent over twenty years, this masks some variation over that period – for example, Garda spending as a share of total justice sector spending was 55% in 2003 but has reverted back broadly to 1997 proportional levels. Prisons spending accounted for a much greater share spending in 1997 (22%) compared to 2017 (13%). Conversely, the relative share of Justice Vote spending has increased from 6% to 16%.
Table 1 demonstrates that investment in the human resources of the Justice Group is the significant expenditure driver. Taken together, pay and pensions accounted for just over 72% of total gross public expenditure on the Justice Group of votes. This is 4% lower than the equivalent share in 1997 but higher than the level pertaining in 2007. Capital investment as a proportion of total spending has remained stable over the last 20 years.

Table 1 - Justice Group Gross Expenditure by Type - 2017

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>2007</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay and Pensions</td>
<td>76%</td>
<td>68%</td>
<td>72%</td>
</tr>
<tr>
<td>Non Pay</td>
<td>18%</td>
<td>27%</td>
<td>22%</td>
</tr>
<tr>
<td>Capital</td>
<td>6%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Totals</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Justice is the fourth largest area of expenditure for the Government after Social Protection, Health and Education. Over the period 1997-2017, Justice Group expenditure accounted for an average of 4.5% of total expenditure annually, as shown in Figure 3.
Over this period, Justice Group expenditure has ranged from a high of 5.5% of total in 1998 to a low of 4.1% in 2010. In 2017 it accounted for 4.4% of the €58.5 billion total provisional out-turn. While the overall level of expenditure has fallen, the range and mix of activities undertaken in the justice sector has increased with the creation of new bodies to deal with police oversight and regulation, among others. As expenditure on policing and other justice priorities has increased since 2014, the relative share of justice as a proportion of gross public expenditure has begun to rise again. This calculation is also a function of the significant increased resource allocations to other priority areas such as social protection and health.
Expenditure Drivers

Staffing
Staffing is the key expenditure driver in the Justice sector. Figure 4 below shows the numbers of employees in the Justice sector for the 2007-2017 period, broken down by civil servants, Gardaí, prison officers and others.

Figure 4 - Staff Numbers type in Justice Group at end quarter 4, 2007-2017

This graph shows that the largest component of staffing is Garda members. The Garda ranks comprise almost 60% of all staff in the sector with a Quarter 4 2017 figure of over 13,900 (including students) which is set to increase further to 15,000 under the Modernisation and Renewal Programme by 2021. Civil servants account for the remaining 40% of staff in the sector. There is only one non-commercial State agency in the sector - the National Disability Agency. Previously Ordnance Survey Ireland was the only commercial state agency but it has since moved to the Department of Housing, Planning and Local Government.

Large increases in the number of Gardaí have a significant impact on the sustainability of spending in the sector not only in terms of pay, pensions and non-pay costs (uniforms, radios, equipment) as well as capital costs (vehicles, buildings) but also in terms of management and supervision, training, travel and subsistence etc. More broadly, increased Garda numbers drive activity levels in other parts of the criminal justice system including courts (including legal aid), prisons and probation sectors. For 2017 and 2018, budget funding provided an annual 800 new Garda recruits. This nets to approximately 500 per annum given that retirements can amount to up to 300 a year.

From 2007 to current peak levels at end 2017, the number of FTE’s across the Justice sector staffing captured on the civil service HR system increased by approximately 700. The grade distribution of this increase is shown in Figure 5 below. Most of the increase has been at the

* NCSA number in 2010 is year average figure for NDA from Annual Report
Source: DPER INFOR system and Databank

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The civil service HER system does not include all of the FTEs working in the Justice sector as it does not include Garda members, Prison Officers or NCSA staff. Overall, it represents approximately 28% of all Justice Sector staff or 6,692 as at end December 2017. Any graphs based on this data in this section should be interpreted in that context.
Clerical Officer level. The increase in staffing levels includes the recruitment of new hires to border management enforcement and immigration areas within the Department of Justice and Equality along with additional numbers of staff required in offices such as the Data Protection Commissioner, among others. The increase in staffing at the Irish National Immigration Service in particular (i.e. border enforcement, immigrations) also involved civilianisation of Garda functions at Dublin airport.

Figure 5 - Net staffing increase by type for Justice Group at end quarter 4, 2007-2017

Figure 6 shows the current mix of staff by grade as at the end of 2017. The majority of staff in the Justice sector are at Clerical Officer (COs - 42%) with the Executive Office (EO) and Higher Executive Officer (HEO) grades accounting for a further 29%. Senior management grades such as Assistant Principal (AP) and Principal Officer (PO) and above account for 12% of total staffing.
Figure 6 - Distribution of staffing by grade as at end 2017

Source: Civil Service HR Databank

Figure 7 considers the trend in the annual grading structure for the period 2007 to 2017. Broadly speaking, there has not been a significant change in the grade structure. The senior grades from AP and upwards accounted for 12% in 2007 and the same proportion applies in 2017. The proportion at EO level has increased from 17% to 19% and the HEO grade has increased in share from 9% to 10%. There has been a fall of 3% in the share of staff officers (this grade is being merged with the EO grade).

Figure 7 - Trend Distribution of staffing by grade, 2007-2017

Source: Civil Service HR Databank

Figure 8 below shows that the average age of Justice Sector staff has increased by 12% over the period 2007 to 2017, reducing slightly in 2017. This reflects the effects of the staffing moratorium over the course of the financial crisis. As the impact of recent budgetary decisions
to recruit more staff begin to take effect, it is expected that the average age should decline. This is already beginning to take effect in the 2017 reduction in the average age. The current average age is 45 which is a little lower than the overall average civil service age of 47.

Figure 8 - Average age of Justice Sector staff, 2007 to 2017

![Average age of Justice Sector staff, 2007 to 2017](source: Civil Service HR Databank)

Figure 9 considers the trend in pensionable years service across staff in the justice sector. The staff category with 10-19 years pensionable years’ service has grown the most, up from approximately 960 to 2,200 staff – an increase of 139%. As a result the largest cohort of staff is now in the category of 10-19 years’ service. In 2007, the largest cohort was in the 1-9 year category. Looking at the distribution of staff in bands of pensionable service years, the relative ratios of staff with below and above 20 years of service is broadly constant at 70% and 30% respectively. As at end 2017, approximately 650 staff have at least 35 years service and could be reasonably expected to retire in the coming five years.
Figure 9 - Trend in pensionable years service, 2007 to 2017

Figure 10 shows that the gender mix has remained broadly constant over the last ten years with women currently accounting for 66% of the total share of staff. Looking at the senior grades, approximately 38% of all senior management (PO upwards) are women – an increase of 6% since 2007.

Figure 10 - Gender distribution of Justice Sector staff, 2007 to 2017

Source: Civil Service HR Databank
Capital
The core components of the capital budget are as follows:
- Buildings (accommodation for prisons, Gardaí and courts)
- Office equipment
- ICT – case management, processing systems, Garda systems
- Transport – Garda vehicles

Figure 11 - Justice Vote Group Capital Expenditure Drivers 2012-2017

Source: DPER INFOR system

There has been a recent focus on Garda ICT as part of the 2016-2021 Capital Envelope. The key projects here include a new rosters and duty system, the Schengen information exchange system and the Investigations and Management System.

Moving onto the category of non-pay expenditure, this category is quite varied and comprises elements such as criminal legal aid, civil legal aid, support for inquiries and commissions and compensation payments to Gardaí/prisoners. Criminal legal aid is also a growing area. It also includes important service contracts such as the GoSafe speed camera contract and payments for asylum accommodation as well as grant programmes (youth justice, equality and probation). Similarly, the drivers for non-pay expenditure are also varied and include demand for legal services, asylum application numbers (influenced in part by geopolitical factors) activity in other parts of the justice sector (policing) and Government decisions (e.g. to set up a new regulator or launch inquiries), among others. There are also demographic elements e.g. youth population.

For illustrative purposes and similar to the Spending Review trends paper for 2017, figure 12 focuses on one non-particular non-pay driver which is the number of applications for refugee status. This affects demand accommodation.
The previous long term trend was a stark increase in applications from 1997 to 2003. The key point here is that the volume of new applications can escalate/reduce rapidly. However once here, people tend to remain for some time and reducing the numbers in State provided accommodation can sometimes be challenging because even when a final decision on an application has been made, a significant minority remain in accommodation centres. This places pressure on capacity but can be viewed in the context of the current housing crisis.

More recently, numbers increased by 30% from 2016 to 2017 and the volume of applicants for the first three months of 2018 are 62% higher than the equivalent period in 2017. The increase in recent months could be attributed to the pull factor of the Supreme Court judgement on the right to work (May 2017) and subsequent Government decisions and announcements (e.g. interim measures to allow for access to the labour market were launched in February this year). However, it may well be too early to draw any conclusions from this trend and a better assessment can be made in time, taking into account all relevant factors.

Figure 12 - Applications for Refugee Status per year by age grouping

Source: IPO Reports- N.B- Child Breakdown not available as Annual Report not published to date for 2017 but 2017 data does include children

Figure 13 considers the nationality of applicants. In 2017, 2,926 applications were received for asylum in Ireland with 19% of applicants coming from Syria with the remaining top 4 nationalities being Georgia, Albania, Zimbabwe and Pakistan who all formed 54.4% of applications with 45.6% coming from other nationalities.
Outcomes

The Justice Vote Group encompasses a wide range of responsibilities and it is not possible to fully cover the entire range of outputs and outcomes of justice related spending. For Spending Review 2018, this section focuses on a number of key issues encompassing crime trends, attitudes to the Gardaí, and demands on regulation.

Recorded crime is a measure of incidents reported to the Gardaí where it is determined that a criminal offence has taken place, as defined by the law. It is influenced by many factors one of which can be policing activity. Table 2 shows the trend in recorded crime for the period 2013 to 2017, as categorised by offence group. This graph should be read with the caveats regarding crime statistics as set out by the CSO in the Review on the quality of crime statistics 2017. In September 2017, the CSO took the decision to further defer the publication of Recorded Crime statistics. This arose because work on certain issues raised by the CSO in May 2017 had not been fully completed and AGS had also decided to extend the period of their review of homicide incidents. These statistics are categorised as Under Reservation. This categorisation indicates that the quality of these statistics do not meet the standards required of official statistics published by CSO. Work is being undertaken by the CSO, as well as An Garda Síochána and the Policing Authority, to ensure the statistics accurately reflect what citizens are experiencing in communities across the country.
Table 2 - Recorded crime incidents classified by offence group & annualised to end Q4, 2013 to 2017*

<table>
<thead>
<tr>
<th>Offence Group</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homicide Offences</td>
<td>95</td>
<td>105</td>
<td>83</td>
<td>91</td>
<td>71</td>
</tr>
<tr>
<td>Sexual Offences</td>
<td>1,904</td>
<td>1,968</td>
<td>2,287</td>
<td>2,520</td>
<td>2,945</td>
</tr>
<tr>
<td>Attempts/threats to murder, assaults, harassment &amp; related offences</td>
<td>14,365</td>
<td>15,146</td>
<td>16,869</td>
<td>16,640</td>
<td>18,803</td>
</tr>
<tr>
<td>Dangerous or negligent acts¹</td>
<td>7,495</td>
<td>7,231</td>
<td>7,114</td>
<td>7,686</td>
<td>8,355</td>
</tr>
<tr>
<td>Kidnapping and related offences</td>
<td>121</td>
<td>124</td>
<td>153</td>
<td>123</td>
<td>133</td>
</tr>
<tr>
<td>Robbery, extortion and hijacking offences</td>
<td>2,795</td>
<td>2,651</td>
<td>2,574</td>
<td>2,098</td>
<td>2,192</td>
</tr>
<tr>
<td>Burglary and related offences</td>
<td>26,291</td>
<td>27,676</td>
<td>26,289</td>
<td>18,478</td>
<td>19,092</td>
</tr>
<tr>
<td>Theft and related offences</td>
<td>78,431</td>
<td>77,622</td>
<td>75,729</td>
<td>64,800</td>
<td>69,788</td>
</tr>
<tr>
<td>Fraud, deception and related offences</td>
<td>4,789</td>
<td>5,156</td>
<td>5,580</td>
<td>4,940</td>
<td>6,075</td>
</tr>
<tr>
<td>Controlled drug offences</td>
<td>15,326</td>
<td>15,867</td>
<td>15,055</td>
<td>16,044</td>
<td>16,880</td>
</tr>
<tr>
<td>Weapons and explosives offences</td>
<td>2,740</td>
<td>2,474</td>
<td>2,374</td>
<td>2,132</td>
<td>2,367</td>
</tr>
<tr>
<td>Damage to property and to the environment</td>
<td>28,708</td>
<td>27,337</td>
<td>25,954</td>
<td>22,213</td>
<td>23,294</td>
</tr>
<tr>
<td>Public order and other social code offences</td>
<td>36,396</td>
<td>32,616</td>
<td>33,272</td>
<td>29,234</td>
<td>31,188</td>
</tr>
<tr>
<td>Offences against government, justice procedures and organisation of crime</td>
<td>9,168</td>
<td>9,763</td>
<td>11,441</td>
<td>12,316</td>
<td>13,022</td>
</tr>
</tbody>
</table>

Source: CSO (Recorded Crime Q4 2017)

Note: Figures may be revised by the CSO after publication and the annualised figure for a given quarter is the total number of crimes recorded in the 12 months prior to the end of that quarter.

It is also worth noting that the Policing Plan for 2018 includes some targets for reduction of crime incidents e.g. reducing assaults.

The overall number of recorded offences has been declining from the 2008 high to the end of 2016. However, crimes have been rising since 2016 with increases in nearly all categories. This analysis does not take into account the issue of underreporting of crime. There is no further updated published data which sets out all the detection rates for each of these crime categories. Ordinarily, higher detection rates indicate an increasing rate of success in solving crimes. The issue of detection rates is also an area of focus for the Policing Authority.

Given the importance of public confidence in policing, it is worth considering some of the available survey data in this area. As part of the quarterly attitudes survey conducted by Ámarách Consulting on behalf of An Garda Síochána, people were asked about their perceptions of national and local crime; if they experienced victimisation in the last year, whether they reported this crime, and their satisfaction with An Garda Síochána’s handling of their incident, among others. Figures 14 and 15 consider satisfaction with An Garda Síochána and Garda visibility.

While the percentage surveyed who said they were satisfied or very satisfied rose over the period Q3 2016 to Q1 2017, it fell by 4% from Q1 2017 to Q4 2017, as shown in Figure 14.
Focusing specifically on the victims of crime who have actually had interactions with An Garda Síochána by reporting crime, this percentage has fallen since Q1 2017 and is currently at 36%.

Figure 15 considers one aspect of Garda visibility – awareness of local Garda patrols. This has remained fairly steady in recent quarters at 36%. Most people are unaware of or don’t know about local patrols.
Figures 16 and 17 consider the volume of complaints received and processed by the Data Protection Commission and the Garda Síochána Ombudsman Commission (while these are strictly output as opposed to outcome measures – they provide a useful metric indicating the demands in this area). In particular, demand for data protection regulation is growing.

*Figure 16 - Trend in complaints, received and closed – DPC, 2013 to 2017*

*Source: Annual reports Data Protection Commission*

*Figure 17 - Trend in complaints, received and closed – GSOC, 2013 to 2017*

*Source: Annual reports Garda Síochána Ombudsman Commission*
Future Policy Challenges

The major spending pressure in the Justice Sector relates to increased staffing numbers and pay, particularly in relation to An Garda Síochána. The key non-pay pressures relate to legal costs such as legal aid (civil and criminal) which are driven by the demands of the Irish criminal justice system. The impact of previous performance and accountability issues also play a role through the various ongoing costs of Commissions of investigation, inquiries and Tribunals.

External drivers are important for the costs of the international protection and refugee programmes system. These include international political and security developments as well as the plan to opt-in to the EU (recast) Receptions Conditions Directive. There are also growing regulatory challenges in the areas of data protection and legal services to be addressed, among others.

Similar to other sectors, reform is an important policy priority. There is already an established programme of change for An Garda Síochána (the Modernisation and Renewal Programme – MRP) and reform of the Department of Justice and Equality, including new structures and supports, is an area of priority.

**Spending on Garda overtime** in 2017 reached €132m and accounted for 13% of the Garda pay bill. It has increased significantly since 2015, driven in part by policing demands such as organised crime and other special operations. At its lowest level over the last ten years, it amounted to €38m in 2014. As the number of Gardaí increase under the MRP, it is Government policy that expenditure on overtime returns to more sustainable levels in line with international benchmarks of 4%-5%. At present, there is some distance to travel before this objective is achieved.

More broadly, overtime is only one pressure on the Garda paybill. As staffing numbers increase, the knock on costs in terms of accommodation, personal equipment and supervision pose further spending challenges. These must be managed against a backdrop of the efficiency potential of the MRP as ICT and additional policing hours provide levers to enhance productivity.

**Reform is required across the Justice sector.** The *Garda Modernisation and Renewal Programme (MRP) 2016-2021* has the potential to transform the organisational and operational effectiveness of policing in Ireland. Further civilianisation is one of the key reforms underway as part of this Programme. In particular, it is vital the progress is achieved to redeploy Gardaí from administrative/technical roles to roles requiring sworn powers and/or policing expertise and replacing these Gardaí with civilians. The number of civilian staff is targeted double to 4,000 in 2021, increasing from approximately 13% of the organisation to 19% (or 21% of fulltime policing staff). A focus on implementation is required to ensure this target can be achieved. The new Commission on the Future of Policing in Ireland is due to report later this year. Its findings and recommendations will mark an important milestone in policing reform as they will set out a proposed roadmap for better policing in Ireland.

In January 2018 the Taoiseach and the Minister for Justice and Equality announced the establishment of an independent Change Implementation Group to assist in reforming the Department of Justice and Equality. This Group is now known as the Effectiveness and Renewal Group. It has been assessing progress in implementing the recommendations of the Toland Report (a 2016 report which made key findings on governance and culture) and is
reviewing the culture of the Department. The oversight relationship between the Department and An Garda Síochána has also been examined. Its first report has recently been published.

There are of course other reform priorities across the Justice sector. For example, the Irish Prison Service is focusing on delivering on its strategic objectives to improve prisoner supports, victim supports and a better work environment for staff. Similarly, the Courts Service is engaged in change management initiatives to promote more online service delivery channels, better learning and development supports for staff and measures to promote quicker and more cost effective access to justice.

**International Protection** There are pressures on the asylum system, driven by increasing numbers of people claiming asylum status – which is related in part to economic growth - and also by Ireland’s international commitments to resettle programme refugees arising from the crisis in Syria. This will be an expenditure driver to monitor, particularly given the challenges posed by Brexit as a possible pull factor.

The International Protection Act 2015 aimed to streamline the asylum/immigration process. This should serve to relieve the pressure in Direct Provision in time. There are broader expenditure implications for public services such as education, health, housing and social protection for those granted refugee status if numbers continue to rise.

The Department of Justice and Equality announced in 2017 that it would grant asylum seekers access to the labour market through existing national employment legislation. The proposals come as Ireland prepares to opt into the EU recast Reception Conditions Directive, which obliges Member States to grant asylum seekers access to the labour market no later than 9 months after lodging a claim.

In addition, there are issues on the immigration side with increases in entry visa applications and applications for residence, driven by economic growth, among other factors. In the past, there have been well executed policies in this policy area including the civilisation of the airport function at Dublin airport which need to be replicated elsewhere in the Justice system.

**The sector will need to deal with the implications of Brexit.** As with all other areas of Government, the effects of the UK exiting the EU will pose issues for consideration in the Justice Sector. Potential challenges here include the common travel area including related immigration/policing/law enforcement issues.

**Workforce Planning**
Given the importance of staffing in delivering services across the criminal justice system, workforce planning has the potential to be a valuable strategic HR tool for the sector. The Department of Justice and Equality and the Courts Service have developed workforce plans while the workforce plan for An Garda Síochána is being developed.

The particular challenge for the Garda workforce plan relates to the need to integrate the MRP reforms (ICT, structural changes, civilianisation etc.) so that the planned increase in staffing maximises the footprint of policing services to communities and minimises overtime spending, in line with Government commitments. This is a difficult task given the range of overlapping MRP projects and will require significant ongoing work from all stakeholders. It is important that the opportunity provided by increased civilian recruitment leads to a more diverse, professional and specialised cadre of civilians which is well integrated with Garda members. Uniquely among other Departments and Offices, the workforce plan for An Garda Síochána
has the potential to be one of the core frameworks for bringing together all of the strands of Garda reform in a cohesive way.

All Justice related workforce plans need to focus on linking medium term staffing demand and supply patterns with financial allocations. It is also important that workforce plans articulate how additional staffing supply can lead to higher outputs and better outcomes in responding to quantified service demands.

**Regulation**
The EU General Data Protection Regulation (GDPR) will pose challenges for the Data Protection Commission from 2018 onwards as the Office prepares to take on new and expanded functions under the GDPR. This new legal framework for Europe seeks to harmonise and modernise data protection laws, which will create new and clear additional requirements to protect the personal data of individuals. Since many of the significant ICT companies have HQs in Ireland, the role of the DPC as regulator for any related data protection complaints takes on particular importance with the introduction of the GDPR. Overall, an effective and stable regulatory environment is vital for the economy.

Other regulatory and oversight challenges include:
- delivering on the Legal Services Reform Act 2015;
- the important policing oversight work of the Garda Síochána Ombudsman Commission, the Garda Inspectorate and the Policing Authority, all of whom have different mandates; and
- the work of IHREC in protecting and promoting human rights

**Spending Review 2018**
Building on some of the themes established in last year’s Spending Review, this year the focus is again on policing with papers on policing overtime and international lessons from police civilianisation. Given the sheer breadth of police reform efforts and the level of spending involved (particularly on overtime), ongoing analysis of this area continued to be warranted.
Public Expenditure & Reform

Victoria Cahill, Patricia Ballantine, Paul Keenan and Áine Mannion

Summary:

The Public Expenditure and Reform Group consists of 9 Votes in total:

1. Public Expenditure and Reform
2. Superannuation and Retired Allowances
3. Office of Public Works
4. State Laboratory
5. Secret Service
6. Public Appointments Service
7. National Shared Service Office
8. Office of the Ombudsman
9. Office of Government Procurement

Established in 2011, this Departmental Group has had a total Voted expenditure of €6,793m within the period to 2017.

For the purpose of the this review, we will focus on the two larger spending bodies within this group, namely the Superannuation and Retired Allowances Vote and that of the Office of Public Works (OPW).

Superannuation and Retired Allowances

- Total voted expenditure for Superannuation and Retired Allowances amounted to €4,396m from 2010 to 2018. This Vote represents less than 1% of total Voted expenditure since 2010.
- The pension payroll for the established scheme and lump sum payments paid under the established scheme are the key drivers of total gross expenditure in any one year.
- The Vote for Superannuation and Retired Allowances covers pensions, superannuation, occupational injuries and additional and other allowances and gratuities under the Superannuation Acts 1834 to 2004; the number of pension cases processed and pensions in payment are outlined in Section 3.
- Pension funding is a future policy challenge as civil service pensions are funded on a pay as you go basis which means that the costs are met out of the current tax receipts.
Office of Public Works

- Total Voted expenditure on the OPW has represented 0.9% of total Voted expenditure over the last two decades.
- The OPW’s future policy challenges include delivery on the flood response programme; expenditure on State rents; and workforce planning.

Vote 12 - Superannuation and Retired Allowances: Expenditure Trends

Long-term Trends

Expenditure Trends

Figure 1 - Expenditure on Superannuation and Retired Allowances, 2010-2018
Total Voted expenditure for Superannuation and Retired Allowances amounted to €4,396m from 2010 to 2018. Expenditure has increased steadily for the most part year on year to the 2018 allocation of €569m in line with the increase in pensioner numbers (overleaf). The Superannuation and Retired Allowances vote represents less than 1% of total Voted expenditure cumulatively since 2010.

Pensioner Numbers Trend

Figure 2 – Number of Pensioners paid from Vote 12 2010-2018

Pensioner numbers have increased steadily from approximately 18,000 in 2010 to the forecast of approximately 25,000 by the end of 2018. This represents an increase of 39% overall.

Expenditure Drivers

The key drivers of total gross expenditure in any one year are subhead A1 (pension payroll for established scheme) and subhead A4 (lump sums paid under established scheme), and these are determined by the number of established pensioners who join (and leave) the scheme each year. For 2018, the basis of the estimate for subhead A.4 was 1,535 retirements under the established scheme offset by deaths of 420.

Other drivers of expenditure are:

- the number of pay periods in the year - 26 in most years (some years have 27).
- changes to the pension rate of pay (for example changes to the Public Service Pension Reduction (PSPR) under FEMPI legislation) and pension increases.
- the number of established civil servants who will choose to retire having reached minimum voluntary retirement age (age 60 generally, or age 50 in the case of Prison Officers).
• the number of deaths (including the number of existing retirees whose deaths may result in a spouses’ pension becoming payable)
• the average lump sum/pension payable to each new cohort of retirees (determined by the grading, years of reckonable service and date of entry to the public service of such retirees)

While there is payroll cost in subhead A2, the cost remains reasonably stable from year to year. Subhead A2 is pensions to widows and children, and becomes payable on the death of the established pensioner. Entrants and exits to the scheme each year tend to cancel out. Subhead A5 is pensions and lump sums to unestablished officers. These pensions are integrated with the State pension, and therefore generally of a lower value. In addition, the total number of unestablished civil servants is low. However the total lump sum amount varies from year to year.

A variation in the numbers opting to retire and/or in the remuneration levels of the persons retiring can cause expenditure from the Vote to fluctuate significantly from one year to the next. The pensions of unestablished staff, and of established staff who entered the civil service after 6 April, 1995, are integrated with the State pension.

Under current arrangements, it is projected that the gross rate of increase in Vote 12 will be of the order of approx. 5% per annum, with a net decrease of 6% per annum. If single scheme receipts are excluded, the expenditure on the vote is expected to show a net rate of increase of 6%. In the short to medium term, it is projected that the gross cost of civil service pensions will continue to increase because of the numbers of those recruited in the 1970s who are reaching retirement age. However, this phenomenon will tail off over the medium to long term. Also, the integration of pensions with the State pension, which was introduced in 1995, is already starting to have a dampening effect on the cost to Vote 12 of the average pension.

It is difficult to predict the level of retirements in any one year. Established staff who joined the civil service before 2004 can choose to retire having reached minimum voluntary retirement age (age 60 generally, or age 50 in the case of Prison Officers). A forecast of numbers of staff reaching the minimum retirement age (60) in each year for a 10 year period shows that the demographics are such that the numbers eligible to retire will rise until at least 2021.
Outcomes

The Vote for Superannuation and Retired Allowances covers pensions, superannuation, occupational injuries, and additional and other allowances and gratuities under the Superannuation Acts 1834 to 2004 and sundry other statutes; extra-statutory pensions, etc.

Table 1 – Outcomes 2014-2018

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 (Estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of pension cases processed in year</td>
<td>2,230</td>
<td>2,438</td>
<td>2,508</td>
<td>2,656</td>
<td>2,800</td>
</tr>
<tr>
<td>Pensions in payment</td>
<td>21,100</td>
<td>21,794</td>
<td>22,900</td>
<td>23,950</td>
<td>-</td>
</tr>
</tbody>
</table>

Future Policy Challenges

Pension Funding

Civil service pensions are funded on a pay as you go basis which means that the costs are met out of the current tax receipts. The possibility of creating a fund for this purpose arises from time to time. Part of the rationale for the National Pension Reserve Fund was to have a fund available to meet the future cost of public service pensions. Considerations to be borne in mind include that a diversion of Appropriations in Aid in order to create a fund to meet the future cost of civil service pensions would mean that those Appropriations in Aid would no longer be available to defray current costs. Moreover, consideration would need to be given as to whether an Employer contribution would also be directed to such a fund.

While there is a risk distribution argument in favour of creating a fund to meet or partially meet the cost of public service pensions in the future, a proposal to create a fund to cover
the entire cost of public service pensions would require careful consideration.

**Single Scheme receipts and expenditure**
The unit has prepared a vote management report in which it has outlined a number of options for the accounting of receipts and expenditure relating to the Single Scheme. At present, all receipts for the Single Scheme are lodged to Vote 12 as an Appropriation in Aid.
Vote 13 OPW Expenditure Trends

Long-term Trends

Expenditure Trends

**Figure 4 - Expenditure on the Office of Public Works, 1997-2017**

Total Voted expenditure on the Office of Public Works equalled €8,685m from 1997 to 2017. Expenditure increased throughout the decade from 1997, reaching a high point of €635m in 2008. The OPW has represented 0.9% of total Voted expenditure over the last 20 years.
**Staffing Trends**

*Figure 5 - OPW staffing trends, 2008 - 2018*

OPW staff comprises civil servants and industrial staff. Industrial staff dropped from a high of 1,275 in Q2 2009 to a low of 962 in Q3 2016. They stand at 1,039 as of Q1 2018. Civil servants dropped by 25% from 718 in Q4 2008 to 549 in Q3 2015. Numbers have since increased to 690 as of Q1 2018.

While OPW civil servants are spread across the country, approximately three quarters are based in Meath (OPW headquarters) and Dublin. By the beginning of 2018, 17% of staff have 35+ years of service. This has doubled over the last decade.

**Expenditure Drivers**

**Flooding**

In 2011, the Government identified 300 areas at potential significant risk from flooding. Together these areas account for 80% of Ireland’s potential flood risk from rivers and seas, the primary source of flooding in Ireland. As part of the Catchment Flood Risk Area Management programme, the OPW has delivered 29 Flood Risk Management Plans and flood maps for the flood risk in each of the areas that will support planning and emergency response management. The Government has committed €940m to flood defences to 2027 as part of the National Development Plan and the Minister of State for the OPW has recently announced at the launch of the 29 Plans, 50 schemes to be progressed as an initial tranche of the 118 schemes included in the 29 Plans.

As well as the national flood plan, the Programme for Government made commitments regarding national flood forecasting, flood response, and other non-structural responses such as individual property protection and voluntary property relocation.
Estate Portfolio Management

Expenditure on office accommodation (both owned and leased) is driven by growing demands for public sector accommodation following the move from the Employment Control Framework to delegated sanction arrangement in 2015, as well as energy efficiency commitments. There have also been recent supply-side pressures due to the lack of available office accommodation in urban centres, particularly the Central Business District in Dublin.

The OPW is also responsible for the conservation, maintenance and upkeep of some 764 national monuments in State care and guided visitor services are provided at up to 70 OPW managed heritage sites, including day-to-day management and presentation of 30 major historical properties, gardens and arboreta. The Tourism Investment Programme, jointly managed by the OPW, Fáilte Ireland, and DCHG, aims to develop visitor-facing infrastructure at heritage sites in State care and to improve certain facilities where they already exist. Investment by Fáilte Ireland is restricted to a maximum of 75% per project, with the balance paid by the OPW.

Outcomes

The OPW encompasses a wide range of responsibilities under its two programmes and it is not possible to fully cover the entire range of outputs and outcomes of their spending. The figures below are reflective of the overall output trend in recent years for OPW

Table 2 - Selected OPW Outcomes 2012 - 2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of major flood relief schemes completed</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Number of properties benefiting</td>
<td>1,761</td>
<td>1,089</td>
<td>173</td>
<td>536</td>
<td>417</td>
</tr>
<tr>
<td>Value of properties benefiting from profit or loss avoided</td>
<td>€161m</td>
<td>€147m</td>
<td>€7m</td>
<td>€77m</td>
<td>€394m</td>
</tr>
<tr>
<td>Number of local authority projects funded (minor works)</td>
<td>95</td>
<td>58</td>
<td>27**</td>
<td>55*</td>
<td>60</td>
</tr>
<tr>
<td>Level of funding provided to local authorities</td>
<td>€4.75m</td>
<td>€2.28m</td>
<td>€9.34m*</td>
<td>€16.83m*</td>
<td>€2.98m</td>
</tr>
<tr>
<td>Annual rental management outturn</td>
<td>€107m</td>
<td>€97m</td>
<td>€94m</td>
<td>€87m</td>
<td>€87m</td>
</tr>
</tbody>
</table>

* includes exceptional storm damage funding provided to local authorities.
** excludes exceptional storm damage funding provided to local authorities.
Future Policy Challenges

Delivery on flood response programme
The scale of the flood risk management programme is unprecedented in the history of the State. There are 33 major flood defence schemes at various stages of delivery throughout the country; 42 schemes are completed, nine are at construction and a further 24 are at design and planning stage.

Rental
State rents is the largest item of expenditure by the OPW, representing 24% (€96m) in 2017. Current pressures (including increases in market rents, the lifting on the moratorium on public sector recruitment, lack of supply in office accommodation, and the possibility of increased competition due to FDI companies re-locating to Dublin following the UK’s vote to leave the EU) make it unlikely that the upward trajectory of rent expenditure will abate in the short- to medium-term.

Workforce planning
The age profile in the OPW, particularly at AP/PO and equivalent levels, presents a risk to the organisation, with the average age of all established staff at 48 years. As a consequence succession planning, sharing of corporate knowledge and expertise retention will need to be managed by the OPW over the coming years. Recruitment of appropriately qualified staff to support the delivery of capital projects both within Flood Risk and Estate Portfolio Management functions may present challenges in the short to medium term in an increasingly competitive market. Retention of staff with essentials skills will also need to be managed.
Rural & Community Development

Patricia Ballantine and Áine Mannion

Summary

- The Department of Rural and Community Development was established in 2017.
- Total Voted expenditure equalled €136m in 2017.
- It has two bodies under the aegis of the Department: Irish Water Safety and the Western Development Commission.

Overview

The Department of Rural and Community Development was established with effect from 26 July 2017 following transfers of functions from three existing Departments:

- Department of Culture, Heritage and the Gaeltacht (Programme A Rural Development and Regional Affairs)
- Department of Housing, Planning and Local Government (Programme B Community Development)
- Department of Justice and Equality (Programme C Charities Regulatory Authority).

The Community Services Programme transferred from the Department of Employment Affairs and Social Protection as of 1st January 2018.

Total Voted expenditure on Rural and Community Development equalled €136m in 2017. 43% of gross expenditure in 2017 was capital, mostly comprising capital grants.
There are two bodies under the aegis of the Department of Rural and Community Development: the Western Development Commission (WDC) and Irish Water Safety (IWS). In the period 2011 to 2017, expenditure by the WDC equalled €9m and by the IWS equalled €4.5m.

A large proportion of the expenditure on rural and community development is in the form of grants, in many cases administered by Pobal on behalf of the Department. While it is not possible to fully cover the entire range of grants and schemes under the remit of the Department, Figure 3 shows a snapshot of expenditure on the three largest schemes: Social Inclusion and Community Activation Programme (SICAP); LEADER; and the Community Service Programme. Expenditure on LEADER, which is co-funded by the EU under the Rural Development Programme, follows the lifecycle of the programme, with a lower level of...
spending as applications are made and decided upon in the initial stages of the Programme and higher levels of spending once the programme gets under way.

Figure 3 - Expenditure trend for SICAP, LEADER and Community Service Programme, 2011-2017

Staffing

As of end-Q1 2018, there were 170 staff in the Department, including the Charities Regulatory Authority, and approximately 20 staff in the Western Development Commission and 5 staff in Irish Water Safety.

Outcomes

It is important to link spending to impact in all areas of expenditure. While it is recognised that challenges exist in the analysis of outcomes for the different functions under the Department's remit, efforts should be made to capture the impacts of these expenditure areas to help feed into decisions on the level and distribution of future funding.

Expenditure Drivers and Future Policy Concerns

Unlike other areas of expenditure, changes in allocation or actual spend in this area are not primarily driven by demographics or service demand. The key expenditure driver is Government policy.
Programme for a Partnership Government

Published in May 2016, the Programme for a Partnership Government recognised that as the economy recovers it is essential to put in place measures "to revitalise all of Ireland so that the benefits are felt inside every doorstep in every community". The PfPG contains commitments to support greater political coordination and prioritisation of the work in relevant areas that impact on rural Ireland, as well as recognising that targeted investment is needed to regenerate Ireland’s urban centres.

National Development Plan

One of the National Strategic Outcomes of the National Development Plan is to bring about strengthened rural economies and communities. As part of this, €1bn is committed to the Rural Regeneration and Development Fund between 2018 and 2027 to promote rural renewal in order to enable towns, villages and outlying rural areas to grow sustainably and support delivery of the strategic objectives of the National Planning Framework. Proposals supported under the Fund will need to demonstrate additionality, value for money, and a sustainable impact on social or economic development of rural communities through measurable outputs. This will be complemented by an Urban Regeneration and Development Fund, under the responsibility of the Department of Housing, Planning, and Local Government.

In the period 2018 - 2022, €315m is committed to the Rural Regeneration and Development Fund, and €391m committed to other capital schemes, including LEADER, the Town and Village Renewal scheme, Rural Recreation Schemes, Local Improvement Schemes, Library Development, RAPID, and PEACE.

Realising our Rural Potential: Action Plan for Rural Development

The Action Plan for Rural Development contains over 270 actions and aims to ensure that people who live in rural areas have increased opportunities for employment locally and access to public services and social networks that support a high quality of life.

Our Public Libraries 2022: Inspiring, Connecting and Empowering Communities

The new public library strategy for the period 2018 - 2022 provides a strategic framework for developing the public library service and focusses on improving access, use and visibility, establishing the public library as the "go-to" place for integrated local services. The infrastructural developments for the period will include the delivery of the existing Libraries Capital Investment Programme, the development of ICT capacity across the network of 330 libraries, and the roll-out of the My Open Library Service to 100 libraries.

EU programmes

Expenditure on programmes part-funded by the EU (LEADER & Programme for Peace and Reconciliation) are dependent both on Ireland's allocation and on the interest of individuals and organisations to apply, as well as the ability of organisations to apply for funding.

Review of Dormant Accounts funding

The Dormant Accounts Act 2001 and the Unclaimed Life Assurance Policies Act 2003 provided for a scheme to transfer dormant funds in banks, building societies, life assurance companies and State savings schemes to a State-controlled Dormant Accounts Fund, which is under the remit of the Department of Rural and Community Development. Moneys may be disbursed for the purposes of programmes or projects that assist: the personal and social development of persons who are economically or socially disadvantaged; the educational development of persons who are educationally disadvantaged or socially advantaged; or persons with a
disability. In July 2018, the Department published the Dormant Accounts Action Plan 2018 which sets out 45 measures, with a maximum of almost €40m, to assist the aforementioned groups.

The future policy challenges will differ across the spending programmes which the Department oversees. However, a significant challenge exists in measuring and analysing outcomes and benefits which the programmes deliver exclusive of the overall trends in economic performance.
Taoiseach

Victoria Cahill

Summary

The Taoiseach Group of Votes consists of:

- Vote 1 – President’s Establishment
- Vote 2 – Department of the Taoiseach
- Vote 3 – Office of the Attorney General
- Vote 4 – Central Statistics Office
- Vote 5 – Office of the Director of Public Prosecutions
- Vote 6 – Office of the Chief State Solicitor

- Total voted expenditure for this Departmental Group 1997-2017 is €3,135m. This review focusses on the expenditure and staffing trends of the Department of the Taoiseach.
- The primary function of the Department of the Taoiseach is to support the Taoiseach and Government in delivering on its programme.
- Approximately 50% of the non-pay portion of the Vote funds independent entities which of necessity have been established outside of any individual Department or Agency.
- The Department of the Taoiseach have a wide range of responsibilities under its programme for Government, the overall output trends are detailed in section 3.
- There are a number of current and pressing challenges in ensuring sustainable economic development and social progress.
Long-term Trends

Expenditure Trends

Figure 1 - Expenditure on the Department of the Taoiseach, 1997-2017

Total Voted expenditure on the Department of the Taoiseach equalled €586m within the period 1997 to 2017.

Staffing Trends

Figure 2 - Department of the Taoiseach staffing trends, 2008 - 2018

Staffing numbers declined rapidly throughout the first half of the decade reaching a low point
in 2011. Despite a steady rise from 2011 onwards, numbers have not returned to peak 2006 levels.

Grade structure has also remained relatively consistent in the past decade.

**Expenditure Drivers**

The Department of the Taoiseach’s primary function is to support the Taoiseach and Government in delivering on its programme. Expenditure requirements remain broadly constant year on year. However, the Department must remain responsive to the changing social, political and economic landscape.

A unique feature of the current Vote Estimate is the fact that approximately 50% of the non-pay portion of the Vote is monies required to run independent entities, which, of necessity, have been established outside of any individual Departments or agencies. These are entities established by the Government and the Houses of the Oireachtas, such as Tribunals of Inquiry, Commissions of Investigation or Citizen Assembly-type entities which are each independent and generally Judge-led.
Outcomes

The Taoiseach’s Vote encompasses a wide range of responsibilities under its programme and it is not possible to fully cover the entire range of outputs and outcomes of their spending. The table below is reflective of the overall output trend in recent years for this Vote.

Table 1 - Selected Outputs 2015-2017

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth / Debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Economic Growth (GDP &amp; GNP)</td>
<td>(a)+26.3%/+18.7%</td>
<td>(a)+5.1%/+9.6%</td>
<td>(a)+7.8%/6.6%</td>
</tr>
<tr>
<td>(b) General Government Debt (%GDP)</td>
<td>(b)76.9%</td>
<td>(b)72.8%</td>
<td>(b)68%</td>
</tr>
<tr>
<td>(c) General Government Deficit (%GDP)</td>
<td>(c) -1.9%</td>
<td>(c) -0.7%</td>
<td>(c) -0.3%</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Rate of unemployment (CSO – QHNS seasonally adjusted)</td>
<td>(a) 9.1%</td>
<td>(a) 7.1%</td>
<td>(a) 6.4%</td>
</tr>
<tr>
<td>(b) Employment Rate (CSO – QHNS)</td>
<td>(b) 63.9%</td>
<td>(b) 65.6%</td>
<td>(b)68.3%</td>
</tr>
<tr>
<td>Income\Poverty levels</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Average annual equivalised disposable income (nominal income)</td>
<td>2014 (a) €22,396</td>
<td>2015 (a) €23,301</td>
<td>2016 (a) €23,852</td>
</tr>
<tr>
<td>(b) Consistent Poverty Rate (CSO SILC)</td>
<td>(b) 8.8%</td>
<td>(b) 8.7%</td>
<td>(b) 8.3%</td>
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<tr>
<td>Ireland's International Standing</td>
<td>5.1 (25th)</td>
<td>5.2 (23rd)</td>
<td>5.2 (24th)</td>
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<tr>
<td>Ireland's world competitiveness score (rank) (World Economic Forum Global Competitiveness Index)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ireland's International Reputation Ranking in annual country reputation survey (Reputation institute Country RepTrak annual survey)</td>
<td>11</td>
<td>9</td>
<td>10</td>
</tr>
</tbody>
</table>

Future Policy Challenges

The Department has an oversight and reporting role in relation to the Programme for Government commitments and other emerging political priorities and must remain resourced and responsive in this regard. There are a number of current pressing challenges in ensuring sustainable economic development and social progress. The Department must continue to be resourced to ensure an effective whole-of-government approach that takes full account of Government's priorities.
Transport, Tourism & Sport

Philip Maher

Summary:

- Total gross expenditure by the Department of Transport, Tourism and Sport reduced by €316 million from €2,346 million in 2011 to €2,030 million in 2018. (13%)
- However, total gross expenditure allocations have increased since 2013 by €330m from €1,700m to €2,030m in 2018 (19%).
- A significant increase in Capital of €10bn has been provided to DTTAS under the new National Development Plan (NDP) 2018-2027.
- The Department operates across five programme areas - Aviation, Land Transport, Maritime, Tourism and Sport, with 80% of expenditure allocated to Land Transport (covering Roads and Public Transport).
- The primary drivers of expenditure are economic growth, leading to pressures on the existing roads and public transport system, policy commitments in relation to roads, regional airports and sport and the transition to more sustainable transport systems.

Long Term Trends

The Department of Transport, Tourism and Sport was established in 2011. In the 2002 to 2011 period, the Department operated as the Department of Transport and prior to that, was known as the Department of Public Enterprise.

The Department of Transport, Tourism and Sport operates across 5 main programme areas.

- Aviation: to maximise air transport connectivity with a safe, competitive, cost effective and sustainable aviation sector
- Land Transport: to best serve the needs of society and the economy through safe, sustainable and competitive transport networks and services
- Maritime: to facilitate safe and sustainable maritime transport and the delivery of emergency management services.
- Sport: to contribute to a healthier and more active society by promoting sports participation and by supporting high performance and the provision of sport facilities.
- Tourism: to support the tourism industry to grow in a sustainable way.

Over the period 2011 to 2018, total gross expenditure (current and capital) decreased from €2,346 million in 2011 to €2,030 million in 2018, a decrease of €316 million or 13%. Figure 1 sets outs the expenditure figures for that period, with the distribution across the Transport, Tourism and Sport programme areas. Figure 2 sets out the breakdown between current and capital expenditure. The Pay and Pension has gone from €98m for 2011 to €101 for 2018, an overall increase of €3m (3%).
Taking 2011 as the base year, gross expenditure (current and capital) shows a cumulative decrease (Figure 6.3) over the period 2011 to 2018 of €3,607 million.
The gross expenditure breakdown by programme areas over the 2011 to 2018 period, is set out in Table 1 below.

### Table 1 - Gross Expenditure 2011-2018 by Programme Areas

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>A – Aviation</strong></td>
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<td></td>
<td></td>
<td></td>
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<td>24</td>
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<td>27</td>
<td>28</td>
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<tr>
<td><strong>B – Land Transport</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Current</td>
<td>587</td>
<td>571</td>
<td>488</td>
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<td>418</td>
<td>391</td>
<td>403</td>
<td>418</td>
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<tr>
<td>Capital</td>
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<td>875</td>
<td>896</td>
<td>974</td>
<td>1,073</td>
<td>1,053</td>
<td>1,243</td>
<td>8,696</td>
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<tr>
<td>Total</td>
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<td>1,727</td>
<td>1,363</td>
<td>1,316</td>
<td>1,392</td>
<td>1,464</td>
<td>1,456</td>
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<td><strong>C – Maritime &amp; Safety</strong></td>
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<td>102</td>
<td>94</td>
<td>90</td>
<td>95</td>
<td>96</td>
<td>96</td>
<td>715</td>
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<td><strong>D – Sports</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
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<td>48</td>
<td>53</td>
<td>56</td>
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<tr>
<td>Capital</td>
<td>34</td>
<td>25</td>
<td>27</td>
<td>49</td>
<td>54</td>
<td>74</td>
<td>52</td>
<td>53</td>
<td>368</td>
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<tr>
<td>Total</td>
<td>84</td>
<td>73</td>
<td>75</td>
<td>95</td>
<td>102</td>
<td>127</td>
<td>108</td>
<td>111</td>
<td>775</td>
</tr>
<tr>
<td><strong>E – Tourism</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>128</td>
<td>122</td>
<td>120</td>
<td>112</td>
<td>104</td>
<td>107</td>
<td>109</td>
<td>114</td>
<td>916</td>
</tr>
<tr>
<td>Capital</td>
<td>16</td>
<td>21</td>
<td>20</td>
<td>25</td>
<td>16</td>
<td>14</td>
<td>13</td>
<td>20</td>
<td>145</td>
</tr>
<tr>
<td>Total</td>
<td>144</td>
<td>143</td>
<td>140</td>
<td>137</td>
<td>120</td>
<td>121</td>
<td>122</td>
<td>134</td>
<td>1,061</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Current</td>
<td>850</td>
<td>825</td>
<td>759</td>
<td>688</td>
<td>677</td>
<td>662</td>
<td>680</td>
<td>703</td>
<td>5,844</td>
</tr>
<tr>
<td>Total Capital</td>
<td>1,497</td>
<td>1,217</td>
<td>950</td>
<td>982</td>
<td>1,051</td>
<td>1,171</td>
<td>1,129</td>
<td>1,327</td>
<td>9,324</td>
</tr>
<tr>
<td>Overall Total</td>
<td>2,347</td>
<td>2,042</td>
<td>1,709</td>
<td>1,670</td>
<td>1,728</td>
<td>1,833</td>
<td>1,809</td>
<td>2,030</td>
<td>15,168</td>
</tr>
</tbody>
</table>
Components of Expenditure

Total gross expenditure allocation for 2018 is €2,030 million: Current €703 million (35%) and Capital €1,327 million (65%). Figures 6.5 and 6.6 present this allocation by type and programme and demonstrates a distribution across these categories which is typical of recent years.

**Aviation** programme accounts for 1% (€28 million) of gross expenditure. The largest beneficiary of the funding is the regional airports programme safety and maintenance (€13.6m). This programme also covers costs associated with membership of Eurocontrol and subscriptions to other international organisations.

**Land Transport** programme accounts for 82% (€1,660 million) of gross expenditure in the area of Roads and Public Transport.

**Roads:** The Roads Programme accounts for almost 55% (€909 million) of the Land Transport allocation, of which national roads account for 34% (€313 million); Regional and Local Roads 46% (€417 million), PPP operational payments 13% (€122 million). The primary focus is on road network maintenance with some funding for new road developments.

**Public Transport:** Public Transport amounts to almost 42% (€701 million) of the Land Transport allocation, with funding provided to the National Transport Authority for the Public Service Obligation (€286 million) for Iarnród Éireann, Dublin Bus, Bus Éireann and M&A Coaches with an additional €14m for the Rural Transport Programme. The NTA also fund the continued implementation of various programmes around sustainable travel, traffic management, regional cities and accessibility grants, as well as capital funding to Iarnród Éireann, primarily for the maintenance and renewal of the heavy rail network nationwide.
Maritime Transport and Safety programme accounts for 5% (€96m) of expenditure, with the majority of the spend on supports to the Irish Coast Guard (Search and Rescue helicopters) at €80 million. This Programme also funds the Maritime Safety Policy Division (MSPD), the Marine Survey Office (MSO), the Mercantile Marine Office (MMO) and The Marine Radio Affairs Unit (MRAU).
**Sports and Recreation Services** programme accounts for 5% (€111 million) of expenditure. The programme supports Sport Ireland (€58 million), formed from the merger of the Irish Sports Council and National Sports Campus in 2015. Also supported under this programme is the Sports Capital Programme (€42 million) and Swimming Pools Programme (€4 million).

**Tourism Services Programme** accounts for 7% (€134 million) of expenditure. This includes the expenditure of the two tourism agencies:

Fáilte Ireland (€62 million) to promote and support the development of Irish tourism, provide a range of practical business supports, while maintaining a network of Tourist Information Offices.

Tourism Ireland (€15 million), a north/south body established under the Good Friday Agreement.

The Tourism Marketing Fund (€38 million), which provides funding for overseas tourism marketing, is also funded from this programme, as is the Tourism Product Development programme (€13 million) which provides for the support of tourism product development, in the form of capital grants administered by Fáilte Ireland.

*Figure 7 - Total Capital & Current Expenditure Trends (€bn)*
Expenditure Drivers

The main drivers of expenditure are the growth in the economy, policy direction (including PfG) and implementation and climate change adaptations and pay.

- Economy and employment growth has created an increased demand on roads and public transport services. Demand is forecast to be at peak 2007 levels by 2020, with associated expenditure pressure for improved capacity.
- There are a number of policy commitments driving expenditure, including increased expenditure on roads and public transport, together with regional airports and the Sports Capital Programme.
- The transition to sustainable transport systems will impact on expenditure. This will include the potential for developing technology and alternative fuel sources including hybrid and full electric bus systems.

Key Programme Areas

Roads

The road network in Ireland covers approximately 98,500km and accounts for 44% of gross expenditure. National Roads cover 5% of the road network and carry 45% of traffic.

- Motorways: 1,224km
- National Primary Roads: 1,515km
- National Secondary Roads: 2,676km
- Regional & Local Roads: 93,000km

Regional and Local Roads cover 95% of the road network and carry 55% of traffic.

National Roads development and maintenance expenditure and PPPs are managed by grants to Transport Infrastructure Ireland (TII). This sub-programme areas has seen a reduction of €1,302 million (74%) over the 2007-2018 period, as illustrated in Figure 8.

Figure 8 - Expenditure on National Primary and Secondary Roads, 2007-2018 (€bn)
Regional and Local Roads (Local Government Funded)

Regional and Local Roads accounts for 94% of the roads network and the primary responsibility for improvement and maintenance of regional and local roads rests with local authorities. Funding from the Department of Transport Tourism and Sport is intended to supplement contributions by local authorities from their own resources. Expenditure in this sub-programme area has reduced by €191 million (31%) over the 2007-2018 period, as set out in Figure 9.

Up to 2018, funding for these roads came from the Local Government Fund, managed by the Department of Housing, Planning, Community and Local Government. From 2018 this funding is provided by the Department of Transport, Tourism and Sport.

Figure 9 - Regional and Local Road Grants, 2007-2018 (€m)

Public and Sustainable Transport

Public and Sustainable Transport, as represented in Figure 10, is a sub-programme of the Land Transport programme, representing around 24% of gross expenditure. It provides funding for the development of public transport infrastructure and the improvement of railway safety.

The National Transport Authority (NTA) has responsibility for public transport infrastructure in the Greater Dublin Area. The Authority also administers the Regional Cities and Accessibility Grants Programmes on behalf of the Department, Accessibility; Regional Cities (Public Transport) Programme; Technical Assistance; heavy rail network maintenance and renewal; Luas/Metro; buses nationally; integration measures including Leap Card, RTPI and National Journey Planner in the Greater Dublin Area and regional cities. This subhead has reduced by €240 million (37%) in 2018 compared to the 2007 allocation.
Public Service Provision Payments.
Public Service Provision payments, a sub-programme of the Land Transport programme accounts for around 17% Gross Expenditure. Public Service Provision payments provides funding to two areas (1) Public Service Obligation (PSO) (2) Rural Transport, with over 95% of the funding to the Public Service Obligation (PSO). This funding is managed by National Transport Authority (NTA) who in turn provides funding to Dublin Bus, Bus Éireann, Iarnród Éireann and M&A Coaches Ltd. These four companies are tasked with providing socially necessary but financially unviable public transport services. As illustrated by Figure 11 below, this expenditure has reduced by €41million (13%) in the period 2007-2018.

Sports and Recreation Services programme
The two main sub-programmes in the Sports and Recreation Services Programme are:

(1) Grants for sporting bodies which, since 2011, has an average spend of around 32% of the main programme. This provides grants for sports facilities to sports clubs and
organisations and to voluntary and community organisations. Figure 6.12 shows an increase in grants for sporting bodies in 2016-2018 reflecting the allocation of the Páirc Úi Chaoimh grant award of €30 million at €10 million per year 2016-2018.

(2) Sports Ireland average spend, since 2011, is around 68% of the main programme, providing grants to National Governing Bodies of Sport; Local Sports Partnerships; International Carding Scheme; and support for other sporting bodies and institutions (Institute of Sport, Olympic Council of Ireland, etc.) It also provides support for specific Sport Ireland programmes such as High Performance Strategy; Anti-Doping Programme; Buntús Programme; Women in Sport Initiative; Go for Life; Irish Trails Strategy; Code of Ethics; and Research. It includes a subsidy to a subsidiary of Sport Ireland – National Sports Campus Development Authority NSCDA (Operations) Limited. The subsidiary is responsible for the day-to-day management and operation of the National Sports Campus sporting facilities. It also provides building management services for the office accommodation provided to NGBs on Campus. There was a decrease in the allocation from 2016 to 2017 (see Figure 6.12), as the National Indoor Arena (NIA) Phase I was completed in 2016. However, the NIA Phase II commenced in late 2017 and this has resulted in an increase in 2018.

There is also a sub-programme for swimming pools, with funding for grant aiding the provision of new and the refurbishment of local authority swimming pools.

*Figure 12 - Sports and Recreation Services Programme (€000)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Grants for Sporting Bodies</th>
<th>Sport Ireland</th>
</tr>
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<tbody>
<tr>
<td>2011</td>
<td>23,403</td>
<td>2012</td>
</tr>
<tr>
<td>2012</td>
<td>19,812</td>
<td>46,837</td>
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<td>2013</td>
<td>13,570</td>
<td>44,495</td>
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<tr>
<td>2014</td>
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<td>2015</td>
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<td>2016</td>
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<td>2017</td>
<td>30,275</td>
<td>78,416</td>
</tr>
<tr>
<td>2018</td>
<td>41,510</td>
<td>60,341</td>
</tr>
</tbody>
</table>

**Tourism Services Programme**

The two main sub-programmes under the Tourism Service programme:

**Fáilte Ireland**

Fáilte Ireland, the National Tourism Development Authority, supports the tourism industry to sustain Ireland as a high-quality and competitive tourism destination. They provide a range of practical business supports to help tourism businesses better manage, market and sell their products and services and to develop experiences in line with Fáilte Ireland’s new experience brands (Wild Atlantic Way, Ireland’s Ancient East and Dublin). They also work with other state agencies and representative bodies, at local and national levels, to implement and
champion positive and practical strategies that will benefit Irish tourism and the Irish economy. They promote Ireland as a holiday destination through their domestic marketing campaign (DiscoverIreland.ie) and through the experience brands and also manage a network of nationwide tourist information centres that provide help and advice for visitors to Ireland. Fáilte Ireland receives around 48% of the total Tourism Service programme. Fáilte Ireland funding has reduced by €1.5 million (2%) in the 2011 to 2018 period.

Tourism Ireland
Tourism Ireland is responsible for marketing the island of Ireland overseas as a holiday and business tourism destination. It was established as one of the “twelve areas of co-operation” under the framework of the Belfast Agreement of Good Friday 1998, to increase tourism to the island of Ireland and to support Northern Ireland to realise its tourism potential. Operating under the auspices of the North/South Ministerial Council through the Department for the Economy in Northern Ireland and the Department of Transport, Tourism and Sport in Ireland, they work closely with the two tourist boards, Fáilte Ireland and Tourism NI, and with their partners in the tourism industry. Tourism Ireland, Tourism Marketing Fund and Tourism Product Development receives around 49% of the total Tourism Service programme and has had a €12 million (15%) reduction in funding in the 2011-2018 period, see Figure 13 below.

Figure 13 - Fáilte Ireland and Tourism (€000)

Pay: Transport Tourism and Sport 2011-2018
The Department of Transport Tourism and Sport’s overall gross pay has increased by €7m (8%). During the 2011-2018 period. The departmental pay budget increased by €1 million (3%) over the 2011-2018 period. Pay for Non-commercial State Agencies in 2018 increased by around €5 million, mainly as a result of the merger of Rail Procurement Agency (a commercial State Body) and the transfer of its functions, staff, assets and liabilities to the National Road Authority (a non-commercial State Body). The new merged body uses the name “Transport Infrastructure Ireland” for operational and branding purposes.
Figure 14 - Gross Departmental and Agency Pay 2011 to 2018 €m

![Gross Departmental and Agency Pay 2011 to 2018](chart)

Staff

Figure 15 below details staff numbers for both the Department and Agencies between 2011 and 2018. The overall Full Time Equivalent staffing numbers increased from 1,552 in 2011 to 1,740 by 2018, an increase of 188 or 12%. Departmental staff increased from 497 in 2011 to 499 in 2018, an increase of 2 or 0.4%, while the Agencies staff increased from 1,055 to 1,241 in 2018, an increase of 186 or 18%.

Figure 15 - DTTaS and Agencies Staff Analysis Numbers: 2011-2018

![DTTaS and Agencies Staff Analysis Numbers](chart)

Departmental staff

Details of the Departmental staff are as follows but the same details are not available for the Agencies.
Table 2 - Overall Department Staff Numbers

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Grades</td>
<td>494</td>
<td>469</td>
<td>455</td>
<td>430</td>
<td>429</td>
<td>456</td>
<td>488</td>
<td>499</td>
</tr>
<tr>
<td>SEC</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>ASC</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>PO</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>34</td>
<td>34</td>
<td>36</td>
<td>39</td>
<td>38</td>
</tr>
<tr>
<td>AP</td>
<td>85</td>
<td>80</td>
<td>76</td>
<td>78</td>
<td>82</td>
<td>84</td>
<td>94</td>
<td>96</td>
</tr>
<tr>
<td>HEO</td>
<td>79</td>
<td>74</td>
<td>73</td>
<td>66</td>
<td>74</td>
<td>74</td>
<td>75</td>
<td>81</td>
</tr>
<tr>
<td>AO</td>
<td>49</td>
<td>50</td>
<td>47</td>
<td>46</td>
<td>44</td>
<td>54</td>
<td>60</td>
<td>64</td>
</tr>
<tr>
<td>EO</td>
<td>77</td>
<td>70</td>
<td>66</td>
<td>66</td>
<td>63</td>
<td>81</td>
<td>89</td>
<td>88</td>
</tr>
<tr>
<td>SO</td>
<td>14</td>
<td>13</td>
<td>12</td>
<td>10</td>
<td>9</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>136</td>
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<td>105</td>
<td>102</td>
<td>106</td>
<td>108</td>
<td>107</td>
</tr>
<tr>
<td>SVO</td>
<td>11</td>
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<td>11</td>
<td>11</td>
<td>8</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>PA</td>
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<td>5</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td></td>
<td></td>
</tr>
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<td>Other</td>
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<td>8</td>
<td>5</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 16 details staffing grade drift between 2011 and 2018. The largest upward grade drift is in the Administrative Officer grade, while the largest downward grade drift is in the Clerical Officer grade.

Figure 16 - Grade Drift 2012 - 2018
*EO percentage is artificially high due to the merging of the EO and SO grades in 2017. It would otherwise be approx. 14%.

Table 3 - Grade Drift numbers and variance.

<table>
<thead>
<tr>
<th>Grade</th>
<th>2012</th>
<th>2018</th>
<th>Variance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASec</td>
<td>5</td>
<td>6</td>
<td>1</td>
<td>20%</td>
</tr>
<tr>
<td>PO</td>
<td>31</td>
<td>38</td>
<td>7</td>
<td>20%</td>
</tr>
<tr>
<td>AP</td>
<td>80</td>
<td>96</td>
<td>16</td>
<td>20%</td>
</tr>
<tr>
<td>HEO</td>
<td>74</td>
<td>81</td>
<td>7</td>
<td>9%</td>
</tr>
<tr>
<td>AO</td>
<td>50</td>
<td>64</td>
<td>14</td>
<td>29%</td>
</tr>
<tr>
<td>EO</td>
<td>70</td>
<td>88</td>
<td>18</td>
<td>26%</td>
</tr>
<tr>
<td>CO</td>
<td>128</td>
<td>107</td>
<td>-21</td>
<td>-16%</td>
</tr>
</tbody>
</table>

Figure 17 below details the Department staff gender balance between 2011 and 2018. The 2018 Q1 gender balance is Male 55% and Female 45%.
Figure 17 - Gender Balance

SVO and TCO are not included in the table above.

Figure 18 - Gender balance of Department staff per grade for 2018.

Figure 19 below details the age of the Department staff between 2011 and 2018. In 2018 approx. 27% of the Departmental staff aged are over 55 years.
SVO and TCO are not included in the table above.

Based on 2018 figures shown below in Table 4 approx. 133 staff or 27% may retire by 2023. The highest rate of retirement will be at CO grade, approx. 33 staff (44%), followed by the HEO grade, approx. 29 staff (38%).

**Table 4 - Retirements**

<table>
<thead>
<tr>
<th>Anticipated Retirements by 2023</th>
<th>ASec</th>
<th>PO</th>
<th>AP</th>
<th>HEO</th>
<th>AO</th>
<th>EO</th>
<th>CO</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>12</td>
<td>23</td>
<td>29</td>
<td>11</td>
<td>24</td>
<td>33</td>
<td>133</td>
</tr>
</tbody>
</table>
**Pensions**

Figure 20 below details the Department’s expenditure on pensions over the period 2011-2018. The spike in 2011 and 2014 was as a result of lump sums being paid out in Fáilte Ireland.

*Figure 20 - Pensions €m*

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>14</td>
</tr>
<tr>
<td>2012</td>
<td>10</td>
</tr>
<tr>
<td>2013</td>
<td>10</td>
</tr>
<tr>
<td>2014</td>
<td>13</td>
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<td>2015</td>
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<td>2017</td>
<td>11</td>
</tr>
<tr>
<td>2018</td>
<td>11</td>
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