Supplementary Estimates 2015

The Revised Estimates Volume 2015, set out total gross voted expenditure for the year of €53,231 million. This level of expenditure was consistent with a deficit target of 2.7% and the level of General Government revenue forecast at the time of Budget 2015 in mid-October 2014.

As detailed in the Expenditure Report 2016, published on Budget day last month, the gross voted expenditure Forecast Outturn for 2015 was revised to €54,875 million, with the Government Expenditure Ceiling changed to reflect this adjustment.

This extra funding of over €1.6 billion for gross voted expenditure in 2015 has allowed Government to target additional expenditure in areas experiencing increased demand and demographic pressures. Importantly, with Ireland moving to the preventive arm of the SGP in 2015, this additional 2015 expenditure has been fully taken into account when assessing compliance with our SGP obligations.

While at this stage the definitive amounts in respect of the Supplementary Estimates have yet to be finally determined for all Departments it is expected that the aggregate amount, taking into account offsetting savings, will be broadly consistent with the additional amount included in the Forecast Outturn for 2015 in the Expenditure Report.

The general government deficit target for 2015 under the Excessive Deficit Procedure is 2.9% of GDP. Budget 2015 set a deficit target of 2.7%. Based on the forecasts for 2015 published in the Budget 2016 book, the forecast deficit for 2015 was revised down to 2.1%.

The backdrop to additional spending this year is 2015 tax revenues exceeding forecast by over €2 billion, and delivering a deficit of 2.1% of GDP.

A total of thirteen Supplementary Estimates are now required by the Votes in the table below. Two of the Supplementary Estimates are technical while the others are substantive.

The Whip's Office has scheduled a timetable that provides for the Supplementary Estimates to be referred to the relevant Committees from Thursday 19 November, and to be voted by the Dáil on Tuesday 9 December. It is proposed that a separate referral will be made for the Department of Social Protection (Vote 37) and Department of Health (Vote 38) on Tuesday 1 December. This later referral date will allow the Department of Social Protection to better determine their Supplementary Estimate requirements based on the most up to date PRSI data and the Department of Health to finalise discussions in relation to private health insurance income.

Supplementary Estimates to be Moved in the Dáil on 19th November

Additional Net Voted Expenditure	
€m	
Office of the Chief State Solicitor	**1.5**
Finance	**0.001**
Superannuation	**16.8**
Public Appointment Service	**0.4**
Garda Síochána	**35.2**
Prisons	**6.3**
Education and Skills	**175**
Communications, Energy and Natural Resources	**0.001**
Agriculture, Food and the Marine	**65**
Transport, Tourism and Sport	**100**
Jobs, Enterprise and Innovation	**50**
Army Pensions	**6.5**
Children and Youth Affairs	**15**
Total	**472**

Social Protection and Health Supplementary Estimates

Social Protection (Amount is dependent on PRSI receipts. Estimated amount is €250m to €290m)
The Forecast Outturn for Social Protection in the Expenditure Report included additional gross voted expenditure of €534 million. This additional amount is required to fund:

- the policy decision to provide for a 75% Christmas Bonus for people in receipt of long-term social welfare payments (€197 million);
- the timely receipt by pensioners of the State Pension that would fall on 1 January 2016 (€127 million); and
- and overruns on a number of schemes.

These additional gross expenditure amounts will be partially offset by an additional PRSI receipts. At the end of October PRSI receipts to the Social Insurance Fund were over €200 million ahead of profile for the year. With November being an important month for PRSI receipts, the final amount of the Social Protection Supplementary Estimate will be dependent on the latest information in respect of PRSI receipts in November.

Health (€600m included in Forecast Outturn. Final amount still to be determined)
The Forecast Outturn for Health in the Expenditure Report included additional gross voted expenditure of **€600 million**. This additional amount is required to fund policy decisions in relation to funding for the delayed discharge initiative and Fair Deal scheme, the hospital waiting lists and winter initiative, and roll-out of universal GP services. Additional funding is required for demand led schemes such as hi-tech drugs as well as higher than expected obligations with respect to State Claims and also with respect to pension payments arising from higher levels of retirements. Further funds may also be required to cover a possible shortfall in private health insurance income for the HSE.

Year End Savings

In line with previous years, there will be some end year savings across Departments and Votes that will be available to offset the additional expenditure. Certain Ministerial Vote Groups requiring substantive Supplementary Estimates, (Defence, Justice, Public Expenditure and Reform) have savings in aggregate of approximately €35 million that will offset either partially or in full the impact of the Supplementary Estimates. While at this stage it is difficult to predict the quantum of end year savings across all Ministerial Vote Groups, it is likely that these savings will be sufficient to bring the total voted expenditure outturn for 2015 broadly in line with the Forecast Outturn set out in Expenditure Report 2016.

<u>Detail in Respect of Supplementary Estimates to be Referred to Committee from 19th November</u>

Vote 6 – Office of the Chief State Solicitor (Substantive): €1.5m

> The proposed *substantive* Supplementary Estimate is required in order to cover additional legal costs arising from an increase in the number and complexity of cases being dealt with by the Chief State Solicitor's Office.

Reasons for the excess spend in 2015.

Expenditure on the Counsel Fees' subhead is, to a large extent, dependent on the level of activity in the Courts at any time, and so is always difficult to forecast. In addition, recent years has seen a marked increase in the complexity of work being handled by the Office, in areas such as commercial litigation and transactional work, procurement work, and advisory and litigation work resulting from our membership of the European Union and the implementation of directives in areas such as environmental law, planning, employment law and social welfare law. In areas such as judicial review, a faster throughput of cases by the courts and an increase in complexity has resulted in a marked increase in the number of fee items payable such as brief fees, fees for refreshers, consultations, advices/opinions, submissions and affidavits, and a greater involvement of senior counsel. Furthermore, the new Court of Appeal has resulted in a faster throughput of appeal cases, which heretofore would have remained pending in the Supreme Court List for a number of years. All of the foregoing, taken together, account for the excess spend in the year to date.

Vote 7 – Finance (Technical): €0.001m

The proposed *technical* Supplementary Estimate is required to make provision for a new fuel grant to replace the excise repayment on fuel element of the Disabled Drivers and Disabled Passenger (Tax Concessions) Scheme. This Supplementary Estimate will allow spending on the scheme to commence in January.

The Disabled Drivers and Disabled Passengers (Tax Concessions) Scheme provides relief from VAT and VRT (up to a certain limit) on the purchase of an adapted car for transport of a person with specific severe and permanent physical disabilities, assistance with fuel costs, and an exemption from Motor Tax. The Scheme is open to drivers with qualifying disabilities, passengers with qualifying disabilities, and organisations chiefly engaged in the transport of persons with qualifying disabilities.

From 1969 to 2014, the Scheme provided for the repayment of excise duty on fuel used in the transport of vehicles used by beneficiaries of the Scheme. Following a judgement of the Court of Justice of the European Union of April 2013 the repayment of excise element of the Scheme was found to be incompatible with the Energy Tax Directive. In March 2014, following negotiations with the European Commission, the Minister for Finance revoked the repayment of excise with effect from 1 January 2015.

At that time, the Minister announced a new fuel grant which would replace the existing excise relief element of the Scheme on the same basis as the excise relief element, and that none of the beneficiaries of the Scheme would lose out. The Minister also announced that the fuel grant continues the practice of making payments in respect of fuel used 12 months in arrears. Accordingly, the first payments of the fuel grant will be made from 1 January 2016 in respect of fuel used in the calendar year 2015.

Vote 12 – Superannuation (Substantive): €16.8m

The proposed *substantive* Supplementary Estimate is required to deal with pressures arising from increased pension payroll and pension lump sum costs due to higher than profiled retirements. While the amount now required is €4.4m higher than the amount indicated in the Expenditure Report 2016, it is anticipated that this increase will be more than offset by savings elsewhere within the Public Expenditure and Reform Group.

The Vote provides for the payment of pensions (Subhead A1), lump sums and death gratuities (Subhead A4) to established civil servants. These are the main expenditure drivers, comprising just under 90% of total gross spend.

The Vote also provides for the payment of pensions to spouses/dependent children (Subhead A2), the payment of pensions and lump sums to unestablished civil servants and of pensions to their spouses/dependent children (Subhead A5); the payment of fees to the Pensions Board and other miscellaneous payments. While there is payroll cost in A2 and A5, the cost remains reasonably stable from year to year. A2 (pensions to widows and children) becomes payable on the death of the established pensioner. Entrants and exits to the scheme each year tend to cancel out. A5 (unestablished) pensions are integrated with the State pension, and generally lower value. In addition, the total number of unestablished civil servants is low (roughly 10% of the workforce).

The 2015 provision was based on an estimated 950 retirements from the established scheme, but there have been 969 retirements as at the end of October, and the trend in retirements to date indicates that there could be in the order of 1,200 retirements this year. The effect of the higher number of retirements than forecast has been to put upward pressure on A1 (pension payroll) and A4 (pension lump sums) forecasts.

It is against this trend in retirements that €37m gross is sought as a supplementary estimate for Vote 12 in respect of 2015.

The level of Gross Supplementary provision required will be mitigated somewhat by increased levels of Appropriations-in-Aid.

Appropriations-in-Aid for 2014 were estimated at €104m. By end October, total A-in-As amounted to €103.6 million (100% of the total). In particular, receipts with respect to the public service single pension scheme are growing strongly, and it is likely that the final out turn for A-in-As will be c. €20 million in excess of the allocation.

This will reduce the revised net expenditure on the Vote.

Vote 17 – Public Appointments Service (Substantive): €0.4m

The proposed *substantive* Supplementary Estimate is required in order to cover costs arising from increased levels of recruitment and selection activity in the Public Appointments Service in the current year.

The requirements for a supplementary estimate for the Public Appointment Service for 2015 is based on the very significant increased levels of recruitment and selection activity in PAS in the current year. The levels of activity were not foreseen at the start of the year, and all of our costs are activity led.

There has been large increases in demand for competitions to fill roles in both the civil service, local authorities, hospital consultants, trainees for An Garda Síochána and various other specialist and professional and technical positions.

By way of example, competitions for Principal, Assistant Principal, Administrative Officer, Trainee Auditor and Statistician have been completed, for the civil service, whilst on the Local Government side competitions for CEOs, Director of Service, Senior Executive Officer, Senior Engineer, Senior Planner, Engineers and Planners are either completed or well underway. All of these have large volumes of applications and require multiple interview Boards. More than one hundred hospital consultants have been recommended to the HSE for appointment in the year to date.

Costs are driven by three main components: processing of applicants through to interview stage via a series of online tests, fees paid to interview board members and the costs of managing and administering the recruitment process.

Vote 20 – Garda Síochána (Substantive): €35.2m

The proposed *substantive* Supplementary Estimate is primarily required for additional payroll costs of approximately €33.8 million. This additional requirement includes the costs relating to anti-crime and anti-burglary measures, security costs relating to the State Visit of the Prince of Wales and the expenditure arising from the timing of the payment of allowances and overtime for the final roster period of the year. The additional requirement will be offset in part by surrender balances of at least €8 million in respect of other votes in the Justice Group.

The supplementary estimate requirement in the Garda Síochána vote is mainly due to additional payroll costs of approximately €33.8 million. The costs in question arise for a number of reasons and include the payment of allowances and overtime for the final roster period of the year (i.e. four week payment period) ending in December prior to year end. In previous years, this would have been paid in the first pay days of the new financial year. The earlier roster end date facilitates the making of the payment within the financial year in which the duty is performed. In addition, the supplementary estimate also provides for other additional payroll costs, including overtime, which arose during the course of the year. The additional requirement includes the costs related to anti-crime and burglary measures, including the recently announced Operation Thor and the security costs related to the State visit of the Prince of Wales in May.

There are a number of additional requirements in other subheads which are largely offset by savings elsewhere in the Vote including surplus appropriations-in-aid of €7.9 million.

There is an under spend of approximately €32 million in the Capital Building Programme subhead due to the timing of contracts and payments for the new Divisional Headquarters. This includes an amount of over €6.6 million which will be carried forward, under the capital carry over provisions, to meet costs arising under this subhead in 2016. The remaining under spend is being utilised to fund other capital requirements in 2015 including ICT €17 million, Garda Transport €6 million and Garda Aircraft €1.8 million.

Vote 21 – Prisons (Substantive): €6.3m

The proposed *substantive* Supplementary Estimate is required to address an additional requirement in payroll costs of €5 million and €1 million in respect of the capital building programme.

The supplementary estimate of €6.297 million in the Prisons Vote mainly arises in relation to an additional requirement in payroll costs of €5 million and €1 million in respect of the capital building programme.

The additional payroll costs arise mainly due to the fact that the current number of serving prison staff is higher than the target number under the Employment Control Framework (ECF) on which the original estimate provision was based. It also includes the payment of arrears relating to the reinstatement of a certain payroll allowance following the outcome of an arbitration hearing.

The additional capital expenditure requirement arises for the most part due to the requirement to carry out preliminary works in the Limerick Prison development project at an earlier date than originally planned.

Vote 26 – Education and Skills (Substantive): €175m

The proposed *substantive* Supplementary Estimate is required to fund: the policy decision to provide for a Capital Summer Works Programme on school buildings (€50m); the re-instatement of prior year scheduling for student support payments (€61m); additional superannuation costs arising from increased retirements (€33m); costs arising from decision to pay 75% Social Protection Christmas Bonus (€3m); and a shortfall in appropriations in aid relating to the pension related deduction (€12m).

A06 - Special Needs Assistants (Subhead A6): A Supplementary Estimate of €6m is now being sought mainly to cover the additional costs associated with increasing the SNA ceiling from 11,330 to 11,940 (+610) which was sanctioned by the Government in July, 2015.

A08 - Superannuation 1st & 2nd level Teachers (€30m): A Supplementary Estimate of €30m is being sought for increased superannuation payments in 2015. This additional €30m will cover the additional Lump Sum and related costs of some 415 extra retires in 2015.

C10 - Superannuation Payments IOT Staff (€10m): A Supplementary Estimate of €10m is being sought for increased superannuation payments of IOT staff in 2015. This €10m will cover the additional Lump Sum and related costs of 40 extra retires in 2015 as well as providing for the costs of an additional payday which was not provided for in the original 2015 Allocation.

C11 - Student Support (€78m): A supplementary estimate of €78m is required to meet pressures on the subhead in 2015. €61m is required to alleviate pressures on Higher Education Institutions (HEIs) by bringing forward to December 2015 payments in respect of the Student Contribution which were originally due to be paid to the HEIs in January 2016. An additional €17m is also required to meet upward demographic pressures and increased numbers of students qualifying for grants.

D03 - Summer Works Scheme (€50m): An additional €50m is required to progress projects under the Summer Works Scheme that were not progressed or finalised in 2014. 386 schools were approved in March 2014 to undertake school improvements across three categories of projects – Gas, Electrical and Mechanical. In May 2014 a further 386 schools were approved in respect of school improvement works across two categories of projects – the upgrade of toilet facilities and roof improvements.

E. - Appropriations-in-Aid: an estimated shortfall of €12m in Appropriations-in-Aid is being factored in to the 2015 SE due to an overestimation of the level of receipts to be brought to account in 2015. These receipts mainly cover Superannuation contributions, Pensions Related Receipts and European Social Fund Receipts.

B05 Further Education Grants to SOLAS

Saving of €14m - Based on ETB Returns received to date, there is an estimated surplus of €14m in the Exchequer funding from SOLAS to the ETBs in respect of Further Education Grants at the end of 2014. As part of the agreement between SOLAS and the ETBs, SOLAS are proposing to recoup these surpluses by deducting the amounts from the final tranche of payments to be made to ETBs before the end of the current financial year.

Excess of €3m – in line with the 75% increase in Christmas Bonus under the Social Welfare Bill, an additional €3m will be required for a similar payment to relevant education and training course participants. This will be offset against the €14m saving.

Vote 29 – Communications, Energy and Natural Resources (Technical): €0.001m

The proposed *technical* Supplementary Estimate is required to reallocate funds from the Communications programme to the Energy programme and to facilitate the reinvestment of additional petroleum data sale receipts of €4 million in petroleum exploration related data acquisition/research projects.

The Department is seeking approval to transfer €2.5m capital from savings in Subhead A.3 - ICT Programmes to Subhead C.4 - Sustainable Energy Programmes (Cash Limited). These savings arise as a result of lower expenditure than budgeted for 2015 on the postcodes project. As Subhead C.4 is cash limited, the funding provision can only be increased by means of a Supplementary Estimate approved by the Dáil. A token Supplementary Estimate is therefore proposed.

The purpose of the supplementary estimate in respect of Subhead D3 Petroleum Services is to facilitate the reinvestment of €4 million arising from exceptional petroleum data sale receipts in 2015 in petroleum exploration related data acquisition/research projects; with the objective of deepening knowledge of the petroleum potential of the Irish Offshore and promoting and sustaining exploration investment into the future.

Vote 30 – Agriculture, Food and the Marine (Substantive): €65m

The proposed *substantive* Supplementary Estimate is required to meet a liability maturing in 2015 in respect of EU funded programme repayments.

In July 2015 the European Commission advised the Department of Agriculture, Food and the Marine of their intention to exclude a total of approximately €67.6 million from EU funding of various agricultural Direct Payment schemes for the seven year period from 2008 to 2014. This represents 0.56% of the €12 billion in EU funding for these schemes in this extended period.

This was the culmination of a prolonged process which had commenced with a proposed 2% flat rate financial correction for Ireland of €181.5 million arising from its Conformity Clearance audits in 2009, 2010 and 2012 and included the examination of 900,000 land parcels, a Conciliation hearing and intensive communication with the Commission.

The current proposal consists of two elements - €64 million exclusion for the period 2008 – 2012 and €3.6 million for the period 2013 – 2014. As the original allocation for the relevant subhead is €5m has been only partially used by other charges to it, an additional allocation of €65m is being sought.

Permission is sought for a number of changes as part of the Supplementary Estimate as they involve relatively substantially changes to voted allocations to specific subheads although not changing the total REV allocation to the Vote. DAFM is seeking to transfer funding into existing subheads for the World Food Programme, for Areas of Natural Constraint and for Fisheries Harbours. Provision for a new subhead for a top-up to the EU Market Volatility Payment is being also sought. The €35.74m current and €3.5m capital funds required would be transferred from various subheads where, due to changed circumstances, savings have emerged, most notably in the Beef Data Genomics Programme the Seafood Development Programme and across the Food Safety Animal Health & Welfare Programme.

Vote 31 – Transport, Tourism and Sport (Substantive): €100m

The proposed *substantive* Supplementary Estimate is required primarily to fund additional expenditure on the Public Transport Investment Programme for the maintenance of the heavy rail network and expansion of the PSO bus fleet, and on the Roads Programme to address critical works on the national road network and improve sub-standard road pavements on regional and local roads.

Subhead B3: Roads Programme (capital)
The additional allocation of €35m is required to address critical pavement works on the national road network and improve sub-standard road pavements on regional and local roads.

Subhead B4: Road Safety (capital)
The additional allocation of €260,000 will deliver on policy commitments in relation to road safety including development of drug testing devices and improved technologies to support road safety measures.

Subhead B6: Smarter Travel (capital)
The additional allocation of €3m is required to provide a long life quality surface on the Mullingar – Athlone Greenway.

Subhead B8: Public Transport Investment Programme (capital)
The additional allocation of €60m (plus the transfer of €14m in levies received from TII) is required for maintenance of the heavy rail network, to replace and expand the PSO bus fleet, to expand city bike and cycling safety measures and to meet matured liabilities arising in respect of the Luas Cross City construction costs in 2015.

Subhead D5: Sport Ireland (capital)
The additional allocation of €800,000 in capital funding is required to accelerate completion of the National Indoor Arena

Subhead E6: Tourism Product Development (capital)
The additional allocation of €1m is required to develop further Ireland's Ancient East and the Wild Atlantic Way.

Subhead F7: Miscellaneous Land Transport Receipts (capital)
The additional receipt of €14m was received as Section 40 levies from the RPA. These levies were collected in respect of the Luas extensions to Cherrywood and Docklands. These levies are now being surrendered by RPA to the Department, as an Appropriation-in-aid for re-allocation to NTA for LUAS related costs.

Vote 32 – Jobs, Enterprise and Innovation (Substantive): €50m

The proposed *substantive* Supplementary Estimate is required to provide €21 million to support two distinct elements of IDA business, Regional Property Investments and Grants to Industry. Further capital funds are also to be provided for the Science and Technology Programme (€7 million) and the Programme for Research in Third-Level Institutions (€22 million).

IDA Regional Property investments €12m

The total 2015 REV allocation to the IDA is €95 million. In addition, in late summer DPER sanction was provided for the IDA to commence spending of up to a maximum of €20m before year-end on the 5 year, €150m IDA Regional Property Programme announced by the Government in February 2015.

Three new build projects in Sligo, Castlebar and Tralee have commenced along with expenditure on the upgrading of the portfolio of the IDA Business Parks. Given the practicalities surrounding property related matters in the period following receipt of formal sanction from DPER, expenditure before year end on the new regional element of the overall IDA property programme is in the order of €12m.

IDA Grants to Industry €9m

An additional allocation of €9 million is required to fund grant payments to IDA client companies arising before year end. IDA Ireland works closely with each of its circa 1,000+ client cohort to manage the submission of grant payments throughout the year. However, ultimately the submission and timing of a claim(s) is always at the discretion of the company concerned. IDA payments on grant claims are subject to compliance with stringent terms and conditions with a particular focus on jobs being supported. As the unemployment figure continues to drop towards the 9% mark, further positive evidence on the jobs front this year is that the IDA has received requests for a small number of large grant payments from companies that have completed investment projects and met various jobs targets quicker than initially envisaged.

Enterprise Ireland Research €2m

Enterprise Ireland funding in this research and innovation space is predominantly in the form of complex multi-annual research projects for industry, the majority of which do not begin and end in a single budgetary year. The improving economic situation has increased the demand for these programmes in recent years as the post recessionary environment has increased companies' eagerness to grow.
€ 2m of the Supplementary capital monies will be used by EI to meet the increased demand across its client base for R&D funding supports

Science Foundation Ireland €5m

The vast bulk of SFI grant funding is multi-annual in nature and based on rolling programme calls, subject to international peer review and strategic needs assessment for enterprise development.

€ 5m will be used by SFI to fund grant applications under its 2015 Research Infrastructure Call. This programme attracted stronger interest by the research community than initially anticipated. All of the funding projects are meeting strategic national innovation needs and stringent SFI standards of world-class excellence.

The Programme for Research in Third-level Institutions €22 million

The Programme for Research in Third-Level Institutions (PRTLI) supports the provision of top-class research infrastructure (buildings, laboratories and cutting edge equipment) as well as human capital development across Ireland's higher education institutions. The PRTLI is EU co-funded under the European Regional Development Fund Regional Operational Programme 2007–13 [which is still administratively live].

The PRTLI was launched in 1998 with cycles of expenditure commencing in 2000. The PRTLI is administered on behalf of the Minister for JEI by the Higher Education Authority (HEA).

Funding is a mixture of Exchequer and private funding and typically the PRTLI supported project form part of a much wider infrastructural investment in the colleges. e.g. UCD Science Centre, Trinity Biomedical facility, NUIG Arts, Humanities and Social Sciences buildings. Through the EU ERDF programme, the exchequer can also part reclaim investment in the PRTLI via certified claims at an ERDF eligible aid rate of 50%.

Under the PRTLI the colleges must meet the very significant costs of the capital infrastructural projects upfront themselves and then claim back through the HEA on the matured liabilities arising. Effectively, therefore the PRTLI capital payments made through the JEI Vote is akin to the State paying off a mortgage commitment. The quicker the State's commitment is paid off, the more cost effective it is for the exchequer over the medium term. Accordingly the additional €22 million being provided through the Supplementary Estimate will hasten the progress in reducing the outstanding PRTLI matured liabilities thus reducing the overall cost to the State

Vote 35 – Army Pensions (Substantive): €6.5m

The proposed *substantive* Supplementary Estimate is required to cover the additional cost of €6.5m on the Army Pensions Vote (Vote 35) arising from the increased number of pensioners. Sufficient savings have been found elsewhere on the Defence Vote (Vote 36) to cover the additional amount required on Vote 35.

Expenditure under the Army Pensions Vote is primarily demand-driven and non-discretionary. The requirement for a Supplementary Estimate arises mainly from the fact that the amount provided in the original Estimate under Subhead A2 – for Defence Forces superannuation benefits – was insufficient for what transpired.

As recorded in the 2014 Appropriation Account for Vote 35, it is very difficult in any given year to accurately predict the exact numbers of voluntary retirements from the Defence Forces with entitlement to immediate payment of retirement benefits, the level of which will depend on service, retiring rank and pensionable pay.

Dept of Defence advises that there are also a range of other contributory factors, including the increased numbers of pensioners being paid from the Vote year on year; and the ongoing underlying impact on pension payments of the high numbers of retirements of military personnel over the last number of years. Defence Forces retirements on pension more than doubled annually between 2008 and 2012, reflective of public service trends. Military pensioner numbers continue to rise and now stand at 12,100. Add to this increased life expectancy generally; which is a major contributor to growing pension costs, linked to the fact that over recent years the number of new military pensioners has outstripped deaths/leavers by a ratio of about 3:1 on average.

Accordingly, the REV allocation of €215.6m (net) will be exceeded when the December payment of entitlements to retired Permanent Defence Force personnel and dependents is made. Dept of Defence is now projecting that expenditure will reach €222.1m (net) by year-end, a net shortfall of €6.5m.

Dept of Defence has identified savings on Vote 36 Defence to cover the Vote 35 shortfall.

As a result, there will be no extra demand on the Exchequer over what was initially voted for the Defence Vote Group for 2015.

Vote 40 – Children and Youth Affairs (Substantive): €15m

The proposed *substantive* Supplementary Estimate is required to meet costs arising from an IR settlement relating to Twilight Hours payments and from emerging service pressures being experienced in the areas of private residential care and private foster care payments.

The supplementary requirement for Vote 40 will be €15m to support an anticipated Tusla net overspend.

This overspend primarily arises in the context of the following areas:

- An IR settlement relating to Twilight Hours payments.

- Overspends relating to supply of goods and services. In particular, emerging services pressures being experienced in the areas of private residential care and private foster care payments. Factors driving the increases are both demographic i.e. increased numbers of children coming into these care placements, and the increased complexity and levels of need attaching to many of these cases.