

Lead topic: 2015 Annual Report and Appropriation Accounts of the C&AG	Sub-topic: 2015 Vote 11 DPER Appropriation Account	Contact: Kevin O'Brien Ext: 4036
FAST FACTS		
Vote 11 (PER) – Appropriation Accounts 2015 and update to current position		
2015 Headline		
<p>The Estimate for 2015 was set at €40.61 million, a 13% increase on the 2014 Estimate. The increase was driven mainly by Programme B pay (Public Service Management and Reform), the Office of the Government Chief Information Officer (OGCIO), technical support for regional assemblies, structural funds technical assistance and the reform agenda. As the National Lottery Regulator was established in 2014, there was a reduction in budgeted funds required. This offset a small portion of the overall increase.</p>		
<p>The audited surplus surrendered in 2015 was €4.1 million, which arose mainly as follows:</p>		
<ul style="list-style-type: none">• Administrative Pay for Programmes A and B (€2.2 million) - this saving was driven by a number of factors including resignations / retirements and slower than anticipated recruitment while an examination of staffing needs and balancing of resource requirements was considered;• Reform Agenda (€0.629 million) - this saving arose across a number of reform projects. While some projects did not progress as quickly as anticipated, savings were also achieved by drawing down from existing consultancy contracts in place in the Reform and Delivery Office;• Office of National Lottery Regulator (€0.150 million) - this allocation was not required as the Office became self-funding in 2015;• Consultancy and Other Services (€0.202 million) – This variance arises in respect of a provision for legal costs. The timing of the court decision was later than anticipated and final costs had not been settled;• Peace Programme / Northern Ireland INTERREG (€0.627 million) - the variance arose because the new round of Peace / INTERREG projects were slower to commence spending than anticipated;• Structural funds technical assistance and other costs (€0.458 million) - this variance was primarily due to a delay to the e-Cohesion IT project; and		

- EU Programmes Appropriations-in-Aid (€0.465 million) – these were higher than expected as a result of the earlier than anticipated recoupment of monies in respect of EU Programmes.

2016 Headline

The 2016 Estimate of €43.75 million represented an increase of €3.14 million compared to the 2015 Estimate. The increase is driven largely by:

- Provision for additional non-pay costs within the OGCIO to enable that Office to deliver objectives in respect of the new ICT Strategy for the Public Service (€1.5 million);
- Funding of pensions for bodies under the aegis of the Minister (IPA and ESRI) (€0.3 million);
- Civil Service L&D Programme commenced in 2015 and was allocated a budget of €0.8 million;
- Implementation costs in relation to the Protected Disclosures Act 2014 (€0.3 million); and
- Non-pay costs administration costs (€0.4 million).

2017 Headline

The 2017 Estimate of €53.105 million represents an increase of €9.357 million compared to the 2016 Estimate. The Estimate includes provision for:

- Additional resources required to enable the Office of the Government Chief Information Officer to progress the Government's commitments in relation to the Public Service ICT Strategy, including the "Build to Share" element of the strategy (€6.5 million);
- An increased allocation for Civil Service Learning and Development in order to deliver a shared model of learning and development across the Civil Service (€0.55 million);
- An increased allocation to Structural Funds Technical Assistance and Other Costs to facilitate electronic exchange of information between the State and EU Commission (€0.46 million);
- A new allocation for the design of an administrative system to support the implementation of the Single Public Service Pension Scheme across the Public Service (€0.3 million);

- A new allocation to support the work of the Irish Government Economic and Evaluation Service, which is an integrated cross-Government service that aims to support better policy formulation and implementation in the civil service (€0.2 million);
- A new allocation to provide for the Public Service Pay Commission in its consideration of public service remuneration (€0.2 million); and
- Increase in pay costs of €1.5 million due to increased number of staff to support the continued roll-out of the reform programme, including digital government.

Q&A'S

Q. Why was the ESRI and IPA overspent? Should the taxpayer be paying for the pensions of these companies?

A. These overspends were as a result of the Department meeting its legal obligations under the FEMPI legislation. The overspend covered shortfalls in funds that were required to meet payments to the pensioners of these public bodies. In 2016 & 2017, these shortfalls in pension cashflow were met from the new and dedicated subhead A.10. This subhead was set-up to separate the Department's obligations to the pensioners of these public bodies from the Grants-in-Aid which are discretionary.

Q. Give me an update on the outstanding legal costs facing the Department?

This relates to a case taken by the Garda Representative Association (GRA). The GRA have appealed it to the Supreme Court. It has agreed to hear a number of points of appeal that the GRA brought in relation to the Public Service Sick Leave Scheme. The Court has also agreed to hear the Department's cross-appeal on the issue of costs.

The increase for the 2017 budget is primarily to include a provision for costs in a legal case taken against the Department. These costs have been pending since conclusion of associated court case in 2015 but no payments have been made because appeals have been ongoing. It is expected that appeals process will conclude in 2017. {This is in relation to the GRA action}.

Q. Can the Secretary General account for the substantial increase in expenditure on Vote 11 in recent years?

The Budget increase for 2017 (€9.357 million, +21%) is driven, in the main, by the following key items:

- Additional resources required to enable the Office of the Government Chief Information Officer to progress the Government's commitments in relation to the Public Service ICT Strategy, including the "Build to Share" element of the strategy, and this is particularly reflected in the increased Capital allocation (€6.545 million);
- An increased allocation for Civil Service Learning and Development in order to deliver a shared model of learning and development across the Civil Service (€550,000);
- An increased allocation to Structural Funds Technical Assistance and Other Costs to facilitate electronic exchange of information between the State and EU Commission (€460,000);
- A new allocation for the design of an administrative system to support the implementation of the Single Public Service Pension Scheme across the Public Service (€300,000);
- A new allocation to support the work of the Irish Government Economic and Evaluation Service - an integrated cross-Government service that aims to support better policy formulation and implementation in the civil service (€200,000); and
- A new allocation to provide for the Public Service Pay Commission in its consideration of public service remuneration (€200,000).

Q. Can you give an update on the suspected fraud in note 6.5?

In relation to the suspected fraud of €181,000, the Police Service of Northern Ireland referred the matter to the Public Prosecution Service who concluded that there were no further lines of investigation which would support a positive prosecution and that the matter was filed pending further evidence being provided. The Special EU Programmes Body closed the issue upon receiving this notification.

Background Note on Fraud as per Appropriation Account

Special EU Programmes Body (SEUPB) advised the Department in 2014 that there was a risk to funds paid to a PEACE III Project which had subsequently been removed from the PEACE III Programme due to irregularities and a suspected fraud. The Department had provided funding of €181,438 to the project in 2010. Funding had been stopped by SEUPB as soon as the question of irregularity/fraud arose. SEUPB commissioned a forensic audit and subsequently referred the case to the Police Service of Northern Ireland. All necessary steps were taken to recoup money but it is now accepted by SEUPB that there is no prospect of recovering the monies and there is no route for legal action as the lead partner company is dissolved.