

File Ref and link to page number at index

Lead topic: 2015 Annual Report and Appropriation Accounts of the C&AG	Sub-topic: 2015 Vote 12 Appropriation Account	Contact: Conor McGinn Ext: 7327
--	--	--

FAST FACTS

Vote 12 (Superannuation and Retired Allowances) – Appropriation Accounts 2015 and update to current position

2015

The 2015 Appropriation Accounts for the Vote show:-

- A gross outturn of €499.2 million compared to an estimate of €511 million (including supplementary estimate of €37m),
- A net outturn of €362.8 million compared to an estimate of €386.8 million (including net supplementary estimate of €16.8 million), giving a surplus of €24 million for surrender to the Exchequer.
- The supplementary estimate was applied for on the basis of expected excess spending of €37 million and expected excess receipts of €20.2 million. In the event, the excess spending came in lower, at €25.2 million, and excess receipts came in higher, at €32.4 million.
- The surplus of €24 million arose primarily due to an underspend on subhead A4 (established lump sums) and greater than anticipated receipts from the Single Public Service Pension Scheme, a considerable portion of which were credited to the Vote following the application for the Supplementary Estimate.

The original 2015 gross estimate amounted to €474 million.

This was based on:-

- 1) existing pensions in payment on 31st December 2014;
- 2) an estimated 950 retirements and 300 deaths for the established scheme – i.e. a net increase of 650 between 31st December 2014 and 31st December 2015;
- 3) an estimate in the region of €66 million in respect of lump sum payments to established civil servants;
- 4) negligible change in expenditure levels on other expenditure items (unestablished pensions, spouses and children's etc.).

It transpired that the level of retirements in 2015 was greater than anticipated, as just over 1,170 established civil servants retired. This contributed to additional spending in the region of €14 million on subhead A4. The additional retirees also contributed to

additional spending of €12m on subhead A1 (pensions of established civil servants).

There were:-

- 21,128 pensions in payment at the end of December 2014.
- 21,872 pensions in payment at the end of December 2015.
- 22,904 pensions in payment at the end of December 2016

2016

The 2016 Gross Estimate for the Vote was €526.9 million. Total gross expenditure for 2016 (provisional outturn) amounted to €499.5 million, €27.4 million (5%) lower than the estimate. Subhead A4 (lump sums paid to retirees of the established scheme) was the main driver of the underspend, with the final outturn €14.4 million (16%) lower than the estimate. The difference from the estimate is explained by the fact that while the number of retirees is largely in line with what was forecast, the average lump sum was lower than that used for forecasting purposes. Most of the remaining underspend is attributable to subhead A1 (pension payroll for the established scheme).

2017

The 2017 Gross Estimate for the Vote is €539.9 million and the net estimate is €359.9 million.

Q&A'S

Q. Why did the Superannuation Vote get a net supplementary estimate of €16.8m in 2015, when the final out turn was €24 million below the estimate?

The supplementary estimate was applied for on the basis of expected excess spending of €37 million and expected excess receipts of €20.2 million. In the event, the excess spending came in lower, at €25.2 million, and excess receipts came in higher, at €32.4 million. The surplus of €24 million arose primarily due to an underspend on subhead A4 (established lump sums) and greater than anticipated receipts from the Single Public Service Pension Scheme, a considerable portion of which were credited to the Vote following the application for the Supplementary Estimate.

Q. Why is it so difficult to accurately estimate pension payments and lump sums?

A. For all established staff who joined the civil service prior to 2004 there is a window of 5 years within which they may choose to retire on full pension (between ages 60 to 65). This means it is impossible to accurately predict the number and grade mix of retirements in any one year.

Q. Why is it so difficult to accurately estimate Single Scheme receipts?

A. This is a relatively new scheme and a reliable trend has not yet been established. A Feasibility Study was initiated in January 2016 to evaluate options for the long term

administration of the Single Public Service Pension Scheme (“Single Scheme”). The report was finalised and recommendations brought to Government for decision in April 2017. Work is now underway to initiate the next phases of the project, which will include the design of a Shared Administration Service for operation in the long-term, while all Public Service Bodies undertake work in the short-term to fully meet their legal obligations under the Single Scheme.

Q. Can the Secretary General account for the substantial increase in expenditure on Vote 12 in recent years?

A. Expenditure on the Vote is directly related to the number of pensioners which has increased substantially in recent years in line with overall government strategy to reduce public service numbers, combined with the effect of the aging demographics of the civil service workforce.

Q. What is the average pension for established and unestablished pensioners?

A. In 2015, the average pension under the established scheme was €24,100, while that for unestablished personnel, who also qualify for the Social Welfare pension, was €4,000.