

Opening Statement

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Expenditure and Reform**

Budget Oversight Committee

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Chair, and members of the Committee, I would like to thank you for the invitation to appear before you today and to make a contribution to your deliberations.

As I understand that the topic of particular interest to the Committee is parliamentary engagement with the budget cycle, I think it would be best to start with a recap of the various budgetary reforms that have been introduced into the Irish budgetary framework over recent years, and that are relevant for this overall topic. These reforms include the introduction of Performance and Equality Budgeting, and the Spending Review process. Also within the Oireachtas, we have seen the establishment of the Parliamentary Budget Office which I would regard as a major step forward. The overall thrust and intention of these reforms has been to strengthen the budgetary framework, by providing greater transparency and accountability and by improving the process by which budgetary decisions are made.

Performance Budgeting is a key area of focus for budgetary reform. The initiative aims to strengthen the focus on what is being delivered with public funds and to use that information to inform the policy making process. The underlying principle is to ensure that, when formulating expenditure plans, decision makers systematically take into account the results to be achieved by expenditure. Since its introduction as a pilot exercise in 2011, the initiative has undergone

significant improvement and refinement, with an emphasis now on measureable, quantitative performance indicators and targets, which are published in the annual Revised Estimates Volume. In addition to this, Committee members will be familiar with the annual Public Service Performance Report, which sets out progress towards these targets in a timely fashion. We in DPER have paid attention to the visual format and presentation of this Performance Report to try to make it as clear and accessible as possible and the most recent version of the Report was published in July.

Building on the performance budgeting framework, the Equality Budgeting initiative was first introduced as part of Budget 2018. This initiative aims to provide greater information on how budgetary measures are likely to impact upon the various dimensions of equality, including gender, disability status, age and ethnicity. In principle this information can then feed into and enhance the decision making framework. A pilot programme of Equality Budgeting saw indicators for a small number of Departments relating to gender and socio-economic status included in the 2018 Revised Estimates Volume. The initiative was then expanded in the 2019 Revised Estimates Volume, to include other equality dimensions and objectives. The initiative continues to grow and develop, with an Expert Advisory Group in place in order to support advancement to best international standards. In 2019, the OECD prepared a “policy scan” of the Equality Budgeting initiative and they made a number of recommendations on how it could be improved. We are currently in the process of implementing these recommendations, and I should say that the Department’s workstream on “wellbeing budgeting” is one result of this

initiative, which also aligns closely with the new Programme for Government commitments in this general area.

Specifically, the Programme for Government commits to the development of a set of well-being indices to create a well-rounded, holistic view of how Irish society is faring. It is intended that these well-being indicators will be used to highlight inequalities and ensure that policies are driven by a desire to do better by people. In principle, an over-arching well-being framework can be utilised in a systematic way across government policymaking in setting budgetary priorities, evaluating programmes and reporting progress.

The Spending Review process is another focal point for evidence-based policy making across the Civil Service. A new approach to Spending Reviews was launched in 2017, with the first three year cycle successfully concluded in 2019. Spending Review 2020 is the first in a new three year cycle which seeks to maintain the momentum developed from the 2017-2019 process. The objectives of the Spending Review include:

- Fostering enhanced engagement and collaboration between Departments in relation to policy formulation and implementation;
- Assessing the effectiveness of public expenditure in meeting stated policy objectives;
- Effectively using policy insights based on data into the policy making process; and
- Building a robust evidence base for policy formulation and development.

Together, all of these initiatives and processes feed into a year-round budget cycle, which allows for ongoing scrutiny of the budgetary process supported by a constant stream of useful information.

As Deputies are well aware, the impact of Covid-19 has necessitated very significant additional spending in 2020, with an expenditure response beyond anything that has been seen in Ireland before. I should also acknowledge that some of the information documents that we aim to provide to inform budget scrutiny have been somewhat blown off course during the crisis response. Notably the Mid-Year Expenditure Report was not produced in July as normal, and instead DPER produced a Pre-Budget Expenditure Update after the summer and in advance of the presentation of the October Budget. There will of course be ongoing expenditure requirements in relation to the pandemic, and these have been provided for in Budget 2021. Looking forward, the Department of Public Expenditure and Reform is happy to engage with the Committee in exploring ways of building upon the expenditure reforms that have been put in place, and further enhancing the opportunities for this and other Committees to make a meaningful impact upon the budgetary cycle.

Thank you.

Ends.