

Gross Expenditure Monitor: January to July 2019

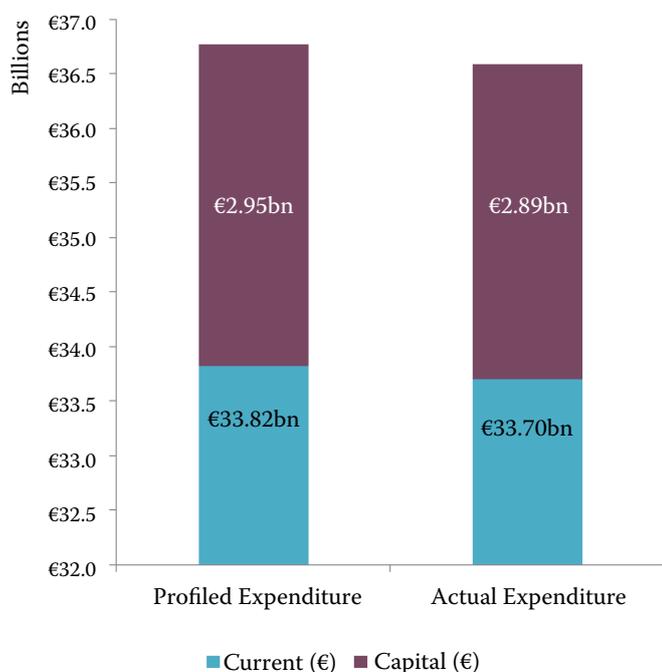
PBO Publication 42 of 2019 – Expenditure Analysis series

Illustration and analysis of budgetary management by Vote Group

This recurring publication of the Parliamentary Budget Office (PBO) provides a summary and analysis of the latest voted expenditure developments across Ministerial Portfolios. The latest expenditure data, derived from data published by the Department of Finance in the *Fiscal Monitors*, is to the end of July, and this publication covers the period from January to July of this year.

Figure 1 illustrates the overall voted expenditure position at the end of July. In total, there has been €36.6 billion in expenditure to the end of July. This is €180 million (0.5%) below profile. This continues the trend noted in our last publication in this particular series, when expenditure was 0.4% below profile. Of this €180 million, €120 million is current expenditure and €60 million is capital expenditure. Respectively this is a 0.4% and 2.0% underspend relative to the profiles set out at the start of the year.

Figure 1: Comparison of Profiled Voted Expenditure to Actual Expenditure in the year to July.



Key messages

- At the end of July 2019, overall voted expenditure is €180 million below profile. Most Ministerial Vote Groups have spent below expectations. Only 4 Vote Groups have spent above profile so far this year: Education and Skills, Foreign Affairs and Trade, Housing, Planning and Local Government, and Justice and Equality.
- This total underspend relative to profile has decreased from €243 million in June. This is the result of increased capital expenditure in July, which has been slightly offset by continuing underspending in current expenditure.
- In broad terms, the performance of Gross Voted Expenditure against profile has neither declined nor improved significantly during the year. **There has, however, been significant fluctuation within current and capital expenditure** (See Table 1).
- It can be difficult to draw conclusions from a trend which encompasses large fluctuations.
- At the end of July 2019, current expenditure is 56.8% of the profile for the year. At the same point in 2018, current expenditure was equal to 57.3% of the profile for that whole year. This suggests that as an aggregate, current expenditure is in a marginally better position than it was at this time last year. However, 10 Vote Groups are closer to their full year profile than they were at this point last year, most notably Foreign Affairs and Trade, Housing, Planning and Local Government, and Education and Skills.
- In addition, Health Vote Group expenditure is not a timely indicator of the financial position of the health sector. The HSE's income and expenditure accounts provide a more timely indication of the position of the health sector (albeit under a different accounting standard, i.e. accruals rather than cash), and these showed a deficit of €116m at the end of April.
- This suggests that there is a possibility that specific Vote Groups will require Supplementary Estimates later in 2019. This would remain the case even if the overall balance of voted expenditure is balanced to some extent by underspends across other Vote Groups.

Figure 2: Cumulative variance of gross current expenditure from profile in the year to July by Ministerial Vote Group.

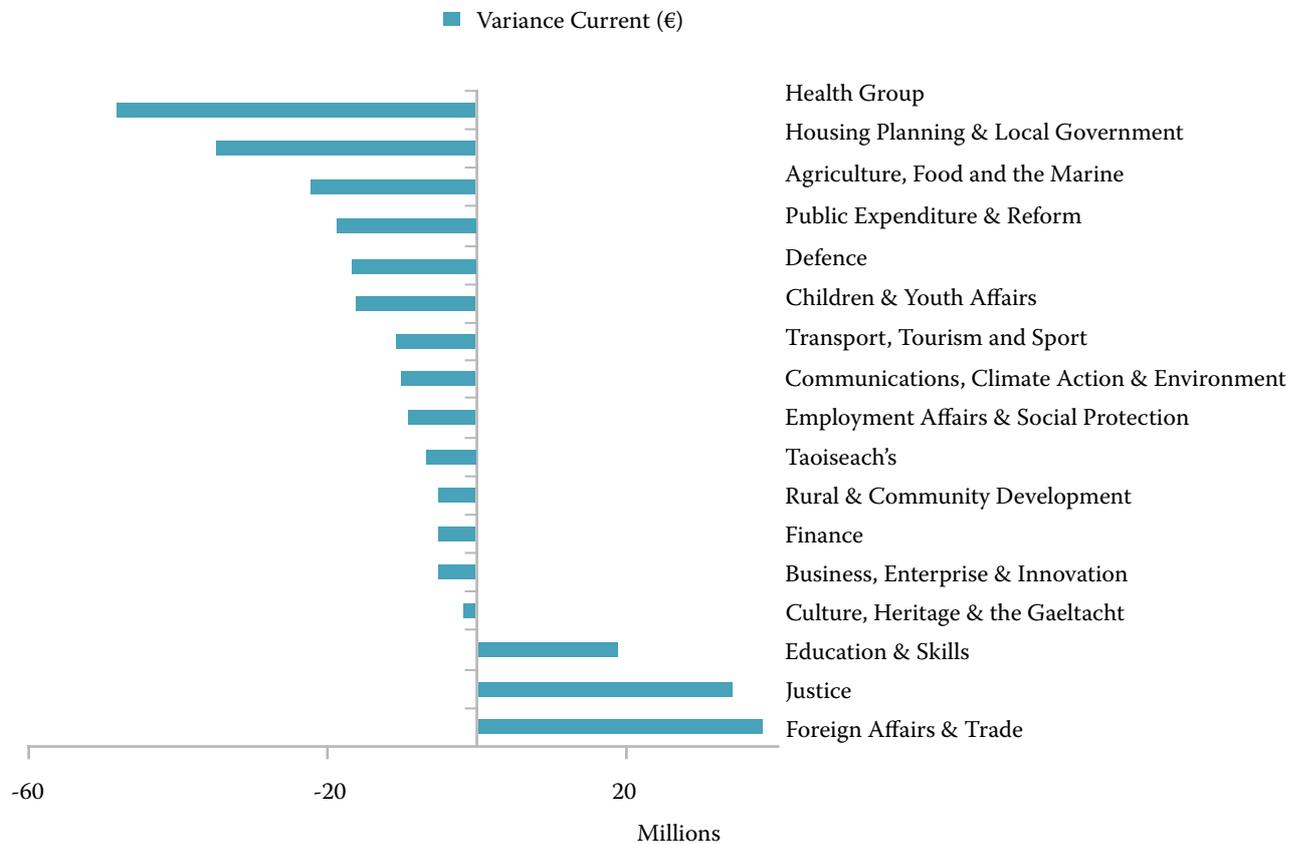


Figure 3: Cumulative variance of gross capital expenditure from profile in the year to July by Ministerial Vote Group.

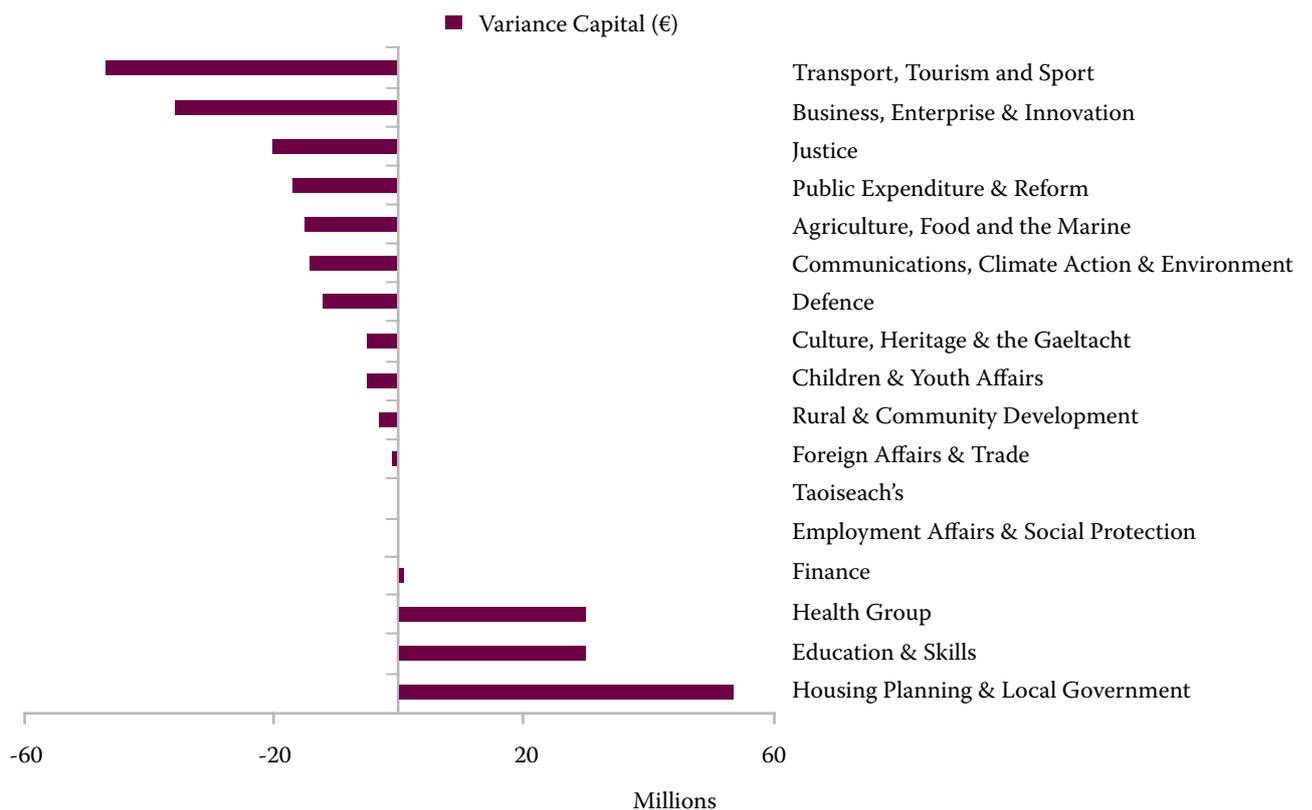


Figure 4: Cumulative variance of gross current expenditure from profile in the year to July by Ministerial Vote Group.

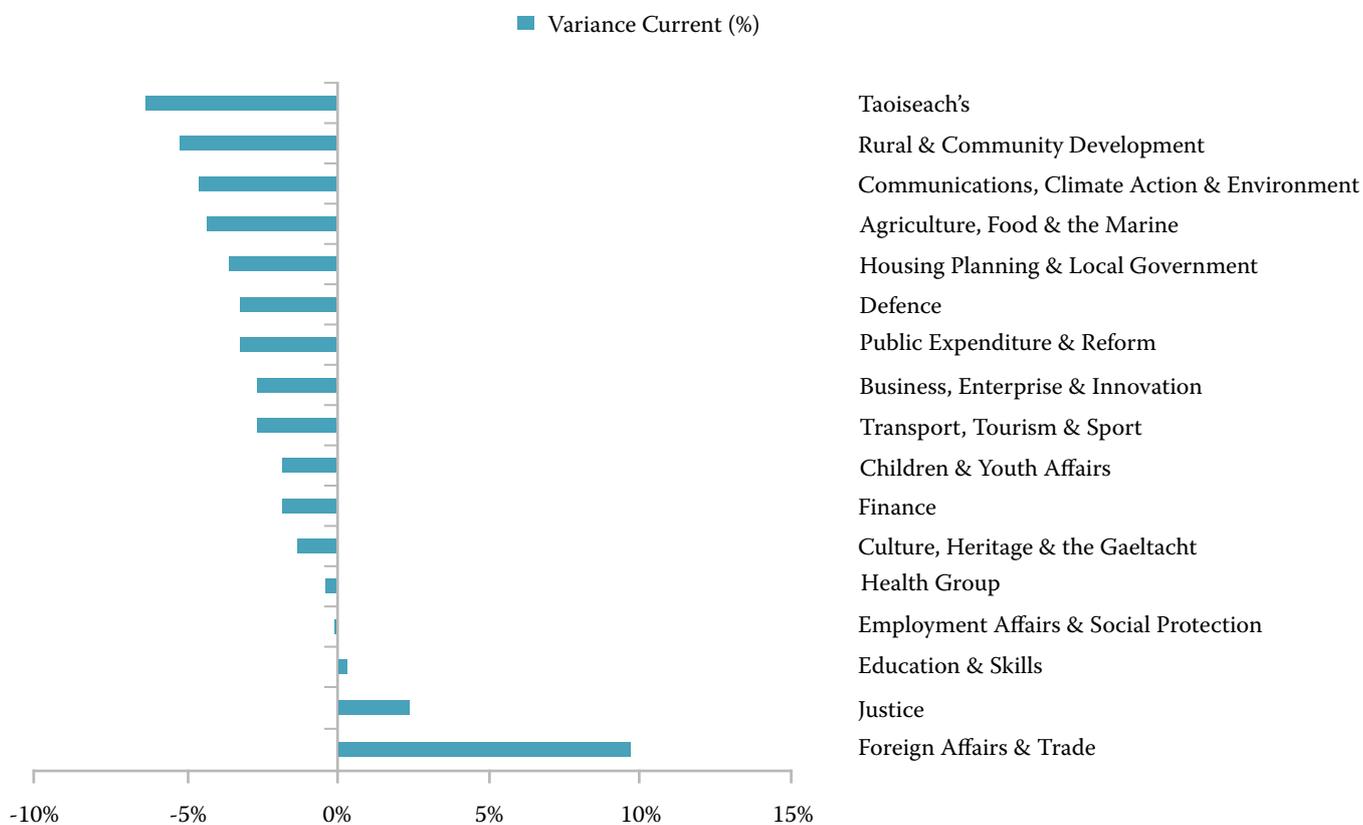


Figure 5: Cumulative variance of gross capital expenditure from profile in the year to July by Ministerial Vote Group.

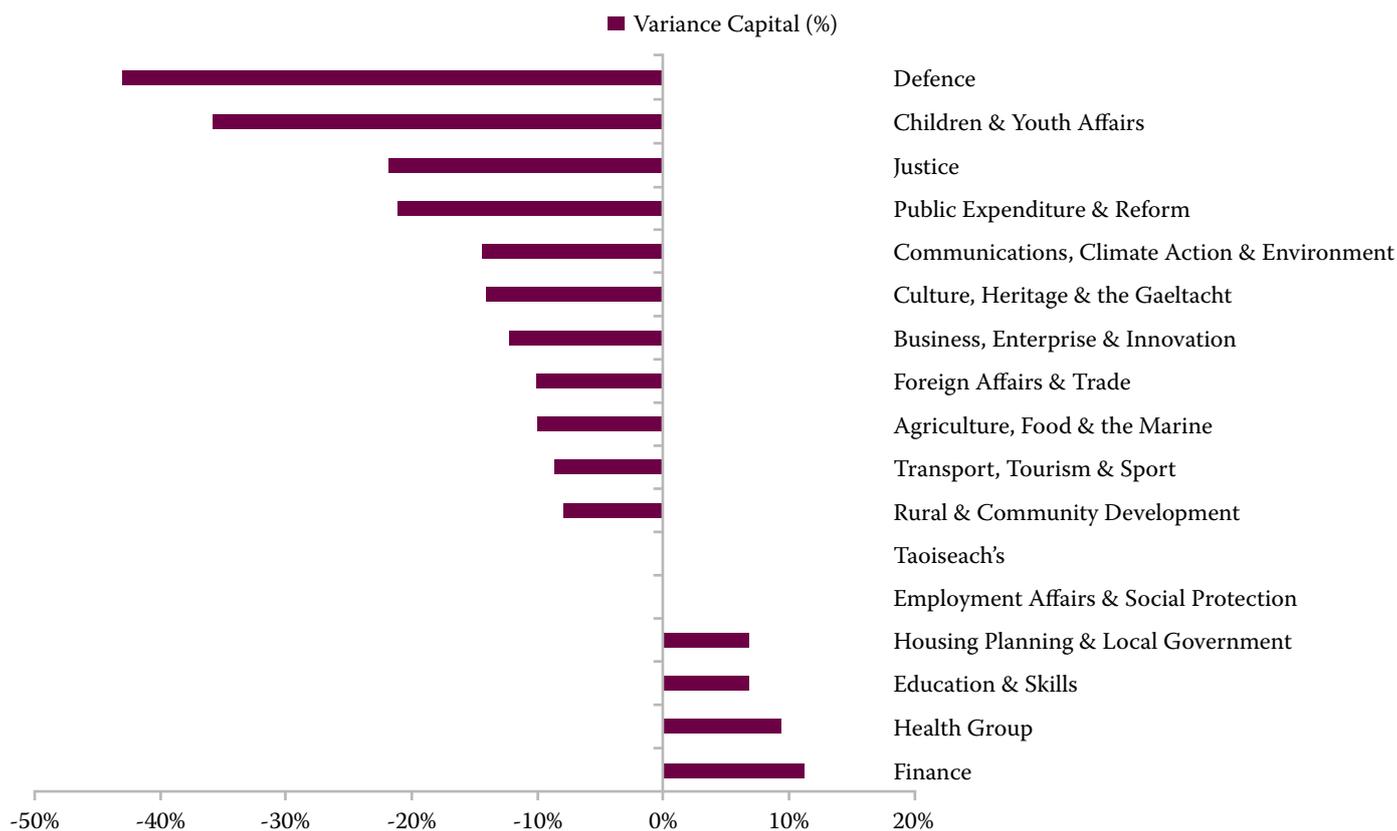


Figure 6: Comparison of current expenditure (as a share of annual profile) in the year to July 2019 to current expenditure (as a share of total outturn) in the year to July 2018 (positive number denotes relative expenditure above previous year).

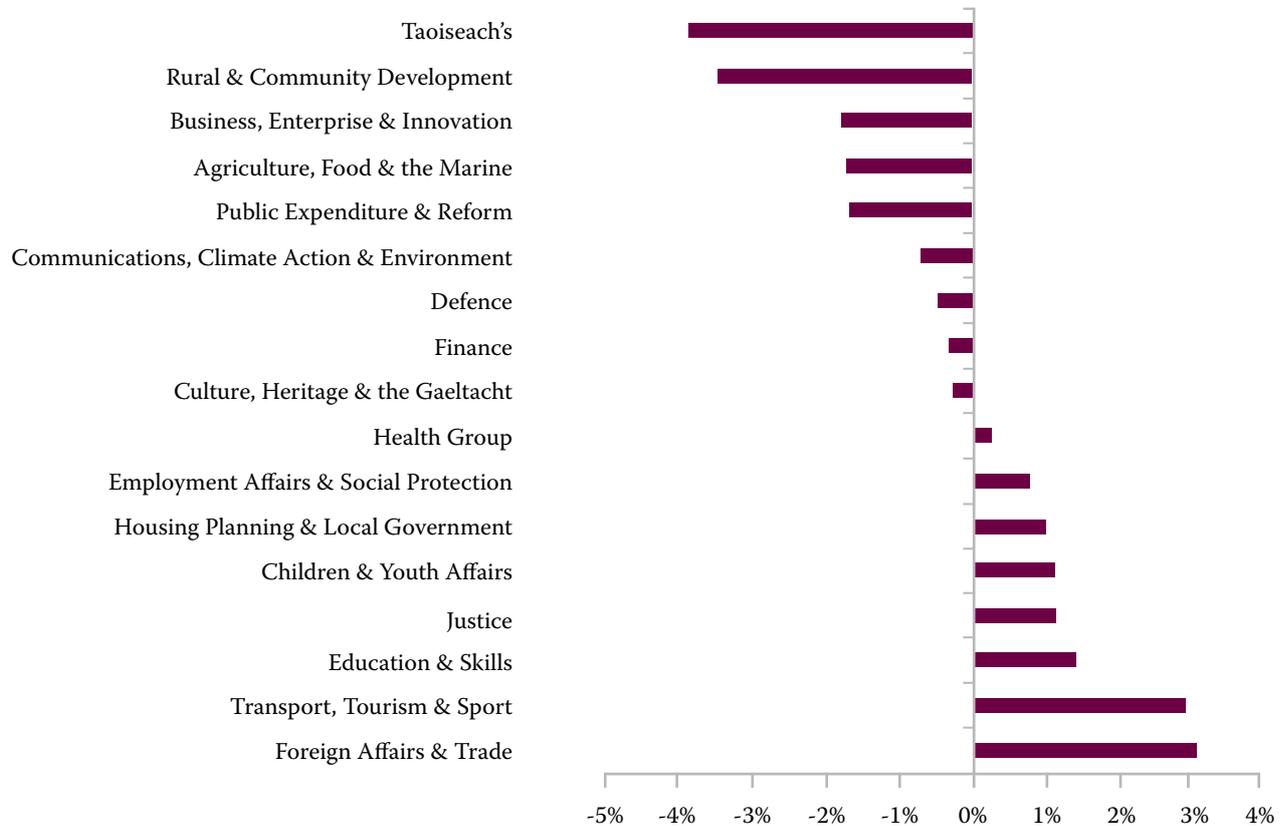


Figure 7: Comparison of capital expenditure (as a share of annual profile) in the year to July 2019 to capital expenditure (as a share of total outturn in the year to July 2018)

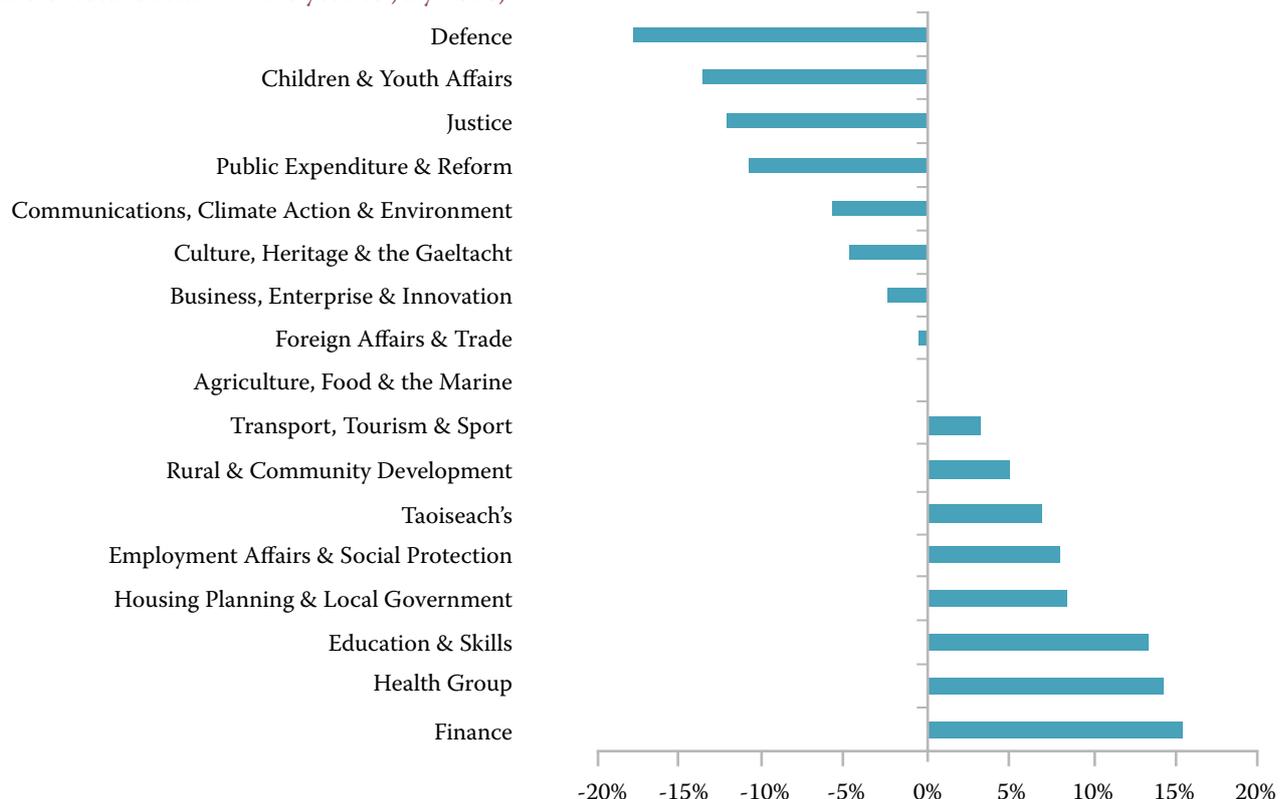




Table 1: Variance from profile in overall Gross Voted Expenditure (negative number denotes an underspend).

Month	Current	Capital	Total
January	n/a	n/a	n/a
February	-0.6%	-13.9%	-1.4%
March	-1.7%	-10.2%	-2.2%
April	-0.8%	-0.1%	-0.7%
May	-0.3%	-4.1%	-0.6%
June	-0.4%	-5.7%	-0.8%
July	-0.4%	-2.0%	-0.5%

Commentary

Figures 2 and 4, and Figures 3 and 5 respectively illustrate the cumulative variance of each Ministerial Vote Group¹ from current and capital expenditure profiles at the end of July 2019. These Vote Groups combine a number of Votes under each Ministerial Portfolio (e.g. the Justice Vote Group includes the Courts Service, Garda Síochána, IHREC, Policing Authority and Prisons Votes as well as the Department's Vote). The aggregation of all of these Vote Groups may obscure the position of individual Vote Groups. For example, an overspend in one Vote might be mitigated by underspending in another. If the overspend is of a recurring nature, and expected to occur out to the end of the year, but the underspend is a timing issue, this may serve to obscure growing expenditure issues within a Vote Group.

In general, most Vote Groups are currently below profile and the overall aggregate expenditure position is better than it was at the same point last year. However, as Figure 6 and 7 show, this does not necessarily indicate that there are no underlying expenditure issues within individual Vote Groups. Several Vote Groups that required Supplementary Estimates in 2018 have spent a larger share of their full-year capital and/or current expenditure allocations so far in 2019 than they did in the same period in 2018.

1 A Vote Group combines one or more Votes. A Vote is a coherent area of Government expenditure which is the responsibility of a single Department or Office. The Ministerial Vote Groups are illustrated in a PBO infographic – [publication 27 of 2019](#).

In addition, other sources of information may indicate underlying expenditure pressures emerging for specific Votes. While the Health Vote is below profile, the Management Data Reports of the HSE showed a deficit of €116 million at the end of April (i.e. expenditure was €116 million above the HSE's allocation for the year to April).² Subsequent reporting in the media has indicated that this has deteriorated further during the year.³ As such, significant savings will be needed in the second half of the year if the Health Vote is to remain within budget. Similarly, the Garda Commissioner's report to the Policing Authority notes that expenditure on Garda Overtime is €3.7 million in excess of the profiled budget.⁴ While the report also says that expenditure is €6.8 million below profile, "this situation is as a result of timing issues as the subheads are fully committed"⁵ As such, there is already evidence that specific Votes may require additional funding before the end of the year, unless significant savings are made.

2 [Parliamentary Question from Stephen Donnelly, T.D., to Minister Simon Harris, T.D., 2 July 2019](#).

3 '[New HSE spending restrictions to affect elderly and disabled](#)', Irish Times, August 6 2019.

4 [An Garda Síochána Monthly Report to the Policing Authority July 2019](#), p. 4.

5 *Ibid.*

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