

Gross Expenditure Monitor: January to August 2019

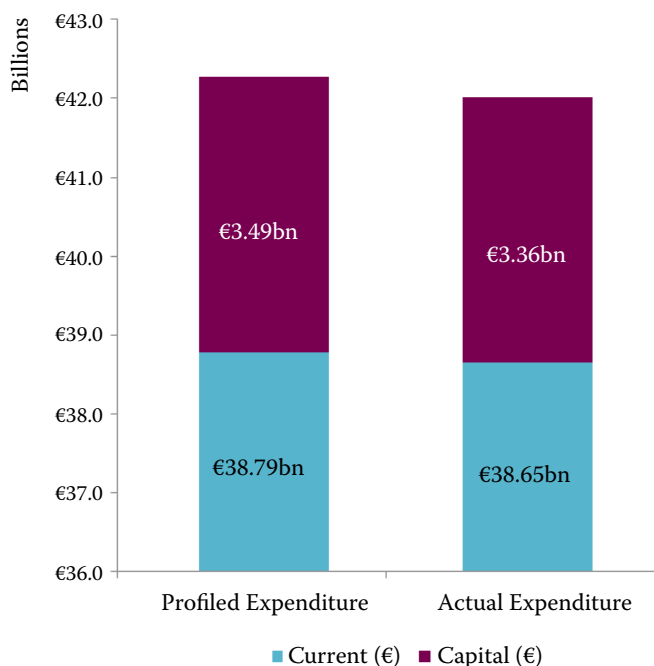
PBO Publication 46 of 2019 – Expenditure Analysis series

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 August, and this publication covers the period from January to August of this year.

Figure 1 illustrates the overall voted expenditure position at the end of August. In total, there has been €42.015 billion in expenditure to the end of August. This is €262 million (0.6%) below profile. This continues the trend noted in PBO Publication 42 of 2019, when expenditure was 0.5% below profile at end July. Of this €262 million, €132 million is current expenditure and €130 million is capital expenditure. Respectively this is a 0.3% and 3.7% 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 August



Key messages

Focussing on 2019 in isolation:

- At the end of August 2019, overall voted expenditure is €262 million below profile. Most Ministerial Vote Groups' expenditure is below expectations. Only 3 Vote Groups have spent above profile at this stage of 2019: Education and Skills, Foreign Affairs and Trade, and Justice and Equality.
- This total underspend relative to profile has increased from €179 million in July. Both the current and (particularly) capital expenditure underspend has increased in August.
- In broad terms, the performance of Gross Voted Expenditure against profile has neither declined nor improved significantly during 2019. **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.
- 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.

Comparing 2019 with 2018:

- The overall aggregate expenditure position was better at end August 2019 than it was at end August 2018. However, some Vote Groups are closer to their full year profile than they were at this time last year, for example Foreign Affairs and Trade, Housing, Planning and Local Government, and Education and Skills.
- Figures 6 (current) and 7 (capital) show that there may be underlying expenditure issues within individual Vote Groups.
- Some of the 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.
- This suggests that there is a possibility that *specific* Vote Groups will require Supplementary Estimates later in 2019 to meet overspends. This would remain the case even if *overall* 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 August by Ministerial Vote Group

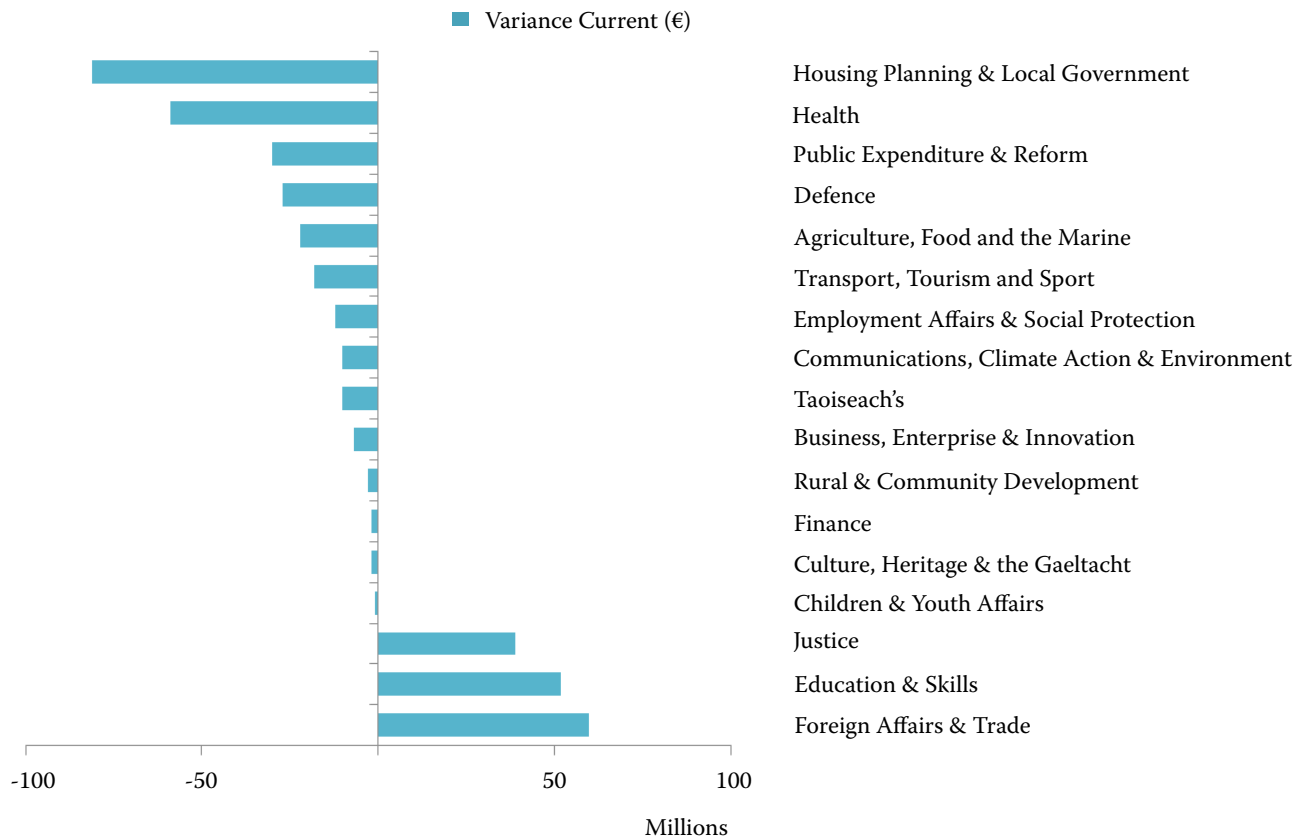


Figure 3: Cumulative variance of gross capital expenditure from profile in the year to August by Ministerial Vote Group

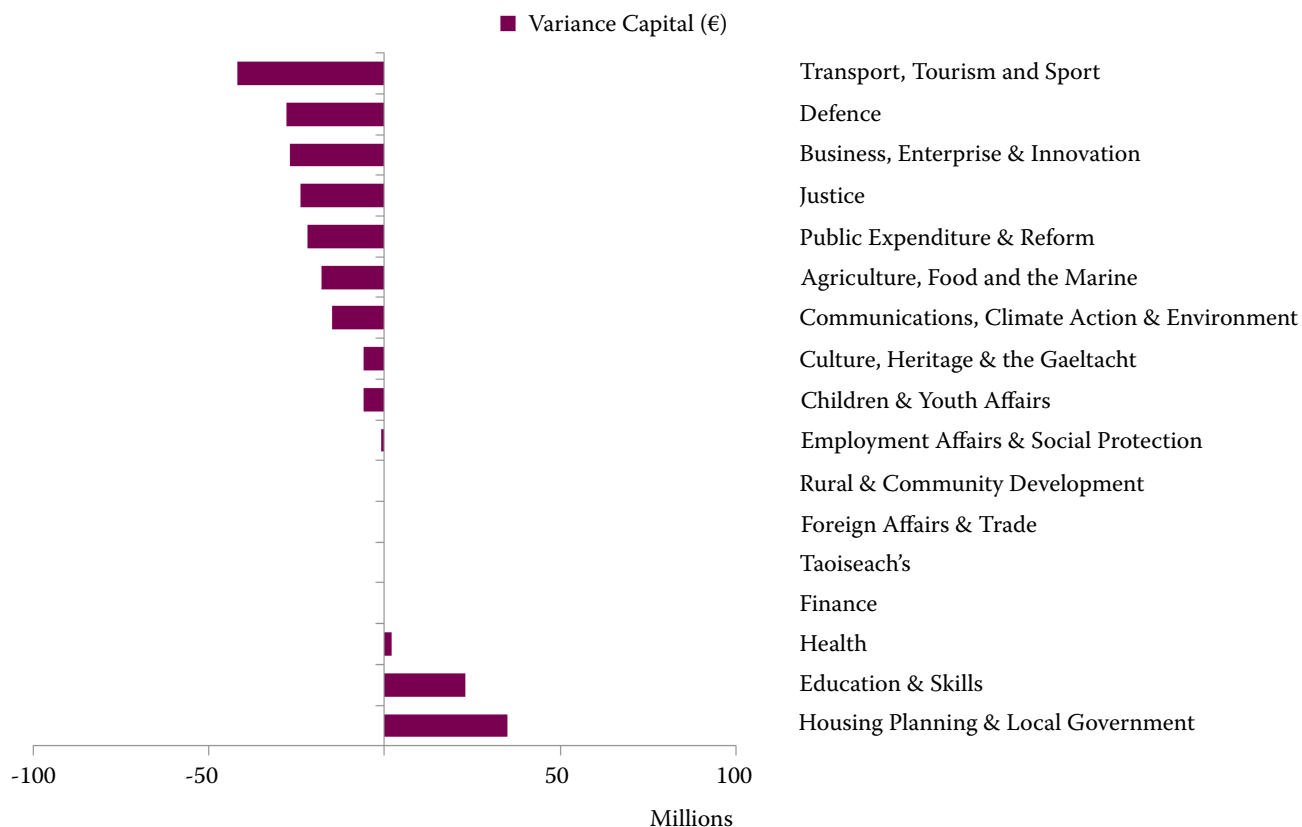


Figure 4: Cumulative variance of gross current expenditure from profile in the year to August by Ministerial Vote Group

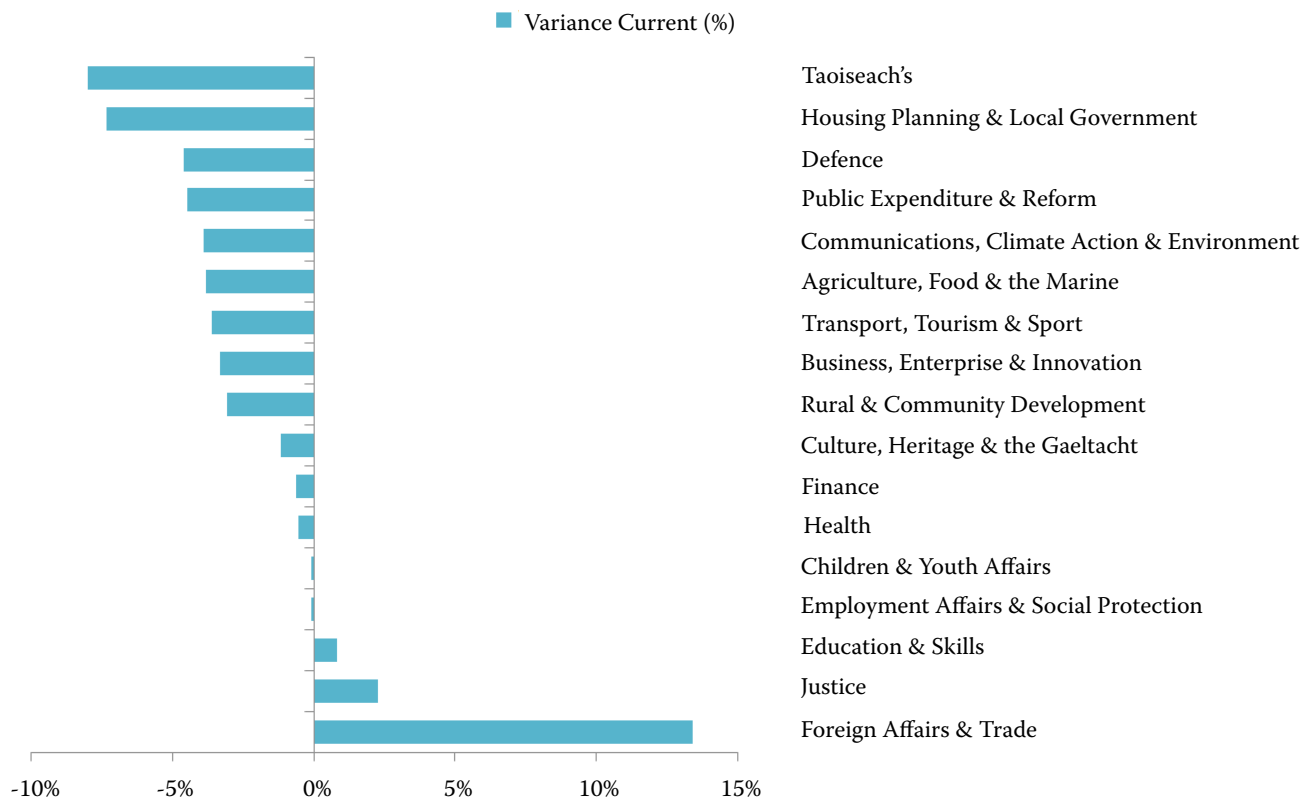


Figure 5: Cumulative variance of gross capital expenditure from profile in the year to August by Ministerial Vote Group

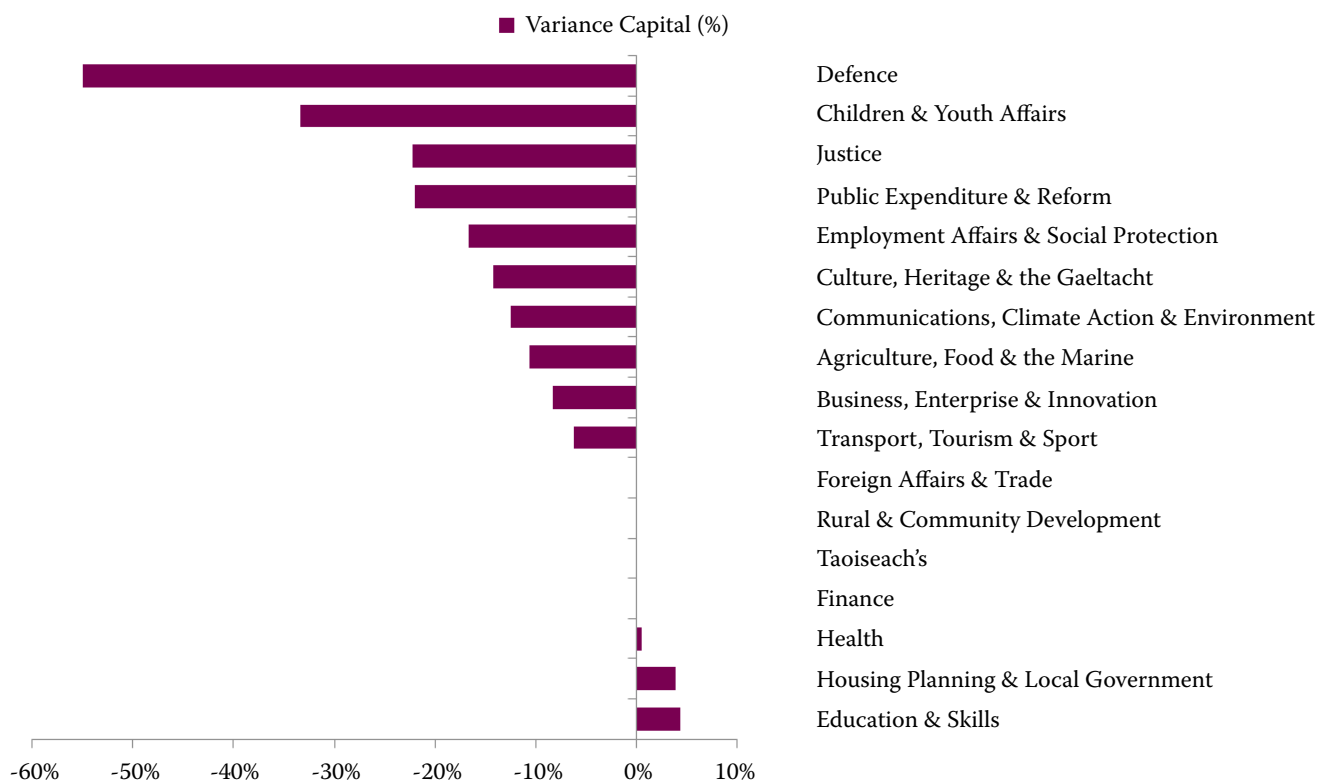


Figure 6: Comparison of current expenditure (as a share of annual profile) in the year to August 2019 to current expenditure (as a share of total outturn) in the year to August 2018 (positive number denotes relative expenditure above previous year).

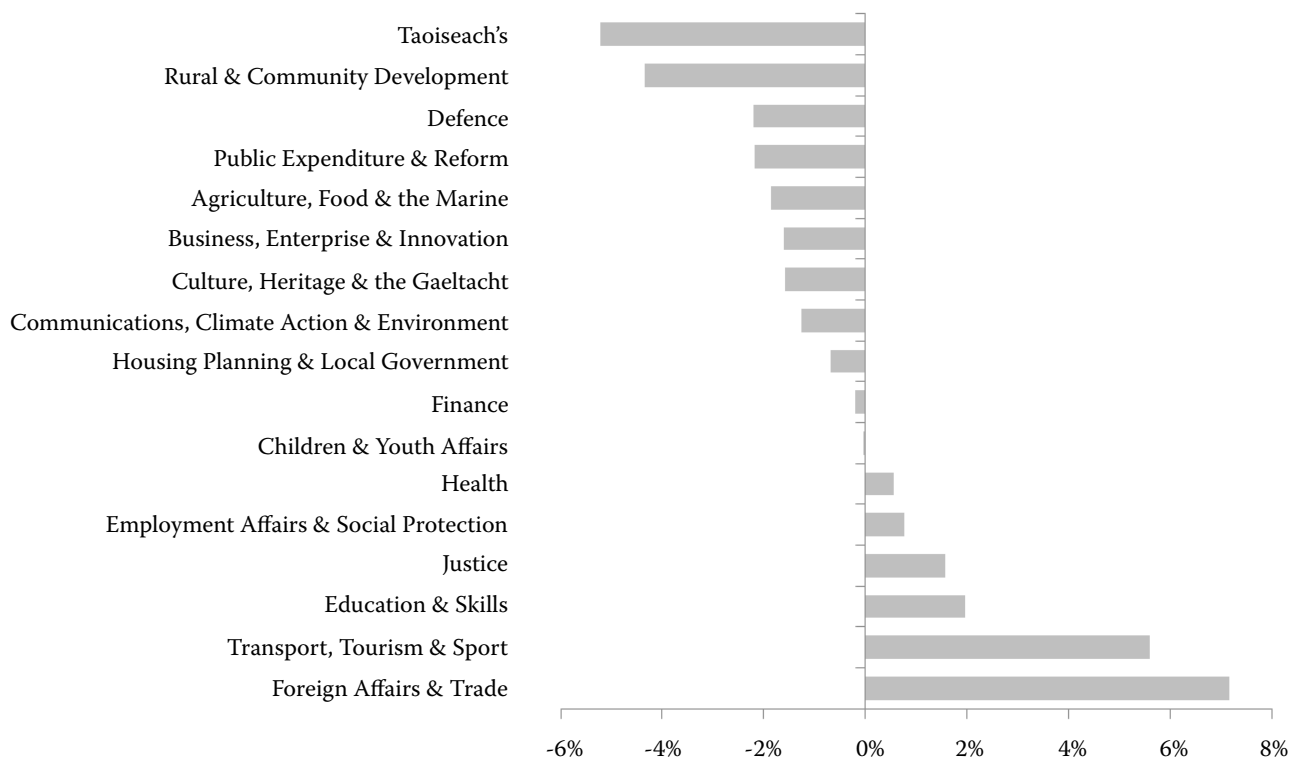


Figure 7: Comparison of capital expenditure (as a share of annual profile) in the year to August 2019 to capital expenditure (as a share of total outturn in the year to August 2018)

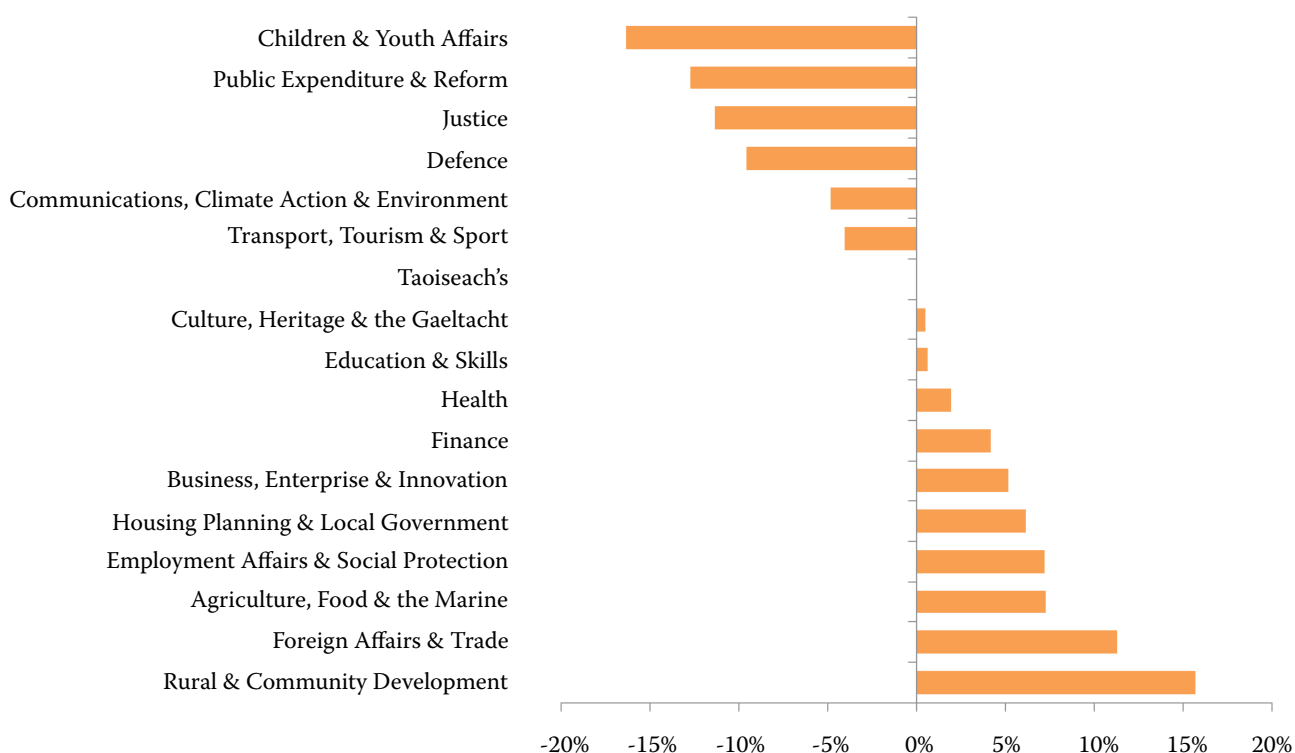




Table 1: Variance from profile in overall Gross Voted Expenditure (negative number denotes an underspend).

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%
August	-0.3%	-3.7%	-0.6%

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 Votes. 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 were below profile and the overall aggregate expenditure position was better than it was at end August 2018. However, as Figures 6 and 7 show, this does not necessarily indicate that there are no underlying expenditure issues within individual Vote Groups. **Some of the 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. The HSE has not published a Management Data report since March but we know from a Parliamentary Question² that it showed a deficit of €116 million at the end of April (i.e. expenditure was €116 million above its allocation for 2019). Subsequent reporting in the media indicated that this has deteriorated further during the year.³ In the absence of more up to date Management Data reports, further analysis is not possible. It is likely that significant savings will be needed in the final third of the year if the Health Vote is to remain within budget. Similarly, the Garda Commissioner's July 2019 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 or are budgeted for by November - when Supplementary Estimates may be sought from the Dáil.

2 Parliamentary Question from Stephen Donnelly, 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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