Budget 2020 - Vote Factsheet and Analysis
PBO Publication 64 of 2019
Health - Vote 38 (2020: €18,273 million)

Budget 2020 changes

Additional spending in 2020
- Current: €1,054 million (6%);
- Capital: €112 million (15%);
- Total increase: €1,166 million (6%).

Figure 1: Vote 38, 2020 Gross Voted Allocation in € millions.

Of that increase of €1,166 million, a total of €55 million relates to the carryover costs of Budget 2019 measures. Another €773 million is described as additional resources, of which €273 million in spending relates to new measures detailed in Budget 2020:

- €97 million for the continuation and expansion of existing home support and community support services;
- €25 million is targeted towards disability services, particularly supports for school leavers, respite care, autism services and emergency response;
- €8 million will fund national strategies, including the national strategies for cancer, maternity, trauma and ambulance reform;
- €25 million increased funding for the National Treatment Purchase Fund, which manages patient waiting lists and the Nursing Home Support Scheme;
- €45 million for the heading of ‘Family Friendly Measures, Prescription Charges and Reduced threshold for Drug Payment Scheme’, which includes measures to increase access to medical cards, cut prescription costs, and expand free GP and dental care;
- €10 million for community services, to fund allied health professionals in community settings;
- €10 million for palliative care, providing 55 new hospice beds;
- €13 million for the construction of a National Forensic Mental Health Hospital at Portrane;
- €40 million for ‘Enhancement of GP Services’, which appears to be the cost of the new GP contract.

1 Comparing the 2019 allocation with Budget 2020.
This leaves almost €500 million in “Additional Resources” that are not detailed in Budget 2020. The Revised Estimates for Public Services 2020 will provide more detail about how this money will be spent. This will be published in December.

**Supplementary Estimate 2019**

Expenditure Report 2020 indicates that a €355 million Supplementary Estimate will be needed in 2019. This relates to expenditure overruns in acute hospitals, disability services, older persons’ services, hi-tech drugs, state claims and pensions. As Figure 2 shows, this is part of a trend of upward movement in Health expenditure throughout the budgetary process in 2019 (e.g. the €355 million Supplementary Estimate is included in the baseline for expenditure in 2020) and a more general increase in healthcare expenditure in recent years (2017 to 2020 are shown for reference).

**Figure 2: Evolution of Vote 38 Gross Voted Allocation over 2019 and Budget allocations 2017-2020.**


**Programme Expenditure**

Unlike other Votes, the Health Vote is not divided into distinct Programmes. Most of the spending under this Vote is through the HSE. The HSE’s annual financial plan and staffing strategy will be set out in the National Service Plan, published later in the year. The PBO has published a briefing paper that explores the relationship between the National Service Plan and the Health Vote.

**Pay and Public Service employee numbers**

There will be a minimal increase in Exchequer pay and the number of employees paid for from Vote 38. The number of employees paid for from the Vote will increase by 1% from 120,124 to 121,613, but the associated bill will increase by 6% from €7.5 billion to €7.9 billion. This indicates that the pay of some or all personnel is growing faster than the overall number of employees. This could also be due to a change in the composition of the workforce, i.e. the recruitment of a greater share of high-paid staff than in the workforce as a whole. More detail on this will be available when the National Service Plan 2020 is published.
The National Service Plan

The HSE is required by law to produce a National Service Plan based upon the Net Determination notified to them by the Minister for Health. The PBO has previously discussed the relationship between the Service Plan and the Health Vote in detail. The Service Plan sets out how the allocation provided by the Department of Health will be divided between the different service areas and divisions of the health service. The Service Plan is also required by law to include the HSE’s estimate of its staffing needs for the coming year.

During his statement on Budget Day, the Minister for Finance and Public Expenditure and Reform said that the Department of Health and the HSE had "succeeded in containing the additional pressures in the Health Sector to less than half the level of last year" and that this enabled the HSE to "prepare a 2020 National Service Plan with improved health services for our citizens, and without carrying over a large financial overhang from this year".

The National Service Plan should provide details of two key indicators of the budgetary health of the HSE: the first charge and the financial challenge. The first charge is the outstanding deficit accrued from one year to the next (i.e. the overspend from 2019 that will carry into 2020). The financial challenge is how much the services planned for 2020 exceed resources available. In 2019, the first charge carried over from 2018 was €140 million, and the financial challenge was €324 million.

It is not clear whether the Minister was indicating that these will be small in 2020, and this will not become clear until the publication of the Service Plan towards the end of 2019.

Questions arising from the Budget 2020 Expenditure Report

- Why is the proportionate increase in Exchequer pay expenditure significantly larger than the increase in personnel?
- What will the €500 million in additional current spending (not detailed in Budget 2020) be spent on?
- How much of the new spending announced in 2020 is on new policies or policy changes, and how much is to meet increased demand or currently unmet demand?
- What progress is being made towards aligning the Estimates Volume with Programme Budgeting?
- Will the 2019 Output Targets be provided (as no output targets were able to be supplied for 2019 in Revised Estimates for Public Services 2019) in the Revised Estimates for Public Services 2020?
- Will the additional funding be reflected in an increase in the output metrics presented in the Revised Estimates for Public Services 2020?
- Is there likely to be a First Charge carried from 2019 into 2020 and is there a Financial Challenge in National Service Plan 2020?
Publications

Publication 58 of 2019 PBO Preliminary review of Budget 2020 08 October 2019
Publication 57 of 2019 Revenue Receipts: January to September 2019 07 October 2019
Publication 56 of 2019 Gross Expenditure Monitor: January to September 2019 07 October 2019
Publication 55 of 2019 Pre-Budget 2020 PBO Commentary 01 October 2019
Publication 54 of 2019 A Disorderly Brexit: Modelling the Potential Impact on Jobseeker's Expenditure 2020-2029 30 September 2019
Publication 51 of 2019 An overview and analysis of the Help to Buy Scheme 25 September 2019
Publication 50 of 2019 An Analysis of the Sustainability of Vehicle Registration and Motor tax 13 September 2019
Publication 47 of 2019 Revenue Receipts: January to August 2019 09 September 2019
Publication 43 of 2019 Revenue Receipts: January to July 2019 13 August 2019
Publication 44 of 2019 The Health Vote: What is the link between funding and performance? 22 August 2019

Expenditure Analysis series

Publication 60 of 2019 Budget 2020 - PBO Vote 32 Factsheet and Analysis 17 October 2019
Publication 59 of 2019 Budget 2020 - PBO Vote 30 Factsheet and Analysis 15 October 2019
Publication 46 of 2019 Gross Expenditure Monitor: January to August 2019 09 September 2019
Publication 45 of 2019 The Effect of Changing Demographics on Irish Health Expenditure – An Analysis of Different Approaches and Findings 28 August 2019
Publication 42 of 2019 Gross Expenditure Monitor: January to July 2019 13 August 2019

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Publication 53 of 2019 Voted Spending – What is the link to performance? 30 September 2019
Publication 52 of 2019 Pre-Budget 2020 Ready Reckoner 25 September 2019

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