This recurring publication of the Parliamentary Budget Office (PBO) provides a summary and analysis of the latest voted expenditure developments across Ministerial Portfolios. This analysis and commentary is based upon the Fiscal Monitors published by the Department of Finance. This update is based upon the October Fiscal Monitor, and deals with spending to the end of that month.

Figure 1 illustrates the overall gross voted expenditure at the end of October. In total, there has been €53.5 billion in spending so far this year. This is €501 million or 0.9% below profile. Of this €501 million, €149 million is current expenditure while the other €352 million is capital expenditure. Since the PBO's last Monitor - covering September - increases in overall current expenditure has seen it move closer to profile, while capital expenditure is now twice as far from profile as it was at end September (see Table 1).

Key messages

- The Budget 2020 Expenditure Report (pp.47-49) set out six Vote Groups which will require substantive Supplementary Estimates: Health (€335 million), Justice & Equality (€55 million), Education & Skills (€50 million), Finance, Employment Affairs & Social Protection (€125 million) and Transport, Tourism & Sport.
- The Expenditure Report (Table 9) also sets out that the Government expects to partially offset the costs of those Supplementary Estimates by underspending in other Vote Groups by €150 million and through additional receipts of €75 million.
- No Government commentary has accompanied the Fiscal Monitor which would offer further context and/or year-end projected financial positions.

Focussing on 2019 in isolation:

- Overall voted expenditure is €501 million below profile at end of October. Current Expenditure (149 million underspent) is in line with the previous month but there has been a two-fold increase in the Capital underspend against profile (to €352 million) since September.
- The Health Vote is still showing an overall underspend of €82 million below profile despite the fact that a Supplementary Estimate of €355 million is expected to be sought from the Dáil in the next three or four weeks.
- The Justice & Equality, Education & Skills, and Children & Youth Affairs Vote Groups were ahead of profile in Current Spending at end-October.
- Housing, Planning & Local Government is the only Vote Group which has overspent against its Capital profile.

Comparing 2019 with 2018:

- Performance against profile is only a meaningful measure of public financial management if the profiles are representative of actual spending.
- Another measure is comparing end-October 2019 spending to spending at the same time last year. Comparing spending in 2019 to outturn for the same period in 2018 gives a clearer indication as to the performance of the various Vote Groups.
- Figures 4 and 5 illustrate that, based on this measure, other Vote Groups such as Foreign Affairs & Trade, and Culture, Heritage & the Gaeltacht have less of a spending buffer than they did at the same point last year.
Figure 2: Cumulative variance of gross current expenditure from profile in the year to Oct. by Ministerial Vote Group

- Agriculture, Food and the Marine
- Housing Planning & Local Government
- Health
- Defence
- Public Expenditure & Reform
- Taoiseach’s
- Transport, Tourism and Sport
- Communications, Climate Action & Environment
- Business, Enterprise & Innovation
- Finance
- Rural & Community Development
- Employment Affairs & Social Protection
- Foreign Affairs & Trade
- Culture, Heritage & the Gaeltacht
- Children & Youth Affairs
- Justice
- Education & Skills

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

- Transport, Tourism and Sport
- Business, Enterprise & Innovation
- Communications, Climate Action & Environment
- Defence
- Justice
- Public Expenditure & Reform
- Health
- Education & Skills
- Agriculture, Food and the Marine
- Culture, Heritage & the Gaeltacht
- Rural & Community Development
- Children & Youth Affairs
- Employment Affairs & Social Protection
- Finance
- Foreign Affairs & Trade
- Taoiseach’s
- Housing Planning & Local Government
Figure 4: Comparison of current expenditure (as a share of annual profile) in the year to October 2019 to current expenditure (as a share of total outturn) in the year to October 2018 (positive number denotes relative expenditure above previous year.

Figure 5: Comparison of capital expenditure (as a share of annual profile) in the year to October 2019 to capital expenditure (as a share of total outturn in the year to October 2018)
Table 1: Variance from profile in overall Gross Voted Expenditure (negative number denotes an underspend).

<table>
<thead>
<tr>
<th>Month</th>
<th>Current</th>
<th>Capital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>-0.4%</td>
<td>-5.7%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>July</td>
<td>-0.4%</td>
<td>-2.0%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>August</td>
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<td>-3.7%</td>
<td>-0.6%</td>
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<tr>
<td>September</td>
<td>-0.3%</td>
<td>-3.8%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>October</td>
<td>-0.3%</td>
<td>-7.0%</td>
<td>-0.9%</td>
</tr>
</tbody>
</table>

**Commentary**

The following commentary analyses the end-October position from two different perspectives – as illustrated in:

1. 2019 in isolation - Figures 2 and 3, and  

Figures 2 and 3 - cumulative variance of each Ministerial Vote Group from current and capital expenditure profiles at the end of October 2019

Some Vote Groups combine a number of Votes under each Minister’s Portfolio. As several Votes may be aggregated together into a Vote Group (e.g. the Justice Vote Group includes 6 Votes), overspending in one Vote may be offset by underspending in another within the Group.

It is worth noting that, taking the aggregate position of voted expenditure, only two Vote Groups (Education and Skills, Justice and Equality) had spent ahead of profile at October month end, in comparison to six Vote Groups ahead of profile at the end of September. The two Vote Groups in question were highlighted in Budget 2020 as requiring substantive supplementary estimates, along with the Health vote.¹

In both Vote Groups above, excess current expenditure is partially mitigated by sizeable underspends on the capital side. While the reasons for the Justice and Equality overspend were flagged in the PBO September Expenditure Monitor, the Education and Skills overrun may be attributed to additional pay and pension obligations as well as increasing costs in the School Transport Scheme.²

Currently, the Health vote is an aggregate €82 million underspend of profile for the year, though a €335 million supplementary budget has been forecast for 2019. Different accounting and budgetary frameworks result in reporting time lags between the Department of Health and the HSE. This complicates scrutiny of in-year spending trends in the health sector, as expenditure issues can develop within the HSE without being reflected in the Vote. Regular reporting of HSE financial data would improve the visibility of expenditure developments in the sector.

Across all Vote Groups, only Housing, Planning and Local Government is ahead of profile in capital spend (+€27 million, 2%). The €352 million capital underspend across all Vote Groups, is similar to the underspend (€345 million) at the same point last year.

Figures 4 and 5 - end-October over or under performance against 2019 profile when compared to outturn in the same period in 2018

Between the Current and Capital spends, a total of 13 Vote Groups are over profile comparing 2018 to 2019. Of these, five have been flagged in Budget 2020 as requiring Supplementary Estimates later in the year: the three listed above in addition to unspecified estimates for the Department of Foreign Affairs and Trade and the Department of Agriculture, Food and Marine. Further Vote Groups could potentially require Supplementary Estimates, should spending in the rest of the year be at the same pace as the same period last year.

No commentary has been provided along with the monitor to offer context for the current and/or year-end financial positions. This is something which might be considered for future Fiscal Monitors.

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