



Government's proposal to Dáil Éireann for spending on Public Services (2021)

A PBO Introduction to the *Revised Estimates for Public Services 2021*

Key Messages

- ✓ Projected gross spending in 2021 of €82.4 billion is currently lower (by €2.9 billion) than the projected 2020 spend. This reduction relates primarily to lower levels of spending in some Vote Groups that were most significant in responding to the pandemic throughout 2020 (Social Protection, and Enterprise, Trade & Employment).
- ✓ The scope to make further significant spending allocations to Votes in 2021 is reflected in the provision made for the COVID Contingency Reserve (€1,965 million) and the Recovery Fund (€3,400 million). An unprecedented €710 million in Capital allocated for 2020 (but not spent) is also due to be carried forward. The total gross amount which could be spent, following committee scrutiny and Dáil approval, is €89 billion.
- ✓ The gap between the pre-pandemic gross spending projected for 2020 (€70.4 billion) and the potential spend of €89 billion in 2021 - €19 billion or 27% - highlights the scale of the increase in Government spending and the importance of Dáil scrutiny and approval.
- ✓ Taken together, the pandemic years of 2020 and 2021 are anticipated to see a very significant increase in public sector employee numbers.

Why should you read this Note?

- The Voted spending detailed in the Revised Estimates sets out the bulk of all spending on public services. Most of the remaining spending is outside of the direct control of central government.¹ The spending set out in the Votes allocates the money that is raised through taxation/borrowing and how Government will spend it on providing public services.
- Constitutionally, the sole and exclusive power of making laws for the State is vested in the Oireachtas. The High Court has expanded on this to say that budgetary allocation and taxation are key features of the representative duty of each Dáil Deputy.² The primary way the Dáil undertakes this duty is through the reference of the Revised Estimates for individual Votes to its Select Committees for scrutiny, prior to consideration for approval on the floor of the House.

¹ For more detail about the composition of public expenditure, and why Voted Expenditure makes up the key portion of it for Dáil Scrutiny please see [General Government Expenditure: How its composition constrains decisions about government spending](#).

² Article 15.2.1 of *Bunreacht na hÉireann* and *Collins v. Minister for Finance* [2013] IEHC 530.

A Note...and a Data Visualisation

This Note serves as a 'gateway' to our Flourish Data Visualisation on the *Revised Estimates for Public Services 2021*. The visualisation addresses the overall context and analyses four Votes (Health, Social Protection, or Housing and Enterprise) in more detail. By using the visualisation you will be able to view voted spending and trends in a more accessible way than a 'traditional' publication.

Please launch the [Data Visualisation](#) using Firefox, Edge or Chrome.

Reading Times

- ✓ This Note – a two-minute read;
- ✓ The Data Visualisation – an eight-minute read.

Voted Spending Developments prior to the COVID-19 Pandemic

The PBO Note [An Overview of the Revised Estimates for 2020](#) sets out pre-pandemic voted spending from 2016-2019 and the originally planned spending for 2020. It provides context for the level of spending and spending priorities before the pandemic arose. There was a significant increase in voted spending during this period with this spending increase relatively concentrated in Housing, Transport and Health.

The Estimates Process

Dáil Éireann must scrutinise and approve the Revised Estimates for the full budgetary allocation of a Vote to be spent – up to 80% of the previous year's allocation, as set out in the Appropriations Act, is available until the Revised Estimates is approved.

Do you want to understand the role of the Oireachtas in the provision of public services? Click [here](#) for a PBO infographic.

The Estimates process is **not** over when the Revised Estimates are approved. Some Departments do not spend all the money they are allocated. Others regularly underestimate how much they need, or unexpected events lead to additional spending - leading to Supplementary Estimates. The COVID-19 pandemic has also added further complexity to the Estimates process.

The Revised Estimates are published two months after the *Estimates for Public Services* that accompany the Budget (as part of the *Expenditure Report*). They provide greater detail and update the spending proposed in Budget 2021. This additional information should, in theory, help Dáil select committees when they meet Ministers to scrutinise the public services to be provided in 2021.

The design of the Revised Estimates continues to hamper effective Dáil scrutiny of the money spent on public services.



Three reasons why the design of the Revised Estimates hampers Dáil scrutiny:

1. It should be possible to use the Revised Estimates for ongoing monitoring of spending and performance (against profile / targets) during the year. However, the documents subsequently published during the year are not consistently aligned with the Revised Estimates in a way that would facilitate ongoing scrutiny. There is a lack of data (in relation to performance metrics) and the monthly data is too high level i.e. at Vote group level rather than at Programme and/or subhead level.
2. The structure of the Health Vote (a quarter of all Voted money) in the Revised Estimates precludes effective scrutiny or linkage as to how the bulk of its allocation is spent – through allocating large lump sums to the HSE.
3. The way in which capital monies unspent can, up to a limit, be carried forward from year to year reduces transparency in relation to the distribution of committed Capital expenditure within any particular year. There is a case for re-establishing a Capital Reserve rather than allocating all monies automatically to Votes.

The PBO wishes to acknowledge that some Departments **have** made progress in the *Revised Estimates 2021* by explicitly linking subheads (money/inputs) to performance information.

The bodies/Votes involved are:

- Department of the Taoiseach (2);
- Office of Public Works (13);
- National Shared Services Office (18);
- Environment, Climate and Communications (29),
- Enterprise, Trade and Employment (32);
- Housing, Local Government and Heritage (34); and
- Army Pensions (35).

The PBO commends this progress which enhances transparency and makes scrutiny of the Revised Estimates by the Dáil and its Committees more straightforward. The PBO would encourage other Departments to follow such best practice.