



PBO Analysis of Voted Spending on Public Services at end-December 2020

Key Messages

- ✓ The pre-pandemic allocation for 2020 was €70.3 bn. This increased to €87.3 bn by year-end (+24%). The estimated outturn for 2020 stands at €85.3 bn.
- ✓ This outturn includes an unprecedented €710 million in capital carryover which, with Dáil approval, will be brought forward as a first charge into 2021. Therefore, the amount of capital actually spent by Departments in 2020 is €710 million lower than the Fiscal Monitor states as being spent. This accounting mechanism causes transparency problems in both 2020 and 2021.
- ✓ Variance from profile was very large up to November as profiles of spending were not revised to reflect the impact of the pandemic. The variance reflects the impact of the pandemic in addition to other factors such as policy changes.
- ✓ The decision to replace the values in the December profiles with the revised allocations approved in 2020 also creates ambiguity. These revised values are neither profiles nor estimates and should not be presented as such as to do so alters the analysis of in-year spending performance. They could have been presented in addition to the original profiles rather than replacing them.
- ✓ Transfers of functions and the establishment of a new Vote (no.45, Higher Education), without any accompanying information, also reduces the usefulness of the Fiscal Monitor.
- ✓ With the impact of the pandemic likely to continue well into 2021, it is imperative that the profiles used in the Fiscal Monitor are adjusted accordingly and promptly throughout 2021.
- ✓ The Fiscal Monitor's format should be amended for 2021 to enhance its role in parliamentary scrutiny.
- ✓ We would like to thank the Departments of Enterprise, Trade & Employment, Health, Housing, Local Government & Heritage, Social Protection, Transport, and Children, Equality, Disability, Integration & Youth who have assisted us by providing information for our Fiscal Monitor analysis throughout 2020. This co-operation highlights that there is additional information available that would make the Department of Finance's Fiscal Monitor more useful and transparent.

Why should you read this Note?

Each month, the Government reports on the money collected and spent by central government in the Department of Finance's [Fiscal Monitors](#). This is therefore the single most important document for **tracking spending on public services** against profile.

A Note...and a Data Visualisation

This Note serves as a 'gateway' to our Flourish Data Visualisation on the *Fiscal Monitor* December 2020. The visualisation addresses the overall context and analyses three Votes (Health, Social Protection 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 you could in 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.

Was the Fiscal Monitor useful to Dáil Éireann during 2020?

Dáil Éireann and its committees, through the Estimates process, scrutinises and approves the voted monies which are spent on providing public services. The Fiscal Monitor reports monthly, *inter alia*, on how much of that money has been spent by each Vote Group, how that compares to the amount expected to be spent (**profile**) and the corresponding amount spent in the previous year. That information should therefore be of use in parliamentary scrutiny. However, it is only provided at Vote Group level and no narrative is provided to explain trends.

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

Difficulties in using the Fiscal Monitor to assist in holding Government to account were exacerbated in 2020 because the spending profiles were not revised in response to the pandemic. It has not been possible therefore, based on the Fiscal Monitor, to determine how above or below profile spending related to Government's response to the pandemic. Equally, it was not possible to determine whether above profile spending related to increases in 'core' spending unrelated to the pandemic.



The PBO calls on Government to improve the *Fiscal Monitor* in 2021

Due to the high-level nature of the data contained in the monthly Fiscal Monitor, the PBO has sought the co-operation of selected Departments to obtain more detailed financial data for Voted spending. Some of the issues in relation to the very aggregated nature of the spending data in the Fiscal Monitor were raised by the PBO even prior to the COVID-19 pandemic with both the Department of Finance and of Public Expenditure & Reform - but no changes have been made.

As the amount of capital carryover from 2020 to 2021 is so high (€710 million) another problem with the Fiscal Monitor has been made more manifest, i.e. the carryover is shown as having been spent by the Exchequer in 2020 when it will actually be spent by Departments in 2021. The lack of transparency this causes should be addressed in the Fiscal Monitor 2021.

During 2020, individual Departments (on request) co-operated with the PBO to address the lack of detail and narrative in the Fiscal Monitor. However, it is the responsibility of the Departments of Finance and of Public Expenditure & Reform to:

- ensure that profiles are regularly updated and that comparisons are made to both the original and updated profiles.
- profiles and spending are reported at Vote and Programme level (rather than just Vote Group level) – at least for the most fiscally significant Departments;
- provide narrative to describe why there are deviations in spending;
- provide narrative and financial data in relation to transfers of functions between Votes; and
- address any other issues that reduce transparency and accessibility such as the treatment of capital carryover.

The responses from Government Departments to the PBO suggest that this information is available and could be used to supplement the high-level data in the Fiscal Monitor.

The PBO will update Dáil Éireann in March, when profiles for spending are available for 2021, as to whether or not Government has responded to the need to improve the transparency and accessibility of its monthly spending in the Fiscal Monitor.