



## Government's proposal to Dáil Éireann for spending on Social Protection in 2021

Vote 37 and the Social Insurance Fund (SIF) in the *Revised Estimates for Public Services 2021*

### A Note...and a Data Visualisation Presentation

This Note serves as a 'gateway' to our [Flourish Data Visualisation presentation](#) on Vote 37 (Social Protection) in Government's *Revised Estimates for Public Services 2021*. By using the presentation you will be able to understand the context and analyse voted spending in a more accessible way than by using a 'traditional' publication.

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

### Reading time is only 10 minutes in total...

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

### Key Messages

- ✓ The *Revised Estimates for Public Services 2021* (December 2020), projected Social Protection spending (Voted and SIF) in 2021 to be €25.1 billion. This is €6.4 billion less than in 2020 but an increase of €4 billion on the 2020 spending projected pre-pandemic.
- ✓ A subvention (from Vote 37) to the Social Insurance Fund returned, as a feature of the Estimates process, late last year and is currently budgeted at €0.6 billion in 2021. The relationship between the Vote and the SIF has been explained by the PBO in [Note 21 of 2018](#).
- ✓ The funds allocated in the Revised Estimates to the Pandemic Unemployment Payment (PUP) have been already spent. In addition to the PUP, it is unclear how allocations to other payments will change. The allocation to the Employment Wage Subsidy Scheme (EWSS) is also likely to increase and the allocation to Jobseeker payments may reduce as PUPs are extended.
- ✓ Readers should be aware therefore that the total amount currently proposed for Social Protection **will**, at least on that basis, be increased by way of a 'new' Revised Estimate.
- ✓ The PBO will issue another Note and Flourish when the new Revised Estimate is published but it is unclear when this will be.

## Why are the Revised Estimates important?

- Even the smallest Vote Group in the Revised Estimates would, in the context of the private sector, be considered a large company in budgetary terms. Social Protection spending is the largest area of spending set out in the Revised Estimates.
- 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.<sup>1</sup> 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 stated that budgetary allocation and taxation are key features of the representative duty of each Dáil Deputy.<sup>2</sup> 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.

## 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 'core' spending and associated priorities before the Government's COVID-19 response.

There was a significant increase in voted spending during this period with this spending relatively concentrated in Housing, Transport and Health.

## Estimates for Public Services – The Process

Dáil Éireann must scrutinise and approve the Revised Estimates for the full budgetary allocation of a Vote to be spent. Up to 80% only of the proposed allocation for year x-1, as set out in that year's Appropriations Act, is available until the Revised Estimates for the current year (x) are 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; and
- » Others regularly under-estimate how much they need, or unexpected events lead to additional spending and thus to Supplementary Estimates.

It is normal practice for the Government to seek a Supplementary Estimate for the payment of a Christmas Bonus to Social Welfare recipients – the PBO has recommended that this information be provided as 'not for approval' information note with the Revised Estimate.

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<sup>1</sup> 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](#).

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



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. PBO [Publication 5 of 2021](#) (a 2-minute read) explains why.

Some Departments **have** made progress in the *Revised Estimates 2021* by explicitly linking subheads (money/inputs) to performance information. The Department of Social Protection has **not** made such progress.

The bodies/Votes which have made progress 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.