



Rialtas na hÉireann
Government of Ireland

Spending Review 2021

Trends in Public Expenditure

DEPARTMENT OF PUBLIC EXPENDITURE & REFORM
JULY 2021

This paper has been prepared by IGEEES staff in the Department of Public Expenditure and Reform. The views presented in this paper do not represent the official views of the Department or Minister for Public Expenditure and Reform.

IGEEES

Irish Government Economic and Evaluation Service

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Overview of Public Expenditure

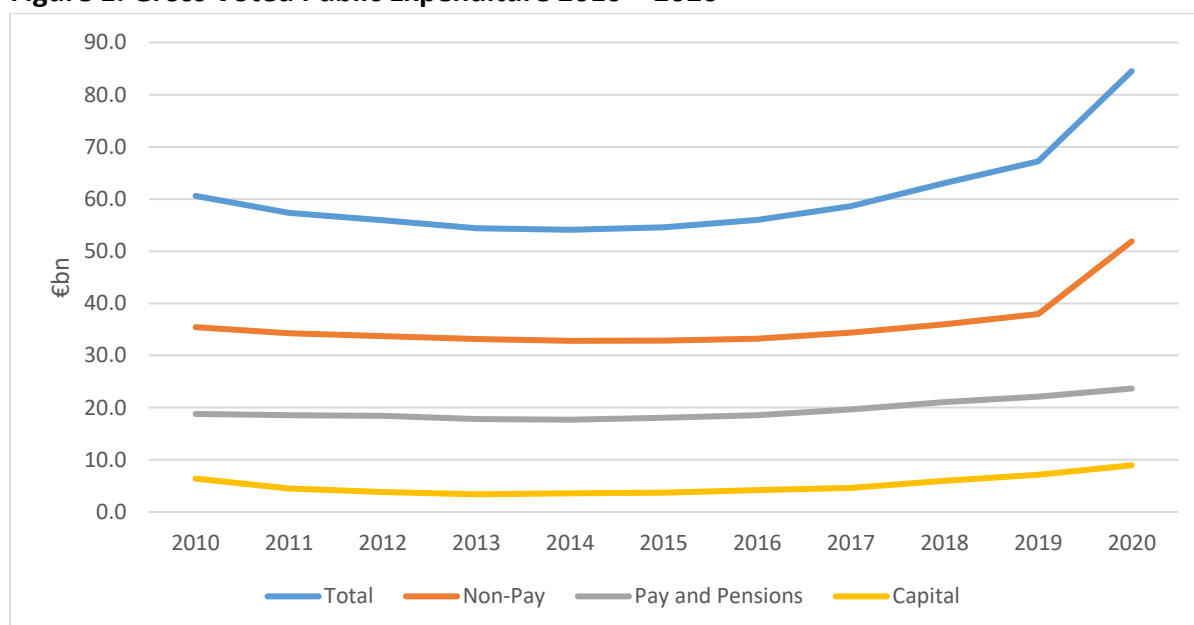
Introduction

Gross voted public expenditure reached €84.5 billion in 2020.¹ This was over €17 billion higher than in 2019 and €24 billion higher than expenditure a decade ago in 2010. The increase in the last year has been driven by the extraordinary measures taken by Government in response to the Covid-19 pandemic. This has included income supports for those who are unable to work, a range of enterprise supports for affected businesses and significant increases in health expenditure in order to implement a nationwide public health response. At the same time, the State continues to provide the range of public services that were in place prior to the pandemic.

High level Trends in Public Expenditure

As displayed in Figure 1, following the global financial crisis, total public expenditure declined by €6.5 billion from 2010 to 2014. Since this point, and excluding 2020 when total spending increased by 26 per cent, expenditure has been growing by 5 per cent² on average each year.

Figure 1: Gross Voted Public Expenditure 2010 – 2020



Source: DPER Databank and INFOR

Within the overall increase of 5 per cent on average over the period 2015 to 2019, capital expenditure in particular has been prioritised in recent years, increasing by 85 per cent, with current expenditure increasing by 20 per cent.

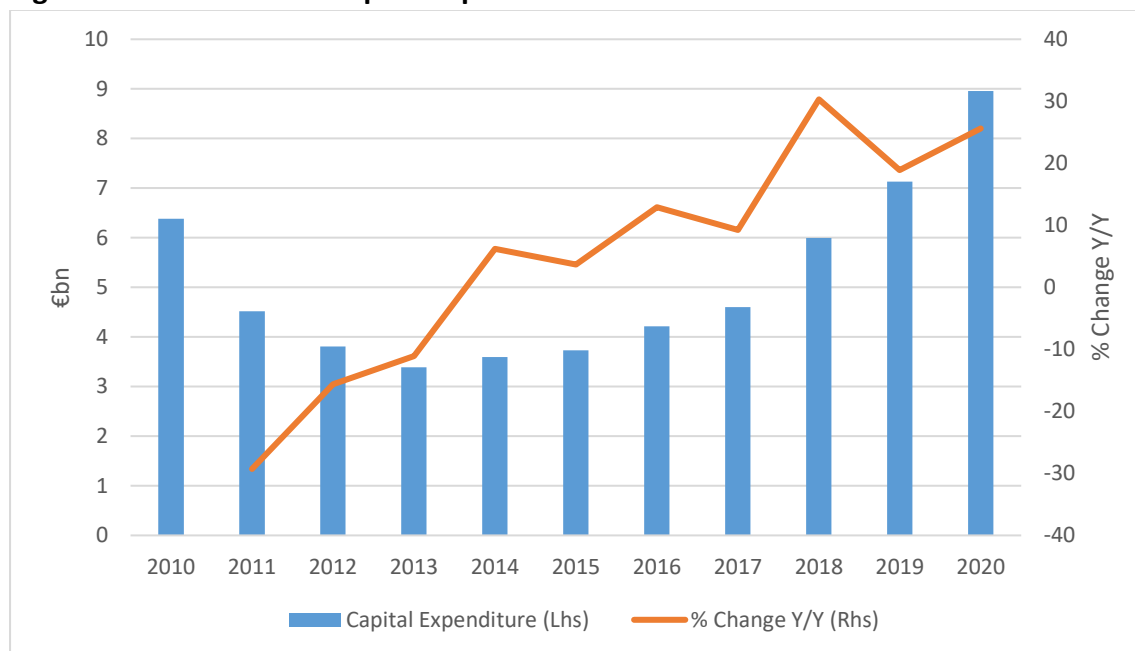
Having been reduced significantly following the global financial crisis, gross voted capital expenditure has increased from €3.4 billion in 2013 to €9 billion in 2020, a 164 per cent

¹ This excludes capital carryover

² Reflects technical adjustment in relation to HSE and Irish Water.

increase. This reflects Government's commitment to investing in capital infrastructure under the National Development Plan (NDP).

Figure 2: Trend in Gross Capital Expenditure 2010 and 2020



Source: DPER Databank and INFOR

Future Drivers of Expenditure

Covid-19

Expenditure on Covid-19 supports will continue to be a driver of expenditure this year and next and as outlined in the Summer Economic Statement the unwinding of these supports will need to be carefully phased to support recovery and to return the public finances to a sustainable position.

Demographics / Aging Population

As outlined in the [Stability Programme Update 2021](#), Ireland currently has a favourable demographic profile compared with many other EU Member States. At 38 years of age, Ireland's population has the joint youngest median age in the EU, with the highest share of the population aged less than 19 years (27 per cent) and the lowest share of the population aged 65 years or over (14 per cent). Additionally, Ireland has one of the highest fertility rates in the EU.

Despite this, unfavourable demographic trends in the coming decades will have significant implications for the economy and the evolution of the public finances. Foremost amongst these is a projected significant rise in age-related public expenditure, as a larger share of the population moves into age brackets requiring such spending. This will have a significant impact on the public finances and the level of resources that will be required to address

pressures, particularly in the areas of health and pensions. Meeting these challenges will require timely and comprehensive policy responses.

Other Expenditure Pressures and Priorities

Where Covid-19 and an aging population represent short and long-term pressures, there are a range of existing areas that will also likely driver demand for public expenditure both in the short, medium and longer term. These include delivery of key Programme for Government commitments in areas including housing and climate change.

Structure of this Paper

This paper provides an overview of the developments in public expenditure over the last decade. It looks at the evolution of spending on a sector by sector basis, examining the key expenditure drivers and looking at what has been delivered. It also provides a context for the papers published as part of the Spending Review 2021. Each chapter is structured as follows:

- The first section gives a broad overview of the long term trends in the spending area;
- The second section details the underlying drivers of expenditure within the Votes; and
- The third section highlights the range of future challenges and policy considerations facing Vote Groups. The impacts, known and potential, of the COVID-19 pandemic, are also explored where necessary.

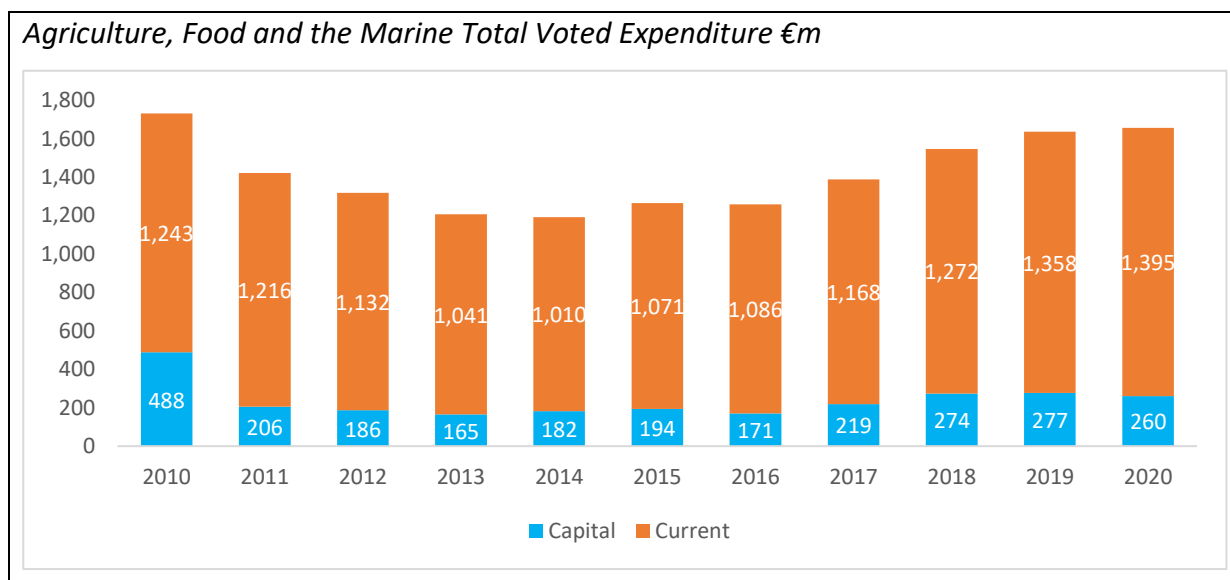
Agriculture, Food & the Marine

Summary

DAFM expenditure has increased in recent years driven by higher spending in the largest expenditure subheads, corresponding to DAFM's main policy areas, as well as due to Brexit. The key challenge in coming years will be to simultaneously manage the transition to the post-Brexit environment and make a sufficient contribution towards the achievement of Ireland's overall GHG-reduction targets for 2030.

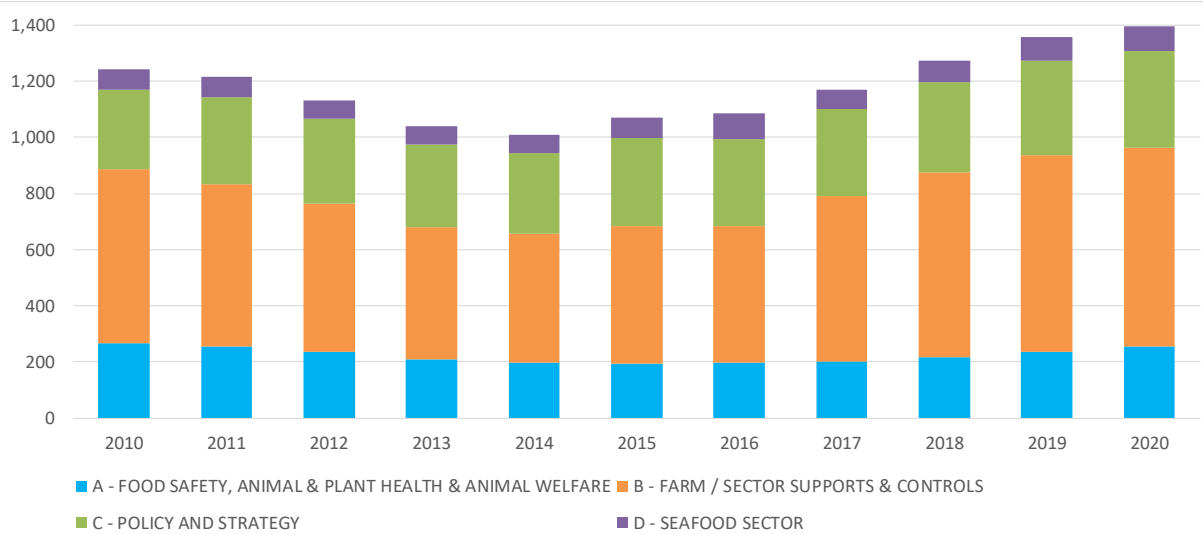
Section 1: Long-Term Trends

- Total Agriculture, Food and Marine vote expenditure over the past **decade (2011-2020 inclusive)** has been €13,883m.
- The part of public (EU and Exchequer) expenditure on Agriculture that is directed through the Common Agricultural Policy (CAP) – Pillar 2 (Rural Development Programme) forms a large proportion (c40%) of DAFM total Voted expenditure. The 2014-2020 CAP Pillar 2 has been heavily back-loaded into the years 2018-2020 explaining much of the difference between the lower levels of AFM Voted expenditure in 2014-2016 and more recently.

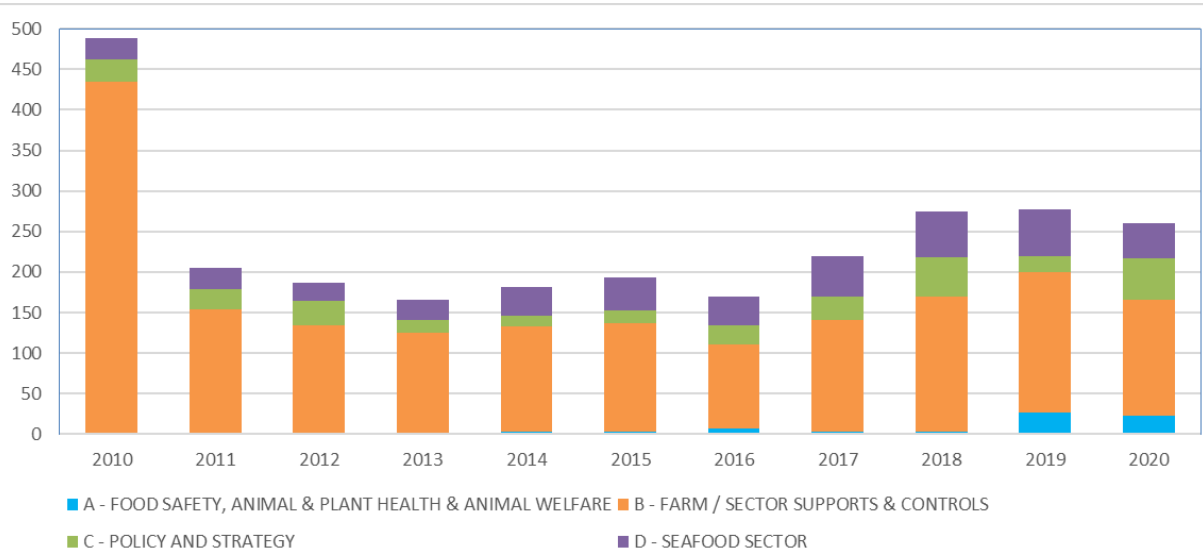


- Agriculture, Food and Marine sector activity was deemed essential during COVID and, despite significant disruption (within some sectors), there has been very little impact evident on overall output value. In 2020, €50m was made available for the Covid-pandemic related Beef Finishers Payment in 2020.

DAFM Current Expenditure by Function



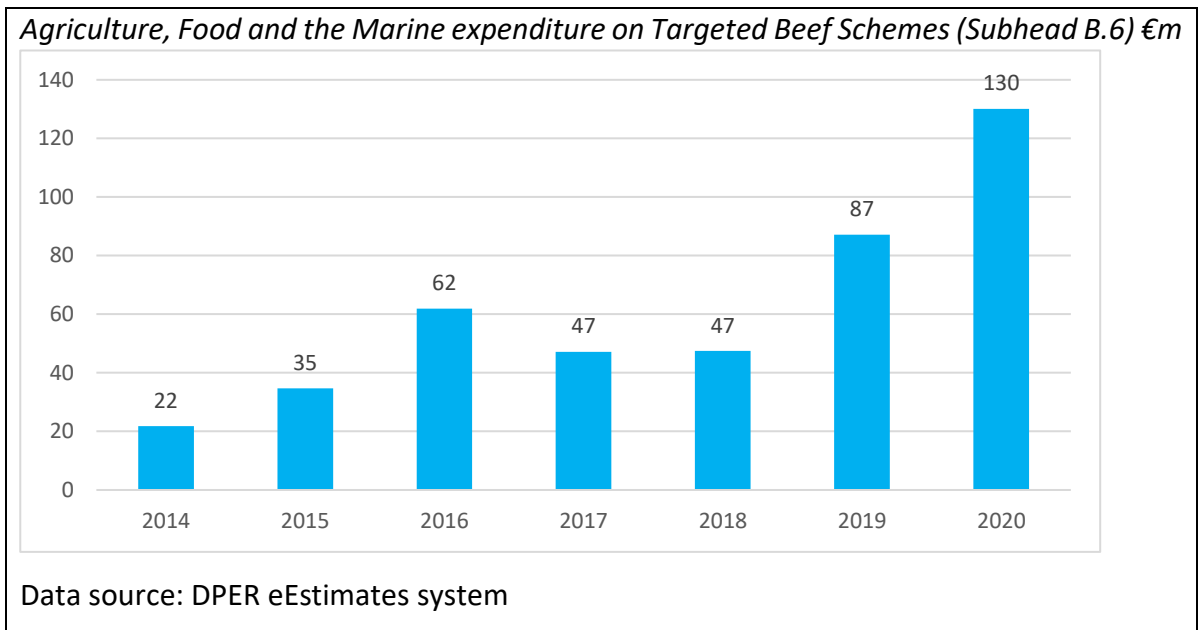
DAFM Capital Expenditure by Function



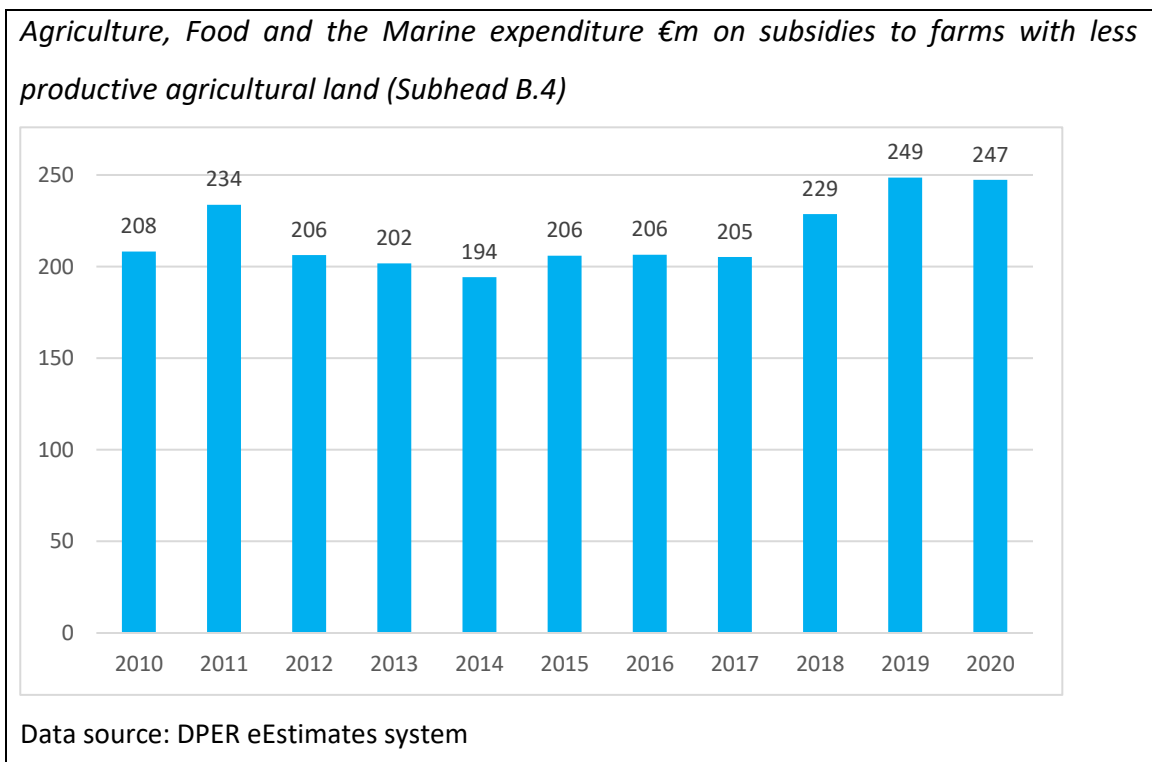
Section 2: Expenditure Drivers

- Since 2017, most of the largest DAFM expenditure subheads have seen increased spending with the main exception being reduced expenditure on B.10 Forestry and Bioenergy due to lower levels of afforestation (trees planted). This demonstrates that the increased level of expenditure has been directed at DAFM's core policy areas.

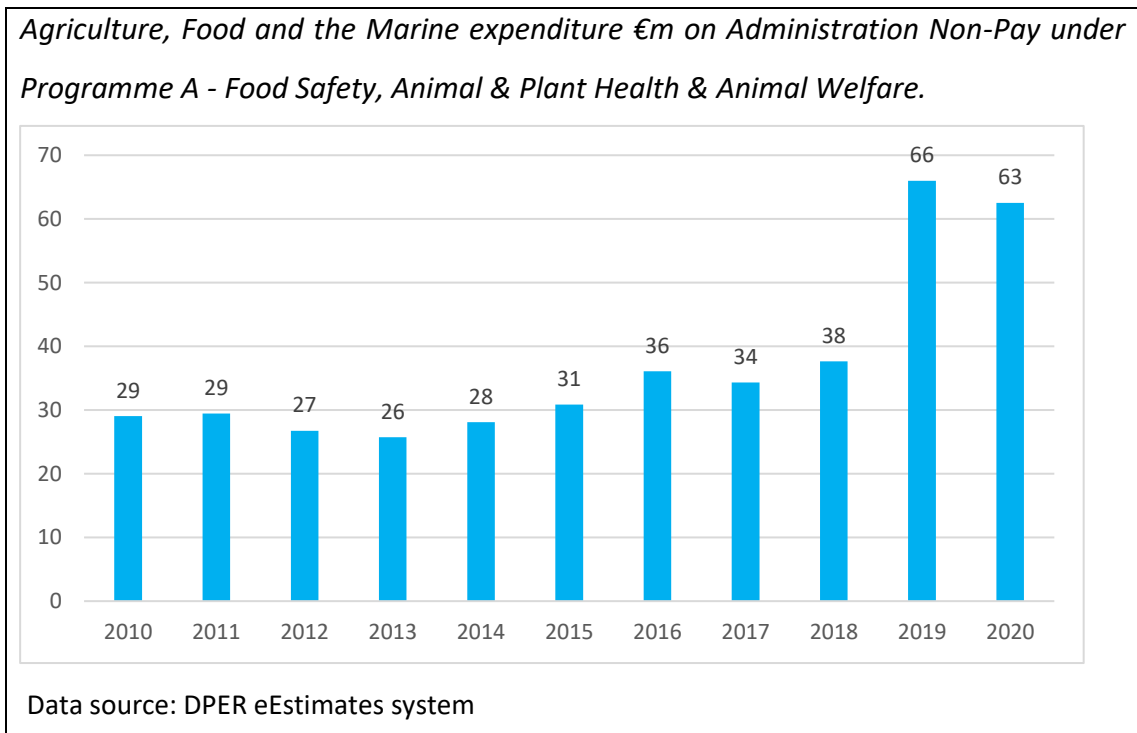
- In particular, some of the key underlying drivers of increased expenditure within the Agriculture, Food and Marine Vote since 2017 have been sectoral expenditure targeted towards the beef sector, subsidies for farms on less productive agricultural land (Area of Natural Constraint Scheme) as well as increased spending associated with Brexit.



- Annual expenditure targeted towards Beef Farms has risen from €22m in 2014 to €130m in 2020. This includes the Beef Exceptional Aid Measure in 2019 and the Covid-pandemic related Beef Finishers Payment in 2020.



- Annual expenditure on subsidies to farms with less productive agricultural land known as the Areas of Natural Constraint Scheme (Subhead B.4) has risen from c€205m over 2010-2017 to €247m in 2020.



- Since 2018 the increase in Non-Pay Administration Expenditure under Programme A - Food Safety, Animal & Plant Health & Animal Welfare has increased from €38m to €63m in 2020 . Almost all of this increase is attributable to Brexit Infrastructure and Equipment costs.

Section 3: Future Challenges and Policy Considerations

- The sector faces considerable challenges as the full impacts of Brexit continue to bear out. The scale of Green House Gas emissions reduction that the sector needs to achieve is very significant. The challenge will be to simultaneously manage the transition to the post-Brexit environment and ensure that enough tangible progress is achieved during the coming years to make sufficient contribution towards the achievement of Ireland's overall GHG-reduction targets for 2030.

Future Policy Challenges

1. Rural Development Programme (RDP) post 2020

Preparatory work on the new CAP Strategic Plan is ongoing. Delivery on ambitious targets set for the sector is tied to ensuring that available resources are used as efficiently as possible.

2. Brexit

There will be a need to continue to adapt the new EU-UK trading relationship especially where the conditions for Irish agrifood imports and exports to and from the UK have changed, and in relation to managing the available quota opportunities for Irish fishers. Many of these changes are expected to manifest in the short-term, such as the introduction of certification and BCP requirements for exports to the UK from 1 October 2021 and into 2022. Furthermore, the trade deals that the UK is starting to agree with third countries now that it is outside of the EU is likely to increase the competition Irish agrifood products will face on the UK market.

The design of supports for the agrifood and fisheries sectors will be need to be carefully considered and implemented in light of the challenges that will arise from these changes.

Further to this, ongoing market and product diversification efforts, as well as market retention and development work, will continue to be prioritised. This will include trade missions, facilitating inward visits, as well as technical market access negotiations.

3. Covid-19

The time-lag before the international food service / restaurant market demand can fully recover is unclear.

Children, Equality, Disability, Integration & Youth

Summary

- The Department of Children, Equality, Disability, Integration and Youth (DCEDIY) was formed in 2020 following the transfer of certain functions in the areas of equality, disability, integration and international protection seekers accommodation from the Department of Justice to the Department of Children and Youth Affairs (DCYA).
- The transfer of functions also involved the transfer of the separate Irish Human Rights and Equality Commission (IHREC) vote (Vote 25) to form a Vote Group.
- The DCEDIY budget for 2021 is €1.9bn. 45% of that is allocated to Tusla, 33% is for childcare related supports and a further 11% relates to International Protection Seekers Accommodation. The 2021 allocation for IHREC is €7m.
- The primary drivers of expenditure are related to service demand, demographics, socio-economic factors and policy direction/implementation.

Section 1: Long-Term Trends

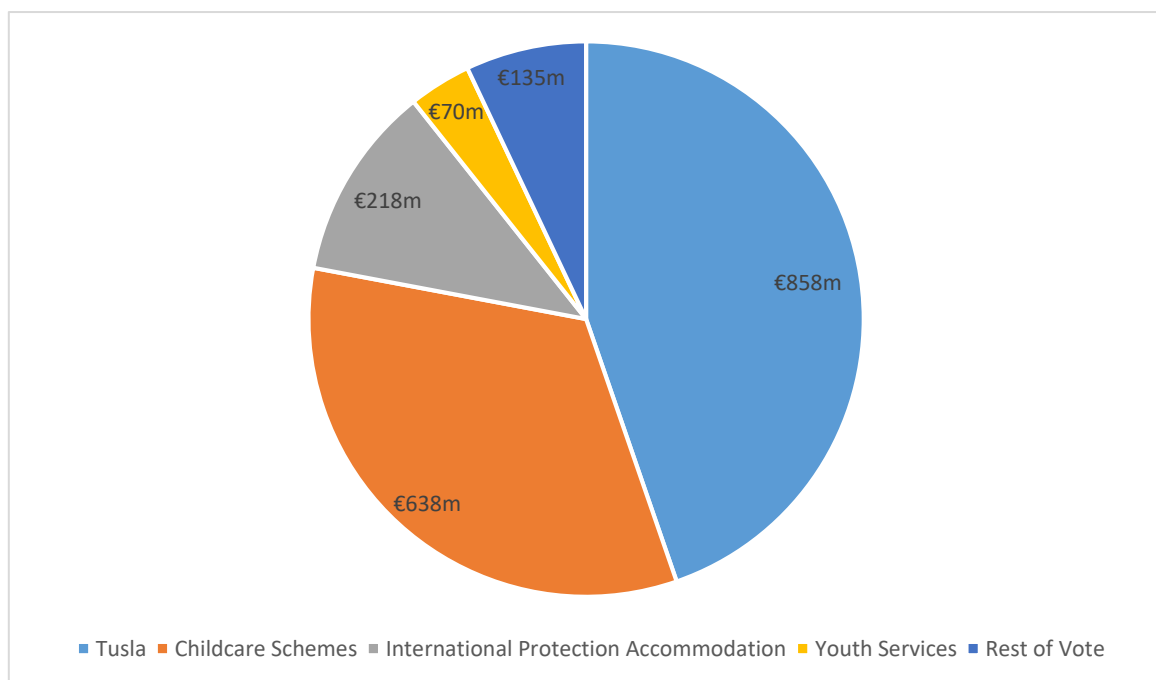
In 2020 the Department of Children and Youth Affairs, following the transfer of certain functions from the Department of Justice became the Department of Children, Equality, Disability, Integration and Youth (DCEDIY). The Department's responsibilities now include:

- Early Learning and Care (ELC) and School Age Childcare (SAC)
- Child welfare and protection
- Youth justice
- Children and young people's participation
- Research on children and young people
- Youth work and cross-cutting children's initiatives
- Adoption policy
- Gender equality, equality and human rights
- Disability policy

- Migrant integration policy
- Traveller and Roma inclusion policy
- LGBTI+ inclusion policy
- The Irish Refugee Protection Programme
- International protection accommodation services (Direct Provision).
- Lead responsibility for the Government's response to the legacy of Mother and Baby Homes and certain related matters

The DCEDIY budget for 2021 is €1.9bn. 45% of this funding (€858m) is allocated to Tusla, the Child and Family Agency; 33% (€638m) is for childcare related supports; 11% (€218m) relates to the International Protection Seekers Accommodation (Direct Provision). The remaining 11% goes towards youth services and organisations, equality and other policy initiatives.

Figure 1: DCEDIY Budget 2021



The following table sets out an indicative overview of expenditure in the major spending areas between 2014 and 2021.

Table 1: Gross Expenditure 2014-2021 by DCEDIY Sub-Programme Area, €'000

	2014	2015	2016	2017	2018	2019	2020	2021
Tusla – Child & Family Agency	619,318	662,690	678,996	712,693	752,916	809,216	848,079	857,962 ¹
ECCE and AIM Pre-School Programmes	173,797	177,082	223,751	297,136	326,709	332,465	241,714 ₂	334,500
NCS and Childcare Delivery Supports	79,001	84,179	81,217	119,097	175,480	234,978	266,211 ₃	303,443
International Protection Seekers Accommodation	53,217	57,025	64,137	67,359	78,009	129,599	183,207	218,000
Youth Services and Organisations	50,523	51,485	53,607	62,747	59,881	62,369	64,798	69,789
Rest of Vote	103,056	68,161	64,942	74,794	91,062	103,952	109,272	134,888
Total	1,078,912	1,100,662	1,166,650	1,333,826	1,484,057	1,672,579	1,713,281	1,918,582

¹This figure reflects a transfer of €35m funding for Educational Welfare and the School Completion Programme to the Education vote in the 2021 REV.

²This figure reflects a reduction in expenditure from a suspension of schemes when childcare services were closed due to Covid-19.

³This figure reflects a reduction in expenditure from a suspension of schemes when childcare services were closed due to Covid-19, however this figure also includes an amount of over €71m of expenditure to support the sector during the closure of these services and to assist with the costs of reopening and complying with new public health requirements.

Source: DPER.

Part of the transfer from the Department of Justice in 2020 included the separate vote for the Irish Human Rights and Equality Commission that was established in 2015. The role of this office is to protect and promote human rights and equality in Ireland and build a culture of respect for human rights, equality and intercultural understanding. Expenditure by IHREC is set out below.

Table 2: Gross Expenditure 2014-2021 by IHREC, €'000

	2014	2015	2016	2017	2018	2019	2020	2021
Vote 25 - IHREC	2,371*	3,954	6,208	5,319	4,664	5,973	6,159	7,014

* The 2014 figure is the expenditure that occurred on the Justice vote.

Source: DPER.

Section 2: Expenditure Drivers

Significant functions within the remit of DCEDIY are demand-led in different ways. This includes, for example, provision for children in care, childcare supports and accommodation for international protection seekers. This demand is in turn influenced by demographics, socio-economic factors within Ireland, including the impact of Covid-19, as well as international factors in the case of people seeking asylum in the country. Specific policy choices have also led to an increase in expenditure in recent years. There has been a significant expansion of the Early Childhood Care and Education Scheme (ECCE) as well as the development and growth of the Access and Inclusion Model (AIM) which enables children with a disability to access childcare services, both of which have contributed to a growth in expenditure in this area.

Tusla

As can be seen in the table below the number of referrals to the Child Protection and Welfare Social Work services of Tusla has increased in recent years. The number of children brought into care overall has been reducing, while the length of time they remain in care has increased. Within the overall cohort, however, the number of children cared for in residential settings has increased, leading to a rise in expenditure in that area. Over 90% of all children in care are in foster care placements.

Table 3: Number of Referrals* to Child Protection and Welfare Social Work Services, Rate per 1,000 Population 0-17 Years, Children in Care 2014-2020

	2014	2015	2016	2017	2018	2019	2020
No. of Referrals	43,630	43,596	47,399	53,755	55,136	56,561	66,649
Rate/1,000 of age 0-17 years in population**	37	37	40	45	46	47.5	56
No. of Children in Care***	6,357	6,384	6,267	6,196	6,041	5,983	5,882
No. of Children in Care in a Residential Centre	341 ⁺	351	319	358	381	409	421

* Figures are subject to revision. From October 2019 amendments were made to the method for collecting referral data.

** 0-17 Population derived from Census 2016. As more than one referral can be received per child, the number of children is likely to be lower than level of the referrals.

*** Data on children post 2016 includes Separated Children Seeking Asylum.

+ 2014 Children in care in a residential centre derived from Jan 2015.

Source: data.tusla.ie

Early Childhood Care and Education Scheme (ECCE)

ECCE provides children with their first formal experience of early learning prior to primary school. It is a universal and demand-led scheme, available to all legally resident children within the qualifying age range. The Scheme has expanded in recent years to broaden the eligibility and to allow for two years enrolment rather than the original one year, leading to a significant increase in expenditure. The scheme entitlement is currently three hours per day, five days per week, over 38 weeks per year, for 2 programme years or 76 weeks in total. The declining birth rate has led to the number of children registered on the scheme decreasing in recent years.

Table 4: Unique ECCE Registrations by end of academic year, 2014/15 – 2020/21

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
No. of Children	66,762	74,130	120,846	118,904	108,222	105,976	104,784*

**Registration to 21/06/2021, programme year still ongoing*

Source: DCEDIY and Pobal

Access and Inclusion Model (AIM)

The goal of AIM is to create a more inclusive environment in pre-schools, so all children, regardless of ability, can benefit from quality early learning and care. AIM provides universal supports to pre-school settings, and targeted supports, which focus on the needs of the individual child, without requiring a diagnosis of disability. Expenditure on AIM grew significantly from €7.5m in 2016 to €35.5m in 2019. As with ECCE, the impact of closures of childcare services as a result of Covid-19 led to a reduction in expenditure on AIM to €17.5m in 2020.

National Childcare Scheme

The National Childcare Scheme (NCS) was launched in November 2019 as a replacement for a number of earlier schemes, including the Community Childcare Subvention (CCS), CCS Plus (CCSP), the Universal CCS (CCSU) and the Training and Employment Childcare Programme (TEC). The aim of the NCS, like its predecessors, is to reduce the cost of quality early learning and childcare for families across Ireland. Improving the affordability of childcare can have a positive impact on parents' ability to access work and education, which in turn can help to reduce child poverty and improve children's outcomes. Both universal and income assessed subsidies for early learning and childcare are provided through the Scheme.

Table 5: Registrations for the NCS and legacy schemes by end of academic year, 2014/15 – 2020/21

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*
Legacy Schemes (CCS/CSSP/CCSU/TEC)**	30,533	32,984	33,577	83,032	83,151	65,475	18,415
NCS	-	-	-	-	-	25,234	50,984

* Scheme data to 21/06/2021, programme year still ongoing.

** Some children may participate in more than one scheme during the course of the programme year.

Source: DCEDIY and Pobal

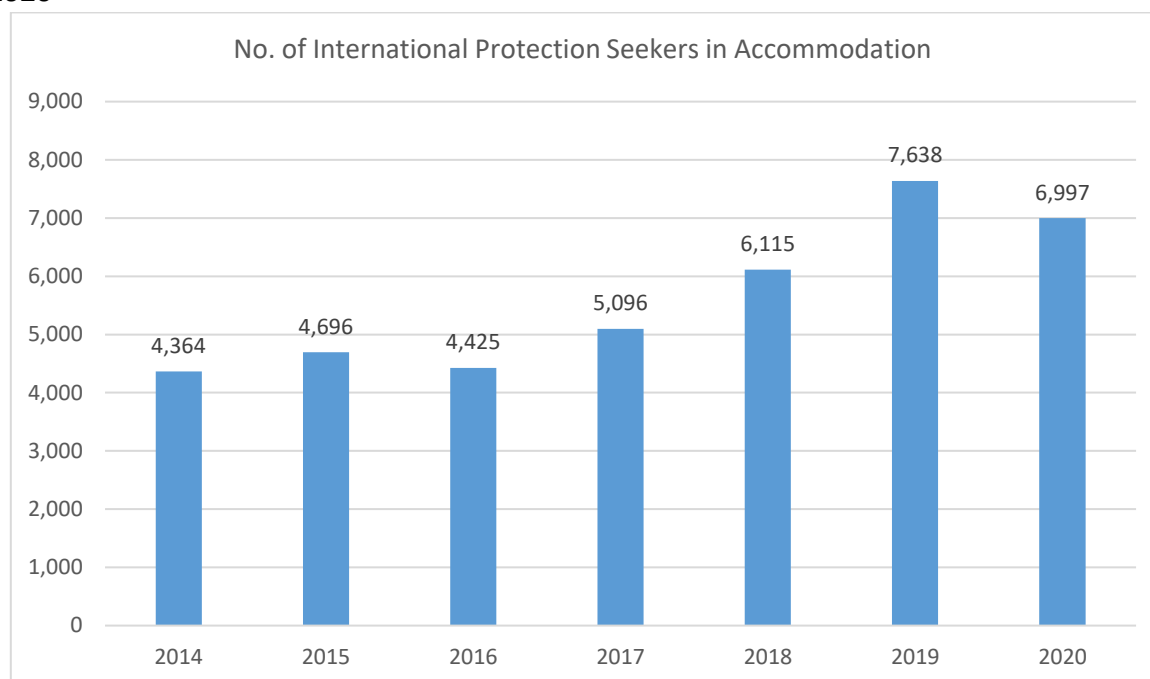
Covid-19 and Early Learning and Childcare

Early Learning and Childcare services were subject to temporary closures and periods of restricted access in 2020 and Q1 2021 as part of the public health response to Covid-19. There was also reduced demand for early learning and childcare services among children and families. This has resulted in a reduction in overall expenditure on the DCEDIY ELC and SAC funding programmes. Some of the savings which accrued as a result were repurposed to support the sector during periods of closure and restricted access and to assist with the costs of reopening and complying with new public health requirements.

International Protection Seekers Accommodation

Figure 2 below shows the number of international protection seekers availing of State-provided accommodation at the end of each of the years in question. 2020 saw a reduction in numbers, with travel restrictions caused by Covid-19 having an impact. Increased expenditure, however, reflects the sourcing of additional emergency accommodation to allow for greater social distancing in response to the public health situation, of PPE and of isolation facilities.

Figure 2: No. of International Protection Seekers in State Provided Accommodation, 2014-2020



Source: DCEDIY and Public Service Performance Report 2020

Section 3: Future Challenges and Policy Considerations

Brexit

At present there are no significant financial implications for the DCEDIY Group of Votes foreseen as a consequence of Brexit.

Early Learning and Childcare

While early learning and childcare services have reopened following restricted access to services and the suspension to the ECCE Programme in Q1 2021, the full impact of the Covid-19 pandemic on the sector is unclear at this point in time. Public health measures, with their associated costs, are to remain a feature of early learning and childcare for the remainder of 2021 at least and changes in working arrangements may influence attendance at ELC and SAC services into the future. Supports such as the Employment Wage Subsidy Scheme (EWSS) are to remain in place throughout 2021, with the exemption on the turnover rule that has applied to the early learning and childcare sector also remaining until at least Q3.

Work is currently underway to examine the current model of funding for the early learning and childcare sector, its effectiveness in delivering quality, affordable, sustainable and inclusive services, and how this might be structured in future. The outcome of this work will be relevant to a number of the key actions contained in *First 5: A Whole-of-Government Strategy for Babies, Young Children and their Families 2019-2028*.

White Paper to end Direct Provision

A *White Paper on Ending Direct Provision* was published in February 2021. It outlines a strategy to replace the existing system with a new model of accommodation for those seeking international protection in Ireland. This will entail a shift towards a not-for-profit model of accommodation with an increase in the number of State-owned facilities. This is to be achieved through a mixture of building, purchasing and urban renewal projects, necessitating capital investment. It will also involve the commissioning of support services from NGOs.

Restorative Recognition/Historical Legacy Issues

Work continues on the Government response to the recommendations and findings of the Commission of Investigation into Mother & Baby Homes and certain related matters. The Department is progressing many of the 22 actions committed to by Government, including information and tracing legislation and a Restorative Recognition Scheme.

Disability

Functions relating to disability services are intended to transfer from the Department of Health into DCEDIY. Work is underway in relation to the detail and scope of this transfer.

Defence

Summary

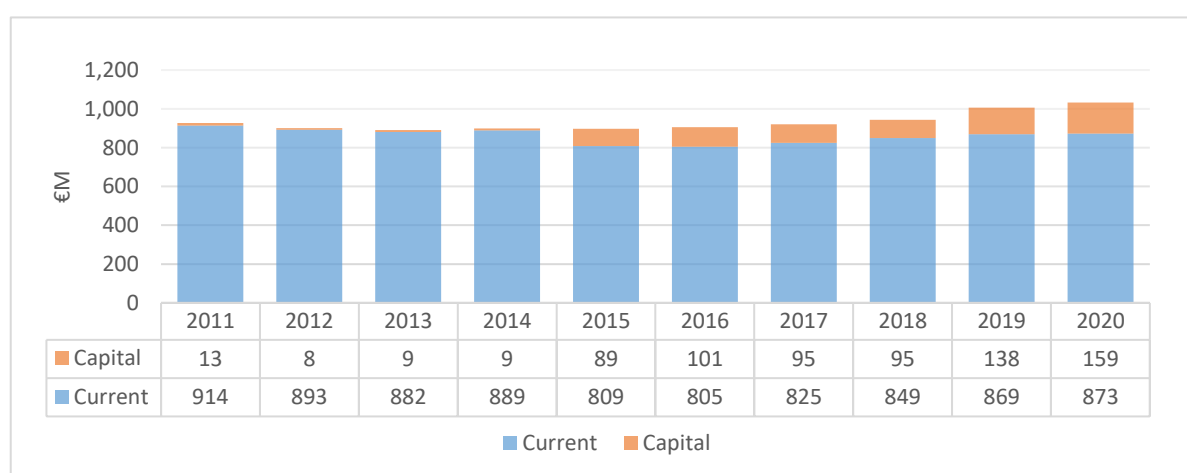
- Defence expenditure is provided for by the Exchequer through two Votes: **Vote 35 (Army Pensions)** and **Vote 36 (Defence)** which, together, form the **Defence Vote Group**.
- Outcomes for the Defence Vote Group are focused on the high-level goal of the Defence Organisation as stated in the 2021-2023 Strategy Statement: *‘To provide for the military defence of the State, contribute to national and international peace and security and fulfil all other roles assigned by Government’*.
- Vote 35 funds military pensions and gratuities for retired members of the Defence Forces and (where applicable) their dependants. Vote 36 funds the capital and current costs of the Defence Organisation (i.e. the Department of Defence and the Defence Forces).
- Gross expenditure on the Vote Group reduced from €0.927 billion in 2011 to €0.891 billion in 2013, before increasing to €1.032 billion in 2020.
- Defence Pay and Pensions expenditure accounted for the largest element of annual spend within the Vote Group, ranging from 79% to 72% within the 2011 to 2020 timeframe.
- Capital expenditure as a proportion of total expenditure on Vote 36 has increased from 13.3% in 2015 to 20.3% in 2020.

Section 1: Long-Term Trends

The Defence Vote Group comprises two Votes: Vote 35 (Army Pensions) and Vote 36 (Defence). Gross expenditure on the Defence Vote Group has increased by 11.3% over the decade from 2011, and in 2020 amounted to some €1.032 billion.

Between 2010 and 2013, spending on the Vote group fell by 3.9%, from €0.927 billion to €0.891 billion, before rising again to €1.032 billion by 2020. Group current expenditure has risen by 8% from 2015 to 2020, while capital expenditure increased by 79% over the same period, the majority of which from 2018 to 2020 with year-on-year increases of €43m in 2019 and €20.8m in 2020.

Figure 1 - Defence Vote Group Gross Expenditure 2011-2020



Source: Appropriation Accounts 2011-2019, Provisional Outturn 2020

Note – from 2015 onwards, military equipment was reclassified as capital expenditure rather than current expenditure (D/PER Circular 07/14).

Vote 35

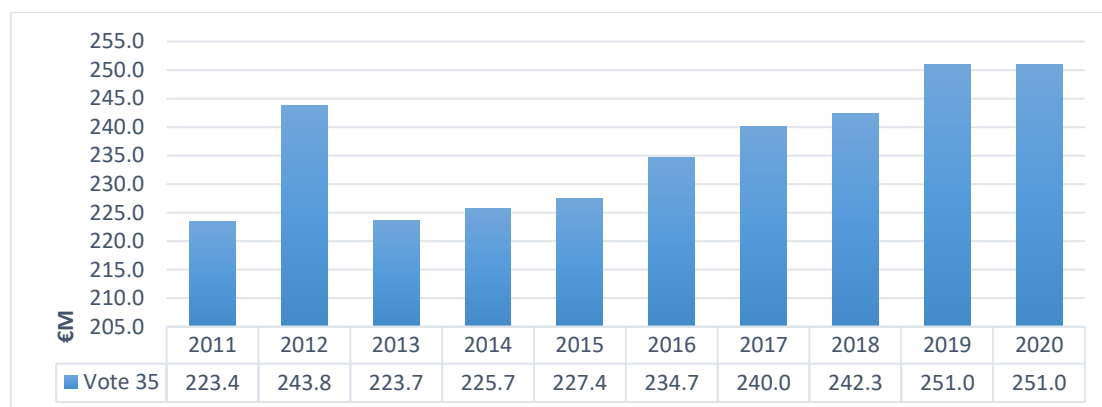
Over 99% of expenditure on Vote 35 relates to retirement pensions, gratuities and disability pensions and as such is non-discretionary. Spending on the Vote has been steadily increasing over the decade, with a notable increase in 2012. Between the January 2010 introduction of pay reductions on foot of the Financial Emergency Measures in the Public Interest (FEMPI) legislation and the expiry of the end-February 2012 FEMPI grace period, some 1,500 military personnel retired from the Defence Forces³. Some 75% of these leavers retired with immediate retirement benefits payable immediately on retirement (pension and gratuity).

In 2012, most of the c. 600 personnel who exited with immediate retirement benefits retired in the first two months of that year, with many of them qualifying for maximum benefits. These factors combined with the knock-on cost of the other 'pre-FEMPI' retirements from 2010-2011 were the primary contributors to the spike in expenditure in that year. Expenditure in 2020 of €251m represented an increase of 12.4% over the decade, and is

³ DPER and Department of Defence, *Defence Forces Pensions Expenditure* (2018).

€7.2m (3%) more than the previous highpoint in 2012. Overall expenditure amounts on Vote 35 are shown in Figure 2.

Figure 2. Vote 35 (Army Pensions) Gross Expenditure

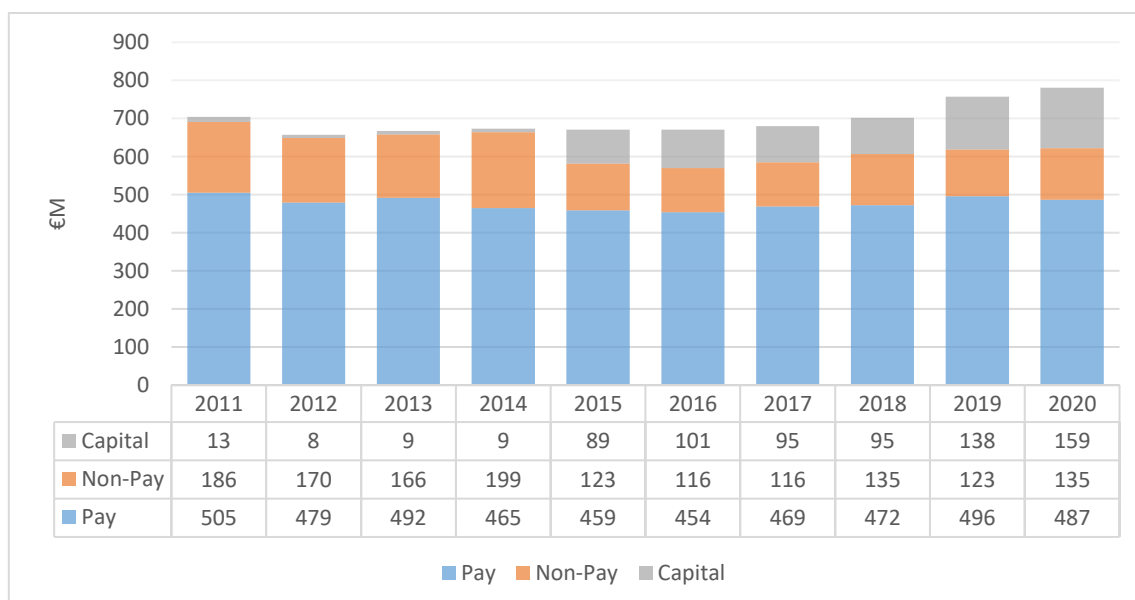


Source: Appropriation Accounts 2011-2019, Provisional Outturn 2020

Vote 36

On Vote 36, pay and allowances represent the largest element of annual expenditure, accounting for €487m (62%) of the 2020 outturn. As with the group trend in current spending over the period, pay costs fell from 2011 to 2016 during the post-2008 financial crisis, before rising again from 2017 to 2019, and decreasing in 2020. Composition of expenditure is shown in Figure 3.

Figure 3. Vote 36 (Defence) Gross Expenditure⁴



Source: Appropriation Accounts 2011-2019, Provisional Outturn 2020

⁴ Please note that rounding can affect totals.

Note – from 2015 onwards, military equipment was reclassified as capital expenditure rather than current expenditure (D/PER Circular 07/14).

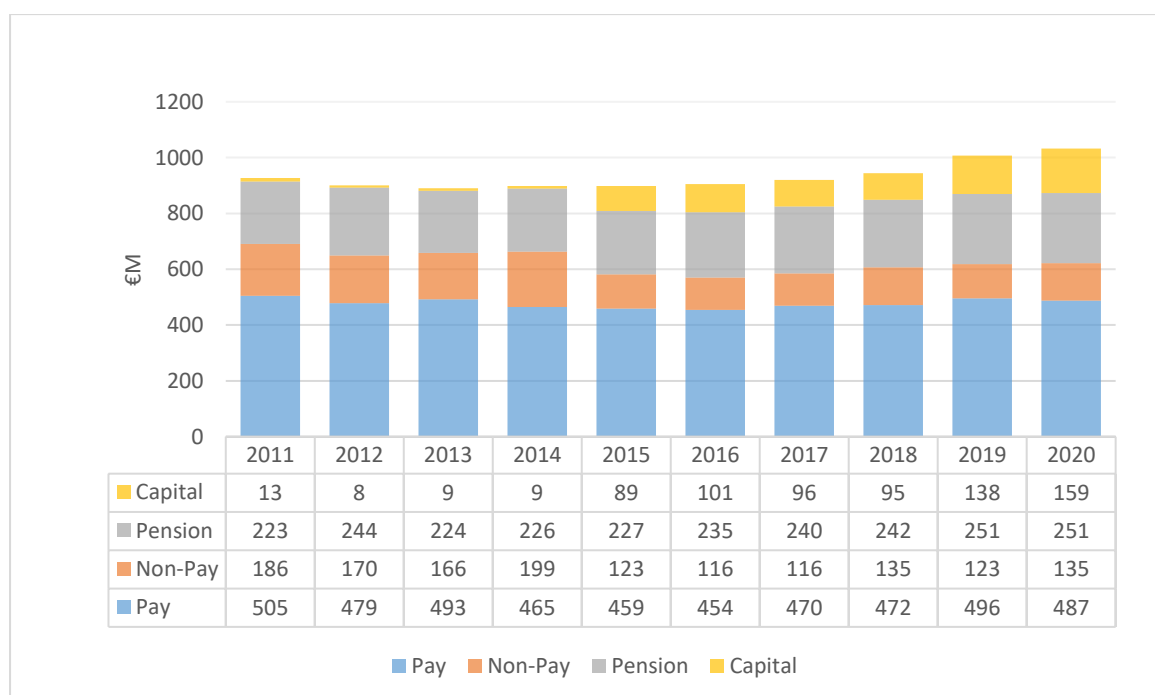
The 2020 Estimate for Vote 36 was revised and restated in July 2020 to deal with the additional commitments arising directly and indirectly from the COVID-19 response, and to re-align subhead provision to better reflect updated expenditure projections on the Defence Organisation, post-pandemic onset. Savings of at least €22.2m on certain subheads were identified and realigned to other subheads to cover these additional commitments. This realignment had a net neutral overall exchequer impact.

Section 2: Expenditure Drivers

Current Expenditure

Defence Forces pay and pension costs account for the largest element of annual current expenditure on the Defence Vote Group over the last ten years, accounting for €738m (72%) of overall gross expenditure in 2020 (Figure 4).

Figure 4. Defence Vote Group Gross Expenditure by Category, 2011-20



Source: Appropriation Accounts 2011-2019, Provisional Outturn 2020

Note – from 2015 onwards, military equipment was reclassified as capital expenditure rather than current expenditure (D/PER Circular 07/14).

Vote 36 – Pay and Allowances

The pay and allowance costs of serving personnel (i.e. military personnel, civil servants and civilian employees) make up the majority of expenditure on Vote 36. As with other Votes with a high proportion of staff costs, wider pay policy is the determinant of pay rates and these are reflective of increases in the Vote.

Military numbers have reduced over the last two decades. The military personnel target, or Establishment, was set at 10,500 in 2000, reduced to 10,000 in 2010 and further reduced to 9,500 in 2012. The White Paper on Defence (2015), confirmed the Government's commitment to retain a PDF strength of at least 9,500 personnel. Personnel numbers at end-May 2021 stand at 8,570. There have been a number of initiatives undertaken to increase recruitment and retention, including increases to pay and allowances and amendments to legislative provisions to allow for the re-entry into service of former members of the Permanent Defence Force.

In addition to pay pressures, taskings of the Defence Force are often subject to circumstances outside of the direct control of the Vote, resulting in pressure on allowances. Expenditure on allowances is largely activity related, and is directly linked to the number of operational activities undertaken and the rates applicable rather than the number of personnel in the PDF. This has been the case in relation to recent Aid to the Civil Authority (ATCA) and Maintenance of Essential Services Allowance (MESA) taskings undertaken in response to the COVID-19 pandemic. As has been well publicised in the media, members of the PDF were deployed for testing, logistics, and contact tracing roles as tasked by the HSE and other bodies. The total cost of PDF allowances related to the pandemic response in 2020 amounted to c. €4.5m. Other ATCA roles undertaken over the past decade include support at National Commemoration Ceremonies, State Visits, Emergency Flood Relief efforts and Missing Person Searches.

Expenditure on Overseas Allowances of some €19.9m⁵ was recorded for 2020, a decrease of €1.2m on 2019. Overseas Allowance costs are determined by the actual number of personnel serving on overseas peace support missions and the ranks of those personnel, the nature of the individual mission, and the duration of the deployment. The 2020 Spending Review on Expenditure on Overseas Peace Support found that expenditure in this area is impacted by both domestic matters, such as pay agreements, numbers serving overseas, and domestic security implications, as well as international matters, including European Union defence policy and developments at United Nations level. 2020 saw the Government renew their approval for Defence Force participation in existing peace support missions, and the deployment of 3 personnel to EUNAVFOR (MED) Operation Irini, a new mission in the Mediterranean.

⁵ Based on 2020 Provisional Outturn and therefore subject to change.

Vote 35 – Military Pensioners

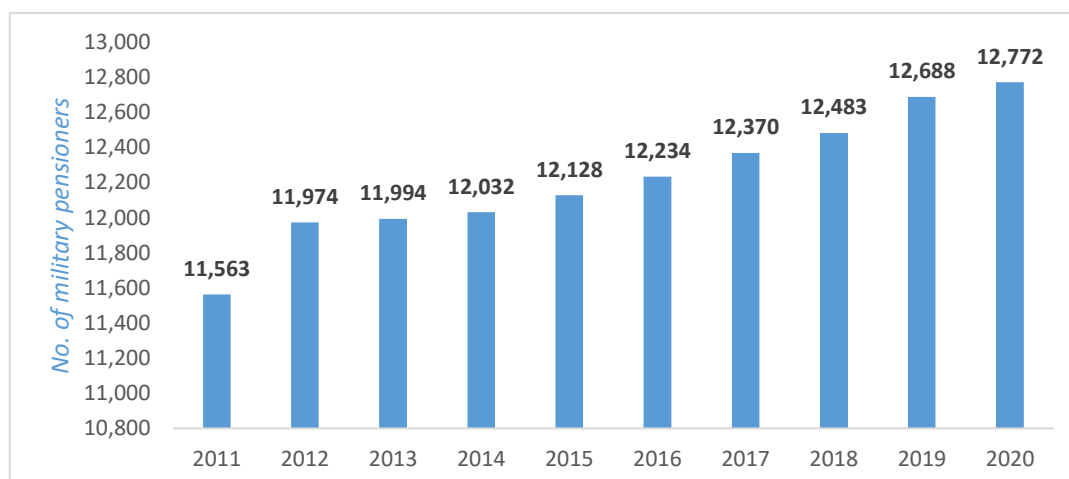
Military pensions and post-service entitlements of retired members of the Defence Forces are administered through Vote 35⁶. In line with public service trends, military pension gross expenditure has risen from c. €223m in 2011 to c. €251m in 2020, an increase of 12.4%. Upward pressure on Vote 35 is largely driven by the turnover of Defence Forces personnel year-on-year and increased life expectancy more generally. In addition to demographic pressure there is the distinct nature of military pension expenditure. Like all pension payments, expenditure on Vote 35 is demand-driven and non-discretionary. However, military pensions differ in several key respects when compared to other areas of the public service, including an atypically high incidence of voluntary early retirement – before reaching the mandatory retirement age – with entitlement to immediate payment of benefits (pension and gratuity).

For the period under review, there had been an acknowledged under-provision for military pensions through Vote 35, resulting in an annual requirement for a Supplementary Estimate each year from 2006-2019⁷. This has been the subject of some comment by the Comptroller and Auditor General, and was addressed in the 2018 Spending Review of Defence Forces Pensions Expenditure (published with *Budget 2019*). This Review recommended that Vote 35 should be allocated resources in line with the cost analysis in the review from 2019 onwards, to ensure that the full cost can be met. As such, €259 million was provided to the Army Pensions Vote for 2020, an increase of €10m over the 2019 allocation of €249m. However, the actual level of funding required by Vote 35 from year to year is influenced by the demand-led drivers, and Vote Outturn was €8.1m lower than Budget Estimate and in line with 2019 Outturn. The number of military pensioners at year-end 2020 was 12,772, and a further increase in this number is projected for 2021.

⁶ While the pay of Civil Service staff of the Department of Defence and civilian employee is funded from Vote 36, their superannuation benefits are funded separately from Vote 12 (Superannuation and Retired Allowances). This expenditure does not fall under the Defence Vote Group.

⁷ This has been met through identified savings on Vote 36 (Defence) but without impacting on Defence Forces operational capabilities. However, it is to be noted that there is no direct financial co-relation between the two Votes, either in terms of their respective funding requirements / projections or allocations from year to year.

Figure 5: Military Pensioners, 2011-20



Source: DPER Databank; Department of Defence Figures

Capital Expenditure

Capital expenditure on Vote 36 has increased significantly over the period. As set out in the White Paper on Defence, reinforced by the White Paper Update in 2019, the principal demand drivers of Defence capital funding are the ongoing renewal, retention and acquisition of military equipment along with the development of military infrastructure and ICT. The acquisition of military equipment is pursued through a comprehensive Equipment Development Plan. Similarly, an Infrastructure Development Plan sets out the requirements for essential infrastructure development works over a medium term timeframe. Major Defence capital projects are multi annual in nature and expenditure can span a number of years.

The National Development Plan provided for a €541m Expenditure Ceiling for the Defence Vote Group for 2018-2022. Of that original allocation, some €391m (72%) was spent over the period 2018-2020, with capital expenditure of €159m in 2020, comprising 20.3% of total expenditure on Vote 36, and 15.4% of total expenditure on the Vote Group as a whole.

Priority ongoing Defence capital expenditure programmes and projects include:

- Maritime Patrol Aircraft programme;
- Air Corp Fixed Wing Utility Aircraft Project;
- Armoured Personnel Carrier Mid-Life Upgrade and Maintenance Programme;
- Defence Forces 4x4 Vehicle Replacement Programme;
- Naval Service Vessel Mid-Life Refit;
- Ongoing investment in information and communication technology initiatives; and
- Built Infrastructure Projects in military installations and barracks throughout the country.

Over recent years, the Department of Defence, with the agreement of the Department of Public Expenditure and Reform, has used pay savings arising on the Defence Vote to supplement necessary capital expenditure programmes.

Capital allocations for the period from 2022 to 2025 are not yet available, pending the completion of the National Development Plan (NDP) Review currently underway.

Section 3: Future Challenges and Policy Considerations

1. COVID-19

The collective response to COVID-19 involved Defence Forces personnel, members of the Reserve, Civil Defence volunteers, Civil Servants and Civilian Employees within the Department. All COVID-19 expenditure has been met from within the overall Defence Vote allocation and reflects the positive contribution made by the Defence Organisation to this crisis.

A Defence Forces taskforce was set up to deal with elements of the Defence response to the health crisis from a number of State bodies and agencies – most visibly in contact tracing, testing, patient and equipment transport, and logistics on behalf of the HSE and the National Ambulance Service.

Civil Defence have also been tasked with ambulance, support, and transport tasks. The impact of COVID 19 on Defence financial resources in 2021 and into future years is not yet fully known, with the final cost being influenced both by the length of the crisis and the type of roles to which the Defence Force are tasked by other bodies.

2. Vote 35 – Military Pensioners

The trajectories of (i) Exchequer spending on military pensions and (ii) the proportion of this area relative to overall Irish defence expenditure have both steadily grown over the last two decades. Among other reasons, including demographic factors, military pensioner numbers have consistently increased over the last decade, and, while expenditure in 2020 is somewhat against the trend of previous years, numbers are projected to continue to increase so in the short to medium term. As noted above, military pensions expenditure is demand driven and by its nature has a higher incidence of voluntary early retirement leading to associated immediate entitlement to benefits. This can present difficulties in making accurate projections of retirees in any given year.

3. Vote 36 – EU Developments

Among other developments at EU Level, the European Peace Facility (EPF) was established under the 2021-2027 Multiannual Financial Framework (MFF). The EPF has the aim of providing the EU with a single off-budget fund to finance all Common Foreign and Security Policy actions having military or defence implications. The Council decision establishing the European Peace Facility (EPF) was adopted in March 2021 and will replace and expand the

two current funding vehicles, (1) the African Peace Facility, which Ireland contributes to through D/FA, and (2) the ATHENA mechanism, which Ireland contributes to through Vote 36. In 2020, a €5bn (€5.7bn in current prices) ceiling was agreed for the EPF as part of the MFF European Council Decision, which represents a significant increase on previous CFSP spending. The scale of Ireland's contribution to the EPF is yet to be confirmed but is likely to have significant cost implications for the Irish Exchequer, which may have implications for funding for the Defence Vote.

4. Commission on the Defence Forces

As provided for in the Programme for Government, an independent Commission on the Defence Forces was established in December 2020. Its Terms of Reference facilitated, *inter alia*, an evaluation of arrangements for the effective defence of the country at land, air and sea; the structure and size of the Defence Forces encompassing capabilities, structures and staffing; appropriate governance and high level command and control; pay and allowances structures; recruitment, retention and career progression and leveraging the capabilities of the Reserve Defence Force. To date, the Commission has been very active and has met with a broad variety of stakeholder groups. The Commission is scheduled to report by the end of the year, at which point any recommendations, and any financial implications thereof, will be fully considered.

Education

Summary

- From 2011 to 2020, Education expenditure experienced both a decline and rise. From 2009 to 2013 expenditure decreased from €9.2 billion to €8.8 billion before steadily increasing to €12.4 billion in 2020.
- As a portion of total government expenditure, Education is the third largest and has remained relatively stable as a percentage of total government expenditure.
- The scale and composition of expenditure on Education has changed over time due to a variety of factors including demographics, increase in special needs education, the economic downturn following the 2008 Financial Crisis, need for capital investment and the transfer of functions in the further education and higher education sectors.
- The largest element of Department of Education expenditure is pay and pensions, which accounted for 70% of overall D/Education expenditure in 2020.
- First, Second & Early Years Education saw the largest increase over the ten year period of €1.9 billion (27% increase) while Higher Education saw an increase in expenditure over the same period of €483 million (25%).
- In 2020, Special Education Needs' gross current allocation (€1.95 billion) was just below that of Higher Education (€2.24 billion).
- There are a number of challenges facing the Department of Education over the short and long term. The most fundamental of these being managing the demographic shift from primary to post primary level, as well as the future demographic changes, delivering reforms in the special needs education and school transport and expected growth in superannuation costs.

- The newly established Department of Further and Higher Education, Research, Innovation and Science will also face challenges with future demographic changes and expected growth in superannuation costs. Also, in the Tertiary Education sector there is a need to ensure that both the higher education and further education and training sectors are optimally configured to meet the skills needs of the labour market.
- As this paper reflects trends up to 2020, it reflects the expenditure of the then Department of Education and Skills prior to any transfer of functions to the new Department of Further and Higher Education, Research, Innovation and Science.

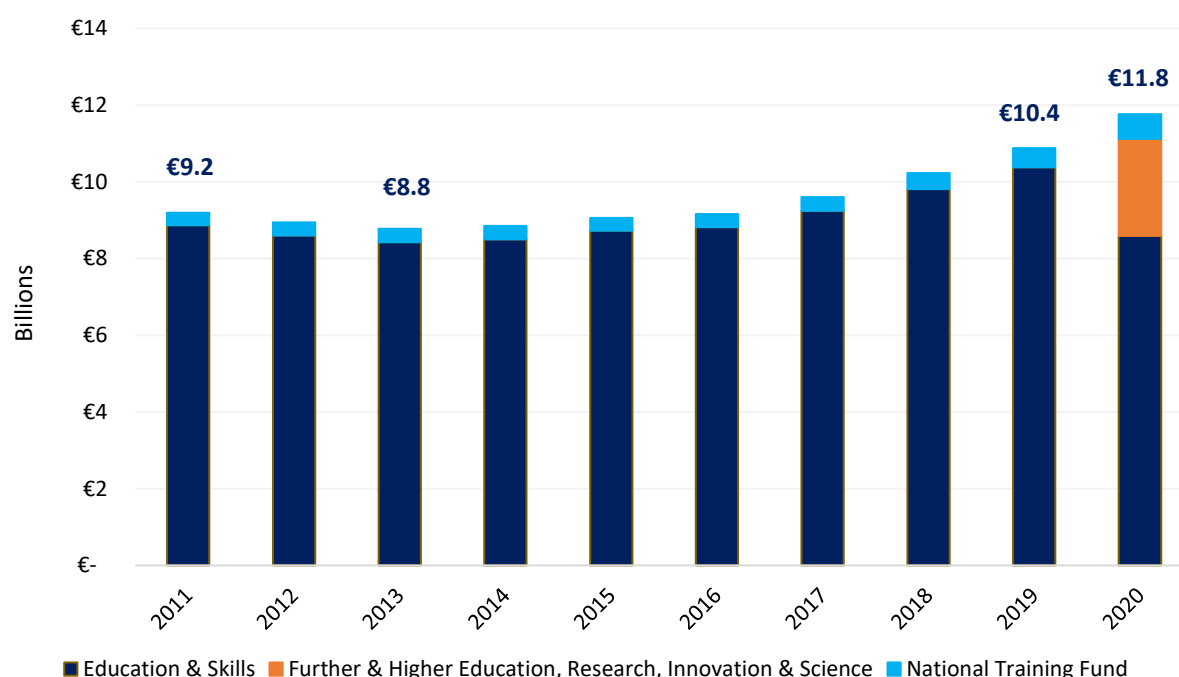
Section 1: Long-Term Trends

Overall, average annual growth for the period 2011 to 2020 was 2%. However, as Figure 1 shows, expenditure in Education fell by an average of 3.4% per annum from 2011 to 2013, with an average annual growth of 4.1% from 2014 to 2020. Non-National Training Fund (NTF) Exchequer expenditure on Education in 2020 at €11.1 billion was the largest ever allocation to the sector, a 25% increase from 2011.

Expenditure from the National Training Fund (NTF) also decreased during the period 2011 to 2015 where it fell at an average of 3.0% per annum, with an average annual growth of 14.3% during the years 2016 – 2020. NTF expenditure was €641 million in 2020, this represents an increase from 2019 to 2020 of 26%, the largest yearly increase observed over the period, in part due to decisions to annual increases in the NTF rate from 0.7 % in 2018 to 1.0% in 2020.

Overall, expenditure for the sector as a whole (Exchequer and NTF) was at its highest level to date in 2020 at €11.8 billion, some 25% higher than in 2011.

Figure 1: Education Expenditure, 2011 – 2020



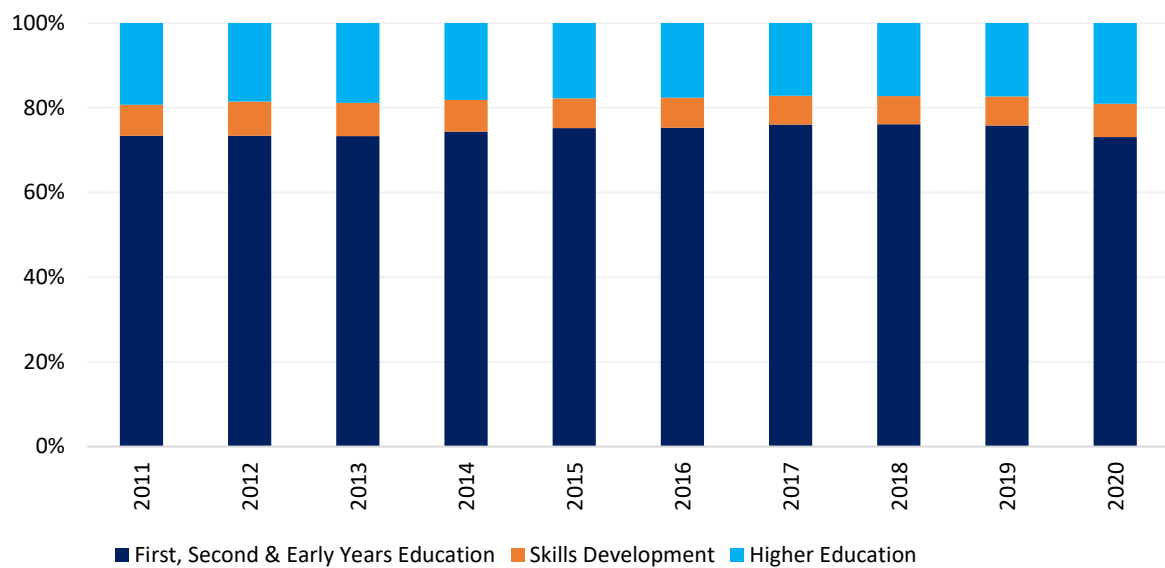
Source: Department of Public Expenditure & Reform

Note: 2020 expenditure includes additional temporary expenditure due to the public health advice related to the COVID-19 Pandemic.

Figure 2 shows how expenditure on first, second level and early years' education over the period 2011-2020. This expenditure has remained relatively stable as a percentage over the period, averaging 75% of total expenditure over the decade. Higher education expenditure continued to decline after the onset of the fiscal crisis but has increased year on year since 2016. Higher education in 2020 was 19% of aggregate Education expenditure. Expenditure on Further Education and Training averaged 7% of aggregate spend from 2011 to 2020.

The total share of capital expenditure remained relatively stable over the period 2011-2013, but has since risen from 6% in 2014 to a 9% share in 2020.

Figure 2: DES Expenditure by Programme, 2011 – 2020

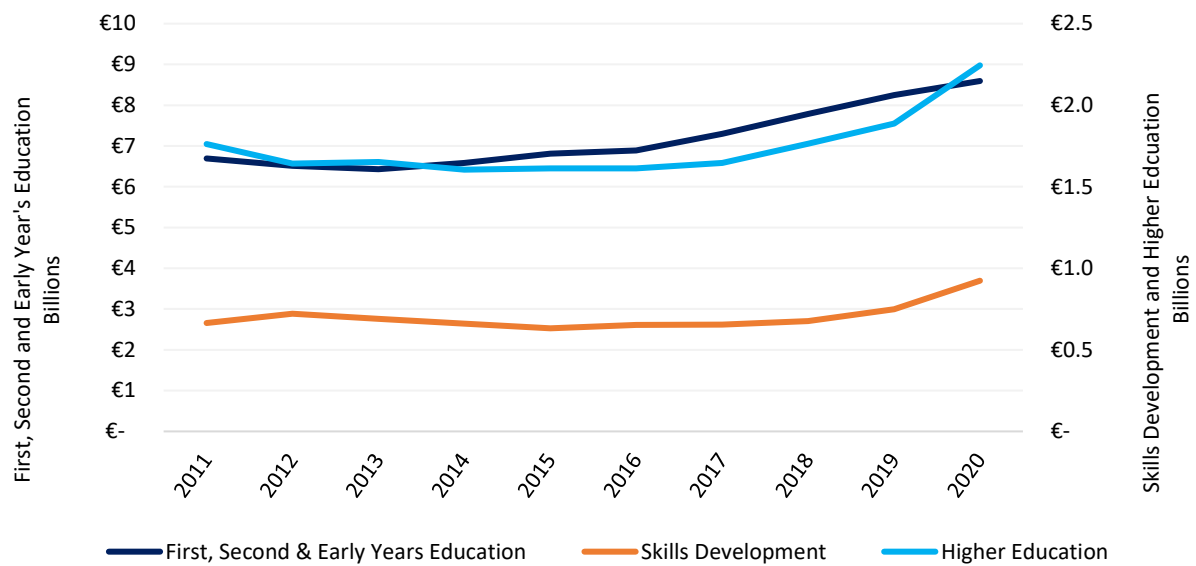


Source: Department of Public Expenditure & Reform

Expenditure Growth

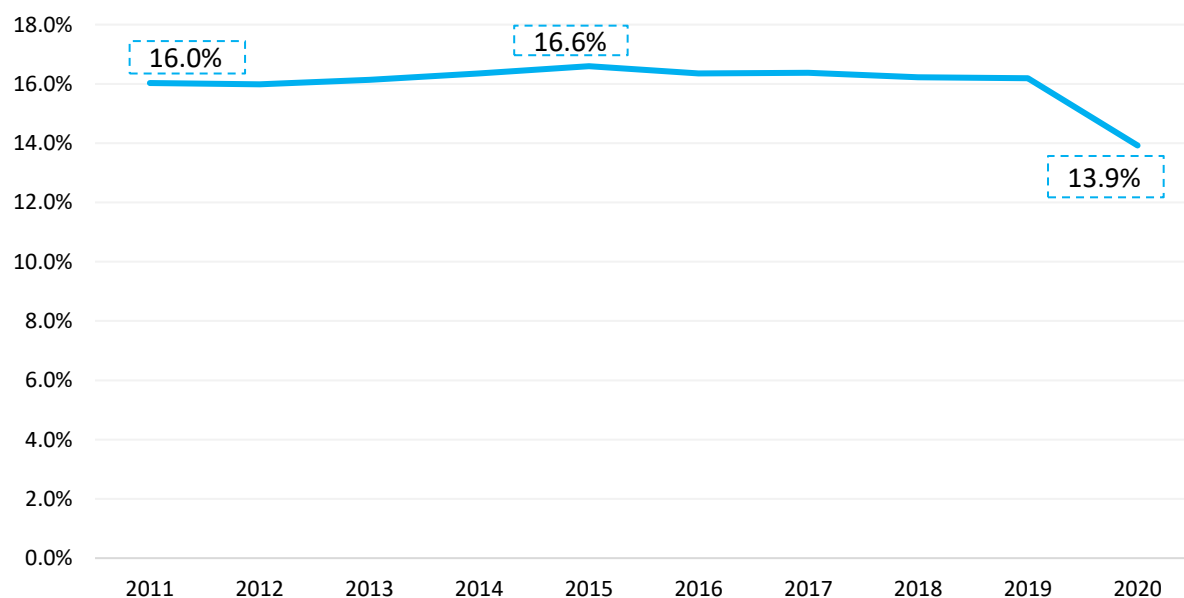
Figure 3 outlines expenditure growth over the past decade. Expenditure on first, second and early years education is the highest out of three areas examined. While first, second levels and early years education and higher education experienced a trough in the first half of the decade (in 2013 and 2014 respectfully) growth following this trough has been more pronounced in first, second levels and early years education with current levels exceeding the original 2011 levels. Higher education remained relatively stable for the period 2014-2017 with growth rates increasing year-on-year from 2017-2020.

Figure 3: Expenditure Growth 2011 – 2020



Source: Department of Public Expenditure & Reform

Figure 4: Education expenditure as a proportion of total Government expenditure, 2011 – 2020



Source: Department of Public Expenditure & Reform

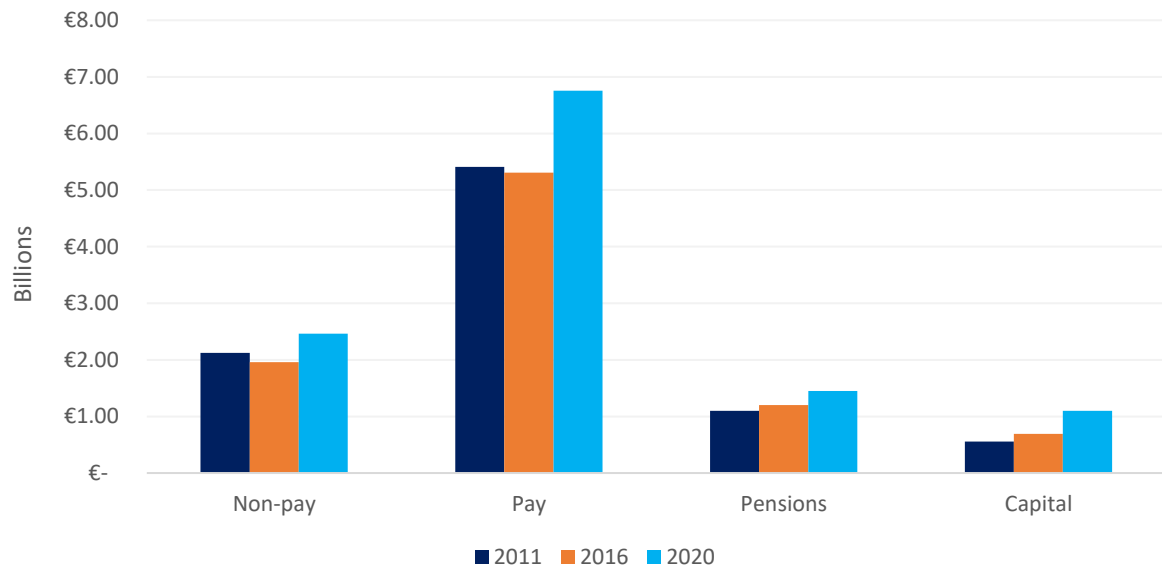
Education represents the third largest element of government expenditure (after Social Protection & Health). Figure 4 (above) illustrates the ten year trend of Education expenditure as a percentage of overall government expenditure. Expenditure in Education remain relatively stable over the period from 16.0% in 2011, to 16.2% in 2019. Expenditure as a

proportion of total government expenditure was at its highest during the period in 2015 at 16.6%. 2020 COVID-19 allocations to other Departments, particularly Social Protection and Health, have led to a large decrease in the overall percentage of Government Spend in Education relative to total Government Expenditure. At the beginning of 2020 the three largest Expenditure areas were Social Protection at 30%, Health at 26% and Education at 16% by year-end these were now at 36%, 25% and 14% respectively. This demonstrates the continued prioritisation of Education throughout the pandemic with additional resources also committed to the sector, albeit at a slightly lower rate than Social Protection and Health where considerable supports were required.

Figure 5 outlines the four components of DES expenditure in 2011, 2016 and end 2020. As with all other labour intensive frontline public services, such as Health, Defence, Garda, etc. pay is the single largest element of expenditure in the education sector. The education paybill in 2011 had already reduced from pre-crisis levels and stood at €5.41 billion, reducing to €5.31 billion in 2016 before reaching just over €6.76 billion in 2020, with reduction and restoration pay deals and changes in staffing levels being the main cause for the fluctuations in paybill over those 10 years. In overall terms, the share of the four expenditure components as a percent of aggregate education expenditure are outlined in Table 1 below. It is worth noting that between 2016 and 2020 current education expenditure increased by €2.19 billion⁸, 65% (€1.43 billion) of which was in the first, second levels and early years' area. 31% of this expenditure (€436 million) was special education expenditure. Special Education is now 18% of total education current expenditure at €1.95 billion, 90% of which is pay related.

⁸ 2020 figure includes c€370 million in COVID-19 current expenditure.

Figure 5: Composition of DES Expenditure, 2011, 2016 and 2020



Source: Department of Public Expenditure & Reform

Table 1: Change in Composition of DES Expenditure (Percentage Share) 2011, 2016 and 2020

	2011	2016	2020
Non-pay	23%	21%	21%
Pay	59%	58%	57%
Pensions	12%	13%	12%
Capital	6%	8%	9%

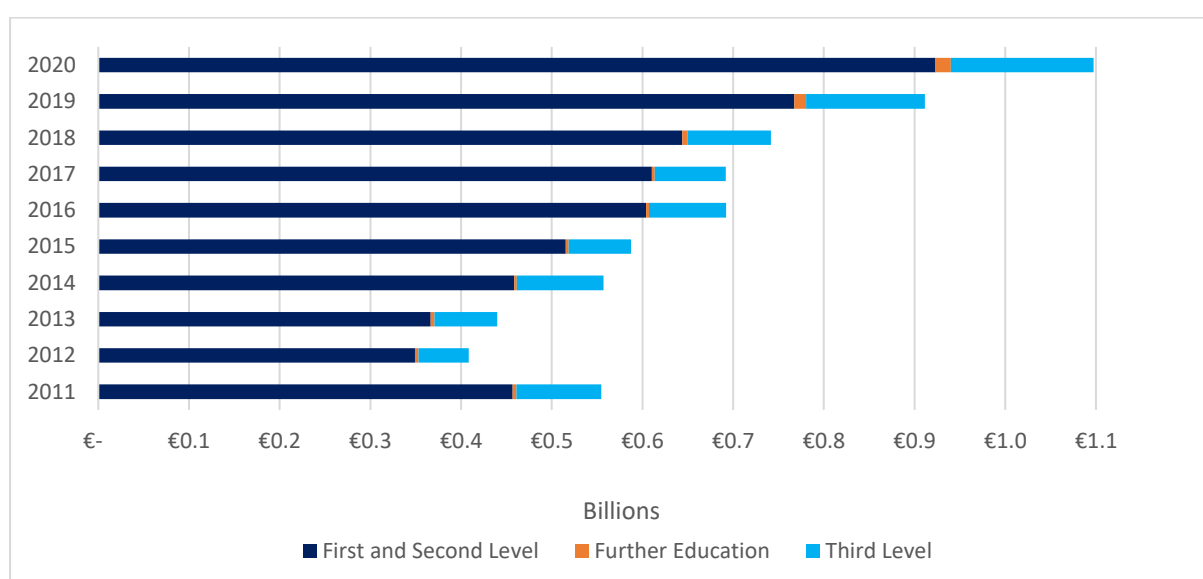
Source: Department of Public Expenditure & Reform

Capital Investment

Figure 6 outlines gross capital expenditure. Examining the years 2011-2020, the annual expenditure on first, second level and early years has increased to €923 million while third level has increased to €157 million. First, second level and early years' expenditure for 2020 included €180 million in COVID-19 supports, to support the preparation of school buildings to the re-opening of schools and support minor works and ICT supports.

Following the outcome of the review of the Capital Plan in mid-2017, an additional €663 million was provided for the Education Sector for 2018-2021. This is in addition to nearly €3 billion already provided for the sector for those years under the Capital Plan (2016-21).

Figure 6: Composition of DES Capital Expenditure, 2011 – 2020



Source: Department of Public Expenditure & Reform

Section 2: Expenditure Drivers

Staffing and enrolment changes

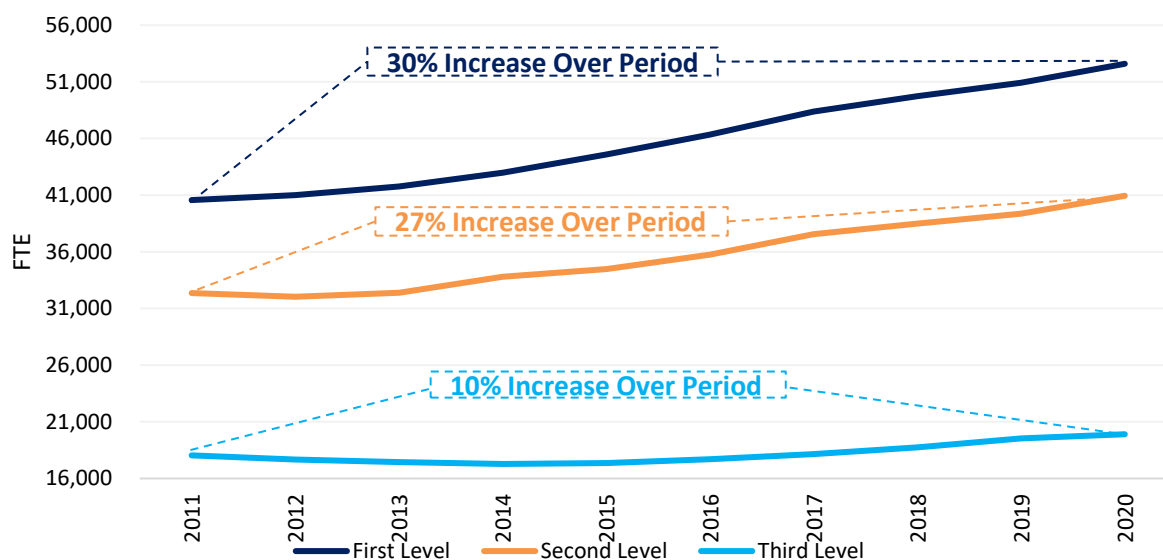
As outlined in Section 1 pay makes up the largest share of Education Expenditure. These pay costs are driven by rates (determined largely by public service pay agreements) and numbers. Numbers have been increasing over the past 10 years in the education sector, particularly at primary and post-primary level. This has been in part due to the movement of a demographic bubble through the school system, resulting in increased enrolments, but was also amplified by policy changes.⁹

Figure 7 outlines staffing trends at first, second and third level. Staffing in the primary education sector has been on an upward trend from 2011 to 2020, growing by 30% over the

⁹ For example Budgets 2016 and 2018 reduced the general average teacher to pupil ratio at primary level.

period. Similarly, second level increased by 27% over the period. Exchequer funded third level staffing had a slower increase of 10% over the same period.

Figure 7: Staffing trend for 1st, 2nd and 3rd Level, 2011 – 2020



Source: Department of Public Expenditure & Reform

Table 2 outlines the increase in students across all three levels of the education sector. Both the primary and post primary sectors saw considerable increases in student numbers with an increase of just over 58,000 (11%) in the primary sector from 2011 to 2020, albeit peaking in 2018/19 and falling slightly thereafter, and an increase of over 39,500 (11%) in the post-primary sector for the same period. In percentage terms, the third level sector saw the largest percentage increase of 21% in student numbers (41,400 students).

Table 2: Enrolments of Full-Time Students (Number) by Year and Level of Education

	2011	2016	2020
First Level			
<i>Enrolments</i>	509,652	553,380	567,716
<i>% Growth</i>		9%	3%
Second Level			
<i>Enrolments</i>	356,107	378,003	395,611
<i>% Growth</i>		6%	5%
Third Level			
<i>Enrolments</i>	194,269	219,482	235,697
<i>% Growth</i>		13%	7%
Total	1,060,028	1,150,865	1,199,024
% Growth		9%	4%

Source: Department of Education & Skills & Higher Education Authority

Table 3: Change in Expenditure Compared with Enrolments

	2011-2016	2016-2020	2011-2020
<i>1st, 2nd and Early Years Education</i>			
<i>Funding (% Change)</i>	-2	31	28
<i>Enrolments (% Change)</i>	8	3	11
<i>Higher Education</i>			
<i>Funding (% Change)</i>	-9	40	27
<i>Enrolments (% Change)</i>	13	7	21

Source: Department of Public Expenditure & Reform and the Department of Education

Table 3 outlines the difference in the percentage changes in expenditure and enrolments for the three periods; 2011 to 2016, 2016 to 2020 and 2011 to 2020. The analysis shows the extent to which first, second and early years' education has been prioritised over higher education. Overall, higher education saw the largest percentage increase in enrolments from 2010 to 2016 while also seeing the largest decrease in funding over this period. This trend has been reversed somewhat in the latter period of 2016-2020.

Special Education

Special education needs expenditure represents over 18% of the Education gross current allocation in 2020 (€1.95 billion). Expenditure on this area increased by 56% (€702m) from 2011 to 2020. An estimated 90% (€1.77 billion) of total expenditure in this area is allocated to pay. This is divided between teacher pay of €1.12 billion (63% of total) and special needs assistants' pay of €0.61 billion (34% of total). There have been various drivers of the increase in expenditure on special education including, the underlying change in the school age population, the increasing proportion of children who are qualifying for SNA and special educational needs supports, and in particular, the increasing number of pupils presenting with an autism diagnosis.

Section 3: Future Challenges and Policy Considerations

COVID-19

Primary and Post Primary Education

The safe re-opening of schools continues to be a key priority in the Government's Response to COVID-19. In July 2020 The Government approved the Roadmap to enable the safe return of schools in September 2020. Similar measures are to be expected this year including enhanced cleaning and hygiene measures, changes to physical arrangements of classrooms to enable social distancing and recruitment of additional staff to support safe and sustained re-opening of schools. There remains considerable uncertainty around these cost estimates and, in this regard, the Department of Education and Skills have put in place monitoring and control mechanisms. Given the size of the sector, with 1 million pupils, 100,000 staff and over 50,000 classrooms, small alterations in measures can have a considerable impact on costs.

Higher and Further Education

As public health restrictions ease, the third level sector is proposing a number of measures proposed to support those returning onsite across the sector and ensure their continued safety, in line with public health advice. Engagement is ongoing between DPER and DFHERIS in relation to the costs associated with these measures.

Beyond the COVID-19 related costs associated with the upcoming academic year, there is also significant demand for third level education for the upcoming academic year, with the CAO

indicating a record number of applications (over 84,500). The use of the accredited grades model for 2021 Leaving Certificate due to COVID-19 restrictions which, like last year, could give rise to grade inflation and will likely add to demand pressures. In July Government agreed to provide over 4,600 further places to strengthen the capacity of the system to address these pressures.

Future Challenges and Policy Considerations

There are a number of challenges facing the Education sector over the short and long term. The most fundamental challenges being managing the demographic shift from primary to post primary level, as well as the future demographic changes, expected growth in superannuation costs, higher participation rates and future funding pressures in the Higher Education Sector. Also, in the Tertiary Education sector there is a need to ensure that both the higher education and further education and training sectors are optimally configured to meet the skills needs of the labour market.

Primary and Post Primary Education

Demographic pressures at primary school level peaked at 567,800 in 2018/19, with the primary school population expected to decline year-on-year from 2019 to 2034.^[1] Furthermore, recent enrolment outturns for 2020/21 show a small fall in primary enrolment numbers as post-primary enrolments continue to climb. It is likely the small decline in primary enrolments indicate the peak has been reached and that numbers will now decline.

This is not an isolated challenge for the primary education sector; a demographic “bubble” is working its way through the education system. While the decrease in demand for primary teachers can be offset to some extent by the non-replacement of retiring teachers, the supply of teachers must be managed at post-primary level to ensure the needs of the sector are being met, particularly with regard to priority areas such as languages and STEM subjects. However, while post primary enrolments peak in 2025, this is expected to be followed by a year-on-year decline for the following decade (up to 2035), resulting in oversupply of teachers at second level. Beyond demographics, operational mechanisms play a role in determining the number of teaching posts each year—understanding them in greater detail will inform better projections of teaching post numbers.¹⁰ The 2021 Spending Review paper on Developing a Model for Mainstream Teacher Allocations provides a more detailed approach to projections on this basis. Thus the supply of teachers at both primary and secondary level needs to be carefully managed over the coming years, while having regard to challenges faced in meeting regional variations. Similarly, regional variations will also need to be managed appropriately to ensure cost-effective and sustainable planning of capital investment in the sector.

^[1] <https://www.education.ie/en/Publications/Statistics/projections/Projections-full-time-enrolment-Primary-and-Second-Level-2017-2035.pdf>

¹⁰ Department of Public Expenditure and Reform and Department of Education Spending Review 2020 Teacher Allocation Model

Higher Education

Demographic changes, higher participation rates and future funding structures continue to pose a considerable challenge in the Higher Education Sector. Full-time student enrolments have increased from 173,649¹¹ in 2015 to 189,904¹² in 2020 with a projected further increase of 25% (238,232¹³) by 2029. Of these enrolments, Non-EU fee-paying student numbers are currently projected to rise from 20,280 in 2019 to 26,939 in 2029¹⁴, however COVID-19 may impact on these projections. In addition to the COVID-19 and stimulus measures highlighted above, recent funding measures have also included a rise in the National Training Fund levy from 0.7% in 2018 to a rate of 1.0% in 2020 - providing an additional recurrent c.€200 million for the HE and FET sectors by 2021.

From January 2020, a new Human Capital Initiative, was established within the National Training Fund to invest c. €60 million per annum from the accumulated surplus in the NTF over a 5-year period. This investment will total c. €300 million over the period 2020-2024 and will be a key investment in HE and FET. The HCI is used to support additional HE and FET programmes and develop skills, at regional and national level, which are close to the labour market and will help buffer the economy from potential economic risks.

Demographic changes, resulting in a larger number of first, second and third levels retirees on the superannuation education payrolls. The actuarial review undertaken as part of the 2018 Spending Review, *Public Service Occupational Pensions in Ireland - Cash Flow Analysis*, projects continued growth in net benefit expenditure in the education sector over time, in line with trends across the public sector. This is a challenge across a number of Government Sectors.

¹¹ <https://statbank.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=EDA99&PLanguage=0>

¹² <https://hea.ie/statistics/data-for-download-and-visualisations/data-for-download/>

¹³ Using S3 baseline scenario from the Department of Education projections of full time demand for third level education.

¹⁴ <https://www.education.ie/en/Publications/Statistics/projections/projections-of-demand-for-full-time-third-level-education-2018-2040.pdf>

Enterprise, Trade & Employment

Summary

- The overall trend of expenditure in the Department of Enterprise, Trade & Employment had been characterised by a steady rise post-2014 in line with broader trends of public spending in the same period.
- 2020 saw a significant increase in expenditure in order to fund measures deployed to assist firms dealing with the impacts of the Covid-19 pandemic as well as broad stimulus measures announced in July 2020.
- Expenditure under Vote 32 in 2020 represented 2% of total Voted expenditure. This increased from just under 1.4% of total voted expenditure in 2019 due almost entirely to increased levels of spending associated with the Covid-19 response.

Section 1: Long-Term Trends

- The long term trends of expenditure in the Department of Enterprise, Trade & Employment (DETE) between 2011 and 2020 show periods of both decreases and increases in expenditure. Overall expenditure experiences a decrease over the three year period from 2012 to 2014 before steadily increasing to the end of 2019. 2020 departs from the steady nature of the trend line for the previous years as expenditure rises dramatically in that year as seen in Figure 1 below. The primary driver for this departure from long term trends was the State's response to the Covid-19 Pandemic including economic stimulus measures announced in July 2020. These measures are broken down in further detail later in this chapter.

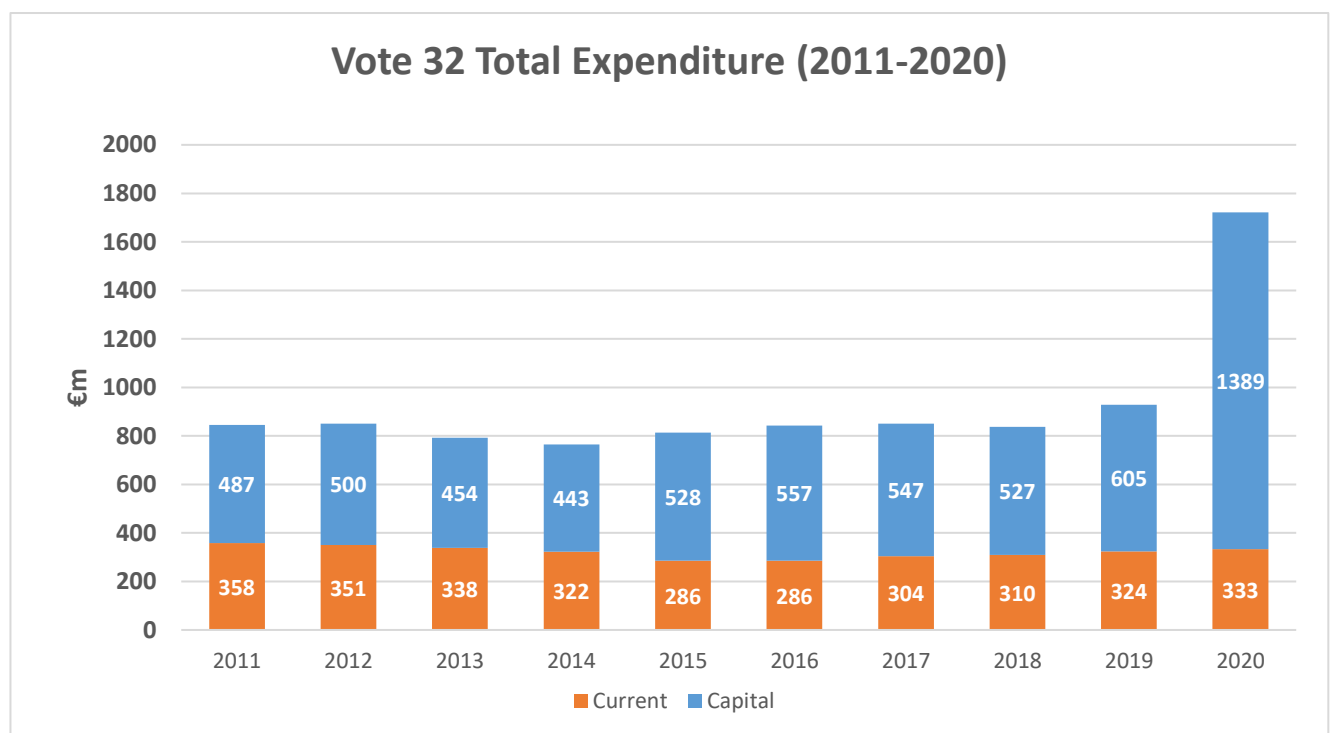


Figure 1.

- Figure 2 and Figure 3 outline expenditure over the period in terms of current and capital expenditure respectively. As can be seen in Figure 2, current expenditure in the Vote decreased consistently over the period from 2011 to 2016. This was largely driven by reduced pay bills brought about by the public service recruitment moratorium. This trend began to reverse beginning in 2017, with 2020 current expenditure 16% higher than 2016. The Jobs & Enterprise Development Programme has the largest current expenditure of the 3 Department functions, averaging 64% of current expenditure over the period. This is primarily driven by agencies such as IDA Ireland and Enterprise Ireland which fall under the DETE remit. The Regulation programme has seen significant investment over the period with 2020 current expenditure 32% greater than it was in 2011.

Enterprise, Trade & Employment Current Expenditure by Programme

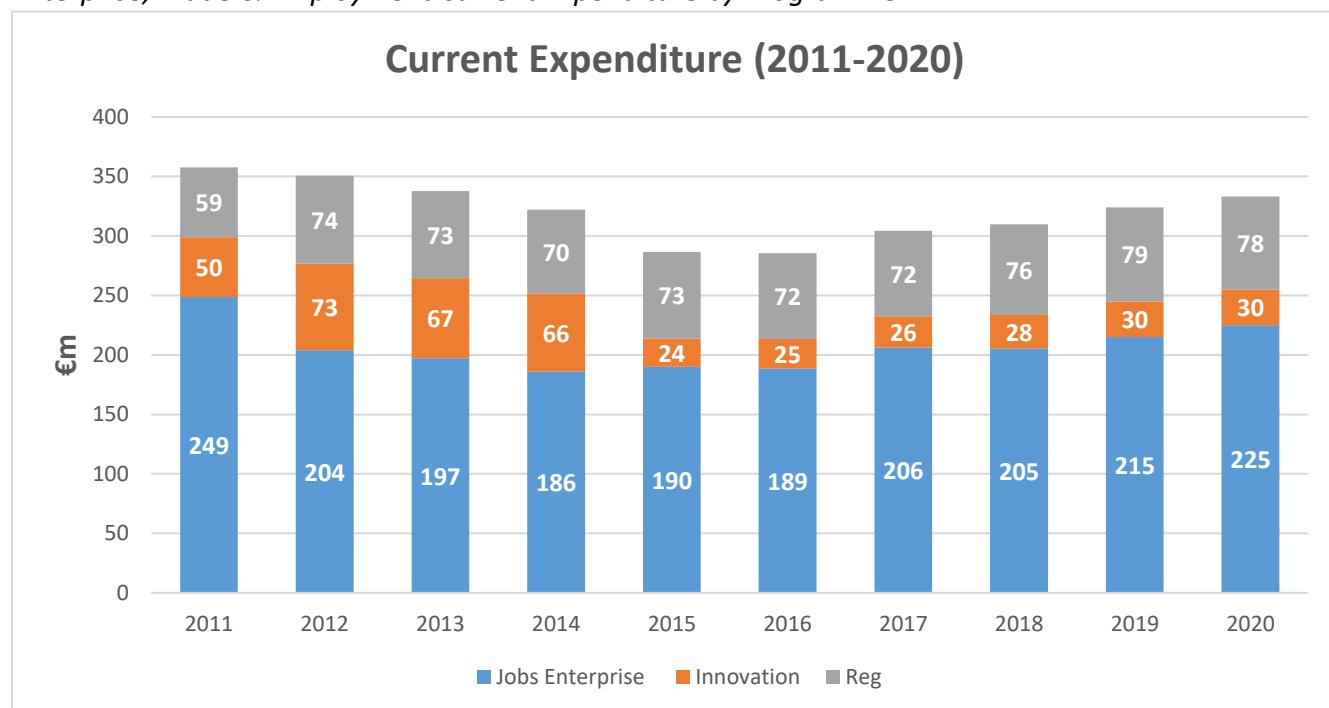


Figure 2

- In terms of capital spend, expenditure had been relatively stable of the course of the period prior to 2020 as outlined in Figure 3 below. Total capital spend reached its lowest level of the period in 2014 with spend of €443m but this was quickly reversed to an upward trend supported by significant increases in spending on the innovation programme. The Innovation programme has consistently been the largest capital expenditure programme within the Departments remit up to the year 2020 when the onset of the Covid-19 pandemic led to the provision of significant funding in the Jobs & Enterprise Development programme. The majority of 2020 capital spending under this programme was spent under the Enterprise Ireland A7 subhead with €732m expended.
- While capital spending has increased in nominal terms since 2014, the increase has been largely consistent with the overall increase in the total allocation to the vote with the exception of the extraordinary circumstances surrounding 2020 expenditure. Between 2011-2014, capital expenditure comprised 57% of vote expenditure on average. This increased to just under 65% in 2015 and remained stable at this level in each year through to the end of 2019.

Enterprise, Trade & Employment Capital Expenditure by Programme

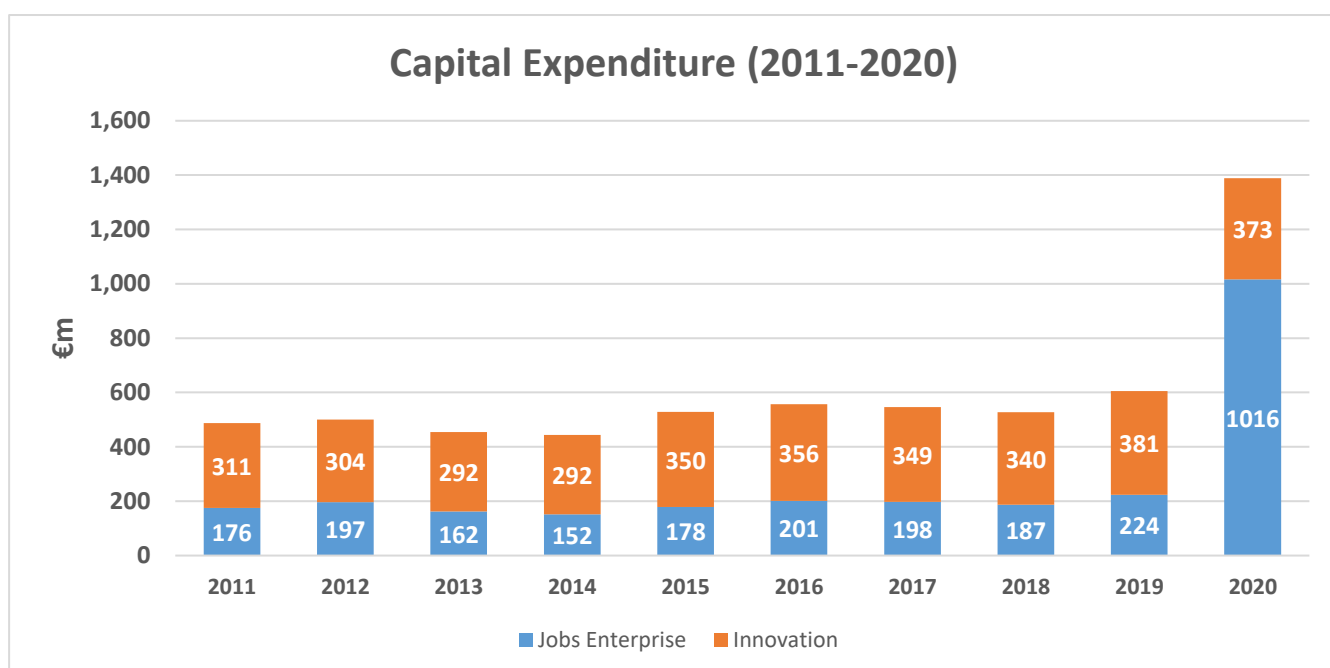


Figure 3

Section 2: Expenditure Drivers

- DETE's main expenditure drivers are influenced by Government Policy and the need for interventions and support for the sector. Spending in the Department has been underpinned by various strategies over the period including multiple iterations of Action Plans for Jobs as well as the Future Jobs Strategy and Innovation 2020.
- Economic and other external factors play a significant role in driving expenditure in the Department. During the financial crisis, significant expenditure was allocated to reducing unemployment by maintaining supports for SMEs and by continuing to attract FDI. Since 2016, one of the key factors which has influenced has been the UK's decision to leave the European Union and the associated impact on the trading relationship between the UK and Ireland.
- 2020 has seen extraordinary levels of spending on the Vote as a result of the Covid-19 pandemic. As can be seen from the foregoing graphs, the increases from 2019 and 2020 have been overwhelmingly capital in nature. The supports which have been funded to assist businesses in this period include direct grant aid such as the Restart Grant Scheme, the expansion of State supported lending mechanisms and focussed supports aimed at assisting businesses to put in place continuity measures or develop an online route to market for example.

Enterprise, Trade & Employment Total Expenditure by Programme

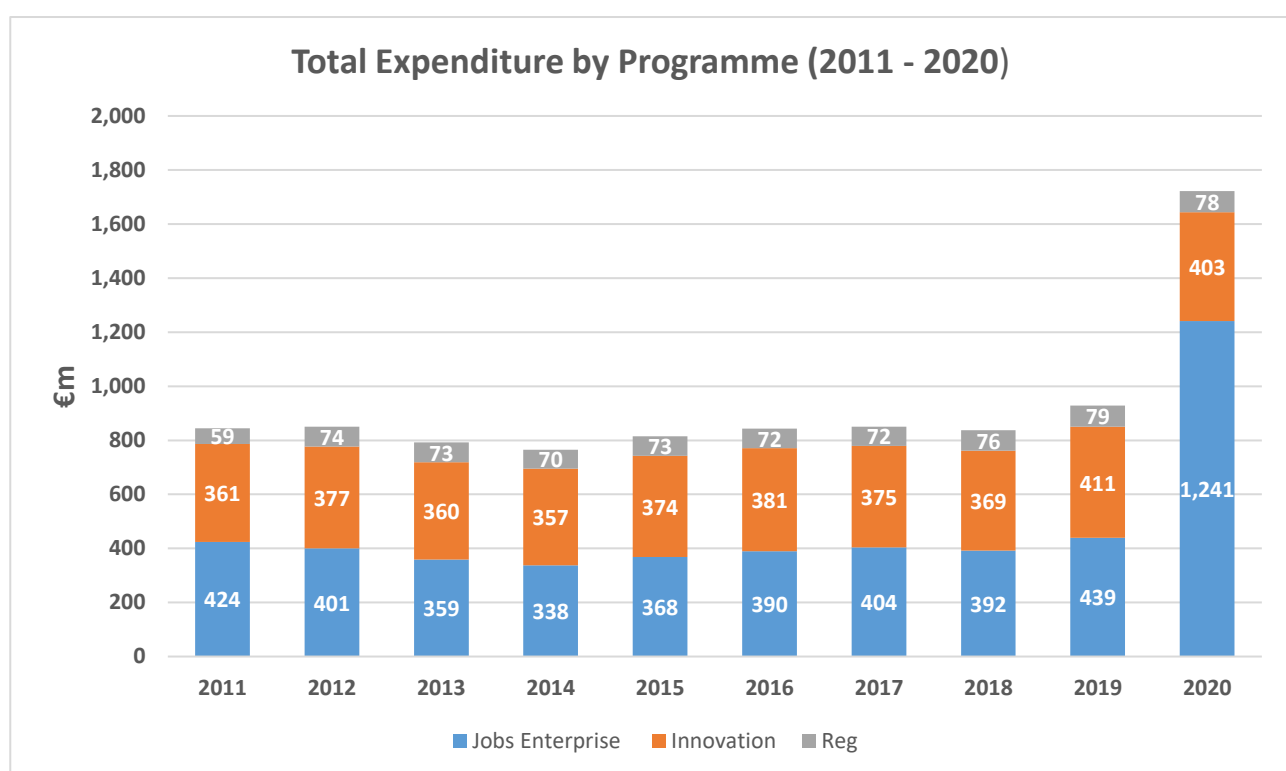


Figure 4

Section 3: Outcomes and Performance Indicators

- The current performance indicators utilised by DETE give a broad overview of the outcomes of various measures. A key indicator on the Jobs and Enterprise Development programme is the number of jobs created by IDA companies in a given year. This helps to demonstrate the impacts of IDA Ireland and the value created by attracting foreign direct investment. However, it should be acknowledged that as a small, open economy, global economic conditions will likely have a significant bearing on this indicator.
- Ireland's global competitiveness ranking is also utilised as a context and impact indicator. This is an important indicator when considering the economy's capacity to sustain job creation via both FDI and indigenous industry, given the demands it may place on infrastructure and housing etc. Competitiveness will likely remain a key issue into the future as economies such as Ireland's continue to transition to carbon neutrality.

DETE Performance Indicators (Source: Revised Estimates/Agency Annual Reports 2011-2019)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
No. of new IDA investment projects won	148	144	164	197	213	242	237	265	250
No. gross new jobs created by IDA client companies in year	13,000	12,722	13,367	15,012	18,983	18,627	19,851	22,785	24,542
No. gross permanent fulltime job gains in EI client companies in year	9,076	7,645	12,532	14,873	15,905	14,814	19,332	18,846	13,298
Total direct expenditure in Irish Economy by IDA/EI client companies	38.2bn	40.1bn	43.4bn	45.3bn	42.2bn	45bn	46.4bn	49.3bn	50.8bn
No. High Potential Start-Ups supported	93	97	104	102	105	105	90	82	91
No. of workplace inspections and investigations undertaken by the HSA	15,000	13,000	12,244	10,719	10,880	10,477	9,934	9,828	10,291
No. of calls made by Consumers to the CCPC call centre	62,000	60,000	56,200	49,432	43,000	44,102	42,112	43,000	41,589
Days lost through strike action	3,483	8,486	14,965	19,238	32,964	71,647	50,191	4,050	36,152

Section 4: Future Challenges and Policy Considerations

Covid-19 (Jobs based recovery)

The onset of the Covid-19 pandemic has had significant consequences for enterprises across the vast majority of sectors. The temporary closure of many businesses has increased the risk of liquidity issues arising. Domestic demand decreased in 2020 as a result of public health restrictions on many businesses but it is anticipated that this will rebound over to coming period. The unpredictable nature of the pandemic has created uncertainty which has created barriers to investment in some sectors.

Despite the various constraints on the economy as a result of public health restrictions, many sectors are proving to be extremely robust with exports continuing to perform very strongly and contributing to the economic performance of the State. However this is not

the case in many other sectors where Covid continues to cause significant disruption. DETE have continued to support enterprises through the expansion of existing State support loan schemes and through grant schemes for local enterprises.

Brexit

The United Kingdom's withdrawal from the European Union has led the creation of trade barriers to a number of products and services exported to the UK. DETE has made significant investments in Brexit preparedness in recent years including the provision of loan schemes in addition to increasing customs clearance capacity through Enterprise Ireland's involvement in the Clear Customs initiative. DETE is continuing to support specific sectors such as the food sector in mitigating the impacts of Brexit through the Capital Investment Scheme for the Processing and Marketing of Agricultural Products in collaboration with the Department of Agriculture Food & the Marine.

Remote Working

The onset of the pandemic has greatly accelerated the utilisation of remote working in workplaces across Ireland. This development has created opportunities to achieve economic, social and environmental benefits. However achieving such benefits presents a range of challenges for both enterprises, workers and Government. DETE is the Department with lead responsibility for workplace regulation and will undoubtedly play a central role in engaging with stakeholders with a view to creating an environment where remote working can succeed. DETE have initiated work on this policy challenge and outlined a range of policy actions in the recently published *Making Remote Work: National Remote Working Strategy*.

Competitiveness

As stated earlier in the chapter, Ireland's global competitiveness is often cited as an important performance indicator when evaluating the business climate within the State. The factors which influence Ireland's competitiveness are broad ranging and require policy inputs from many Government Departments. DETE will continue to carry out a leadership role in fostering a competitive enterprise environment through its continued work in supporting the work of the National Competitiveness and Productivity Council.

Climate Action

In order to meet Ireland's climate objectives, emissions reductions will be required collectively from sectors of the Irish economy and society at large. In its role in developing the enterprise base at a local and national level, DETE will also have a role in supporting enterprises as they seek to lower emissions. DETE will continue to carry out actions as set out in the Climate Action Plan with the aim of achieving the targets set for the enterprise sector.

Digitisation

Digitalisation has been identified as a key strategic priority by Enterprise Ireland as part of their Strategic Framework for 2021. Digitalisation will represent a significant transformation process for Irish enterprises as they adjust to the changing economic and technological environments. Policy and actions in this area is already informed by the EU Digital Strategy and will form part of a number of measures aimed at both improving sustainability within Irish enterprises and improving competitiveness in global markets.

Environment, Climate and Communications

Summary

- The decrease in expenditure under the remit of the Department of the Environment, Climate and Communications from €446m in 2011 to €401m in 2020 does not reflect the changes to Departmental functions and as such is not a like-for-like comparison.
- The Department accounted for approximately 0.5% of overall gross Government expenditure in 2020.
- Expenditure relates to a number of sectoral areas (which have been varied over the years via Transfers of Departmental Functions).
- Capital programmes under the Energy and Communications subheads continue to be the primary drivers of increased expenditure in this period.
- Forecasted increases in capital expenditure for Energy Efficiency programmes and the National Broadband Plan under the National Development Plan will continue to drive increases in the Department's expenditure into the future.
- However, restrictions introduced in response to the COVID-19 pandemic have resulted in significant underspending on the National Broadband Plan from 2020 to date.

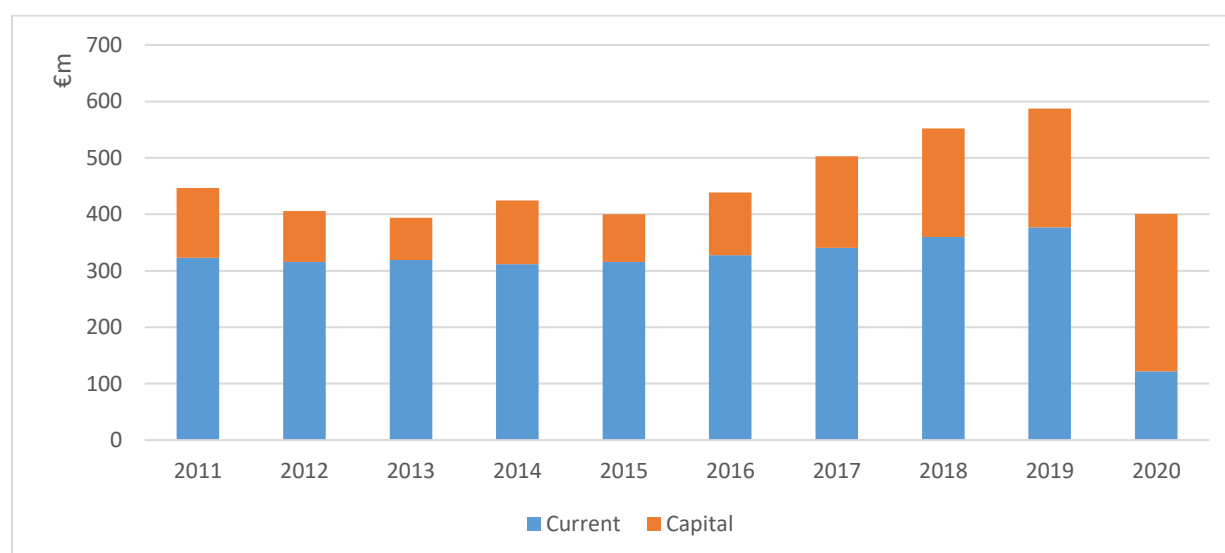
Section 1: Long-Term Trends

2020 Gross Exchequer expenditure of the Department of the Environment, Climate and Communications (DECC), at €401m, is less than 0.5% of overall Government expenditure. This is down from c. 1% in 2019 due to the transfer of a number of functions to other Departments and increased Government spending, concentrated in Social Protection and Health, to tackle the effects of the COVID-19 pandemic.

It should be noted that the Environment and Waste Management programme area, with a 2020 gross spend of €80.9m, was added to the functions of the Department in 2016, and that as such, the total expenditure from 2011 to 2020 depicted in Figure 1 below does not show a like-for-like trend over the period. In addition, there was a transfer in 2020 of the Broadcasting function to the Department of Tourism, Culture, Arts, Gaeltacht, Sport & Media. As such, 2020 expenditure in respect of the Broadcasting programme is reported in the chapter on that Department, and is not included here.

At end-2020, responsibility for the Trading Online Voucher Scheme moved to the Department of Enterprise, Trade and Employment, and responsibility for the Electric Vehicles policy area moved to the Department of Transport.

Figure 1: DECC – Gross Expenditure (€m), 2011 – 2020*



Source: Appropriation Accounts 2011-2019; DECC Provisional Outturn 2020

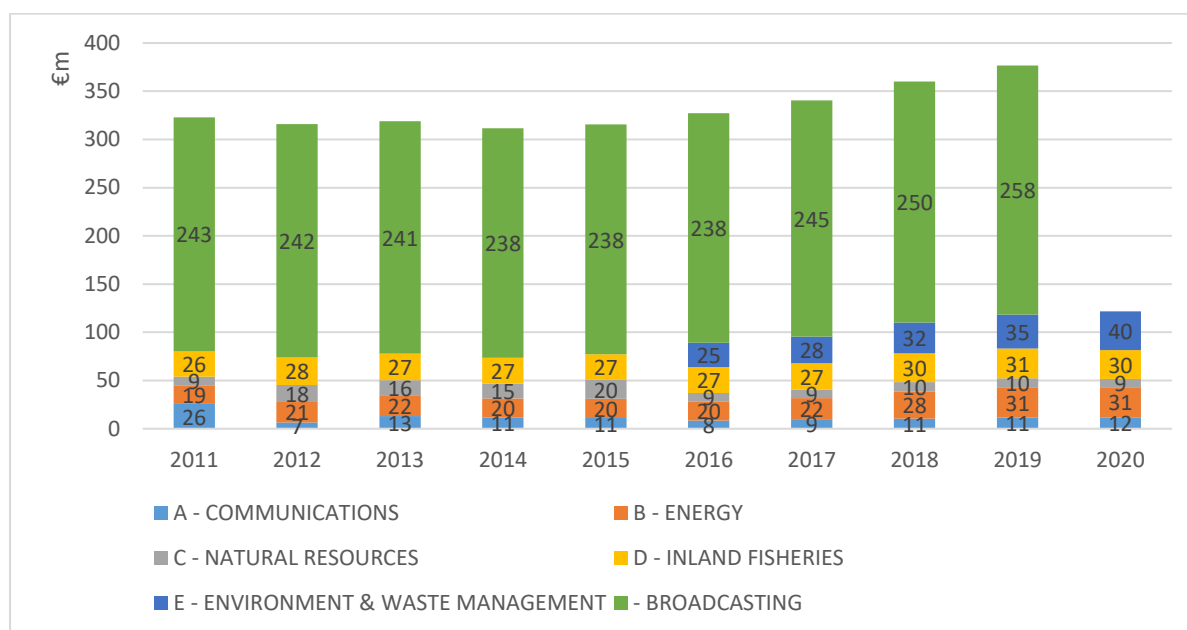
* 2020 outturn figures are provisional and subject to change, and do not include capital carryover amounts

Current Expenditure

Up to end-2019, current expenditure on the Vote was skewed by the ‘pass-through’ nature of TV Licence Fee revenue, which represented 57% of the total gross current expenditure in 2019. These revenues enter the Vote through Appropriations-in-Aid and were simultaneously allocated out to RTÉ, the Broadcasting Fund and An Post (as collection agent) under the Broadcasting Programme. With the transfer of functions, current expenditure reduced by €255m from 2019 to 2020, a reduction of 68%.

From 2020 onwards, the largest elements of current expenditure relate to funding to the Non-Commercial State Bodies under the aegis of DECC: Sustainable Energy Authority of Ireland (SEAI), Inland Fisheries Ireland (IFI), and the Environmental Protection Agency (EPA).

Figure 2: DECC – Gross Current Expenditure by Function (€m), 2011 – 2020



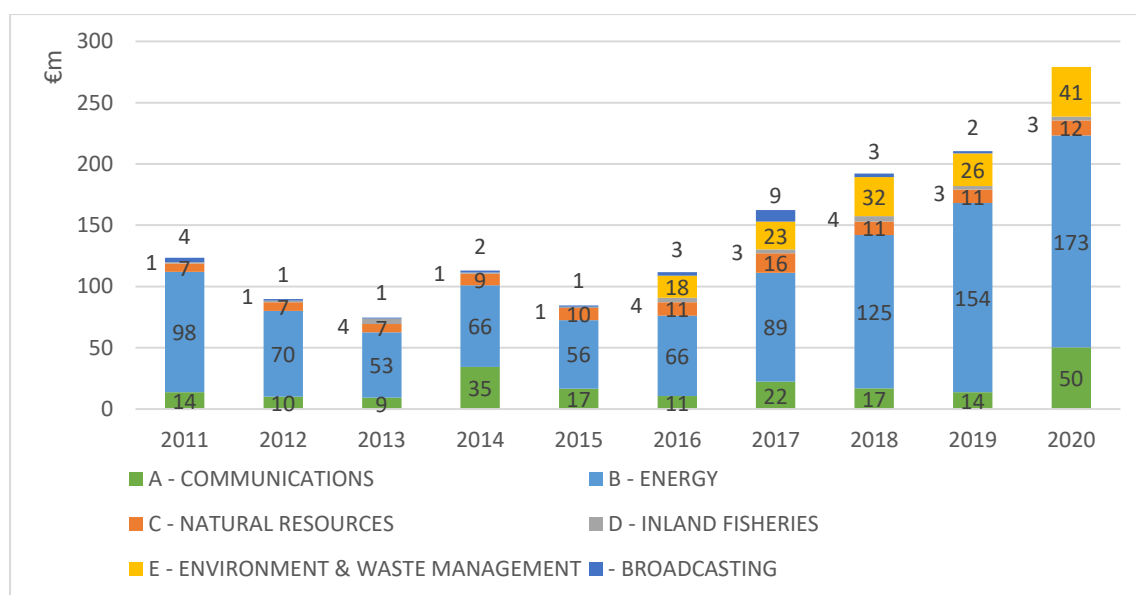
Source: Appropriation Accounts 2011-2019; DECC Provisional Outturn 2020

Capital Expenditure

Over the period 2011 to 2020, Energy expenditure has consistently accounted for the majority of the total Capital expenditure on Vote 29, ranging from 80% in 2011 to 55% in 2017. In 2020, this accounted for 62% of all Capital expenditure¹⁵. This spending is primarily directed toward the Better Energy Programme, the energy efficiency upgrade scheme operated by the SEAI. In addition, the €50m 2020 cost of purchasing the statistical transfer of energy from renewable sources for target compliance purposes is included within the Energy programme.

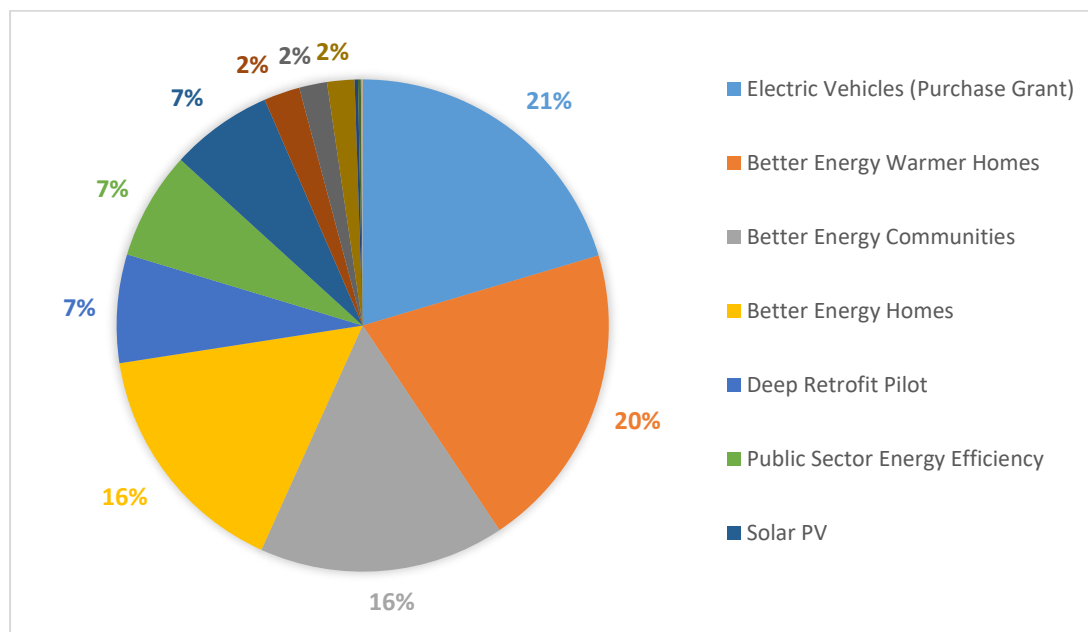
¹⁵ Excluding carryover amounts.

Figure 3: DECC – Gross Capital Expenditure by Function (€m), 2011 – 2020



Source: Appropriation Accounts 2011-2019; DECC Provisional Outturn 2020

Figure 4: Subhead B.4 - Sustainable Energy Programmes - Gross Expenditure 2020



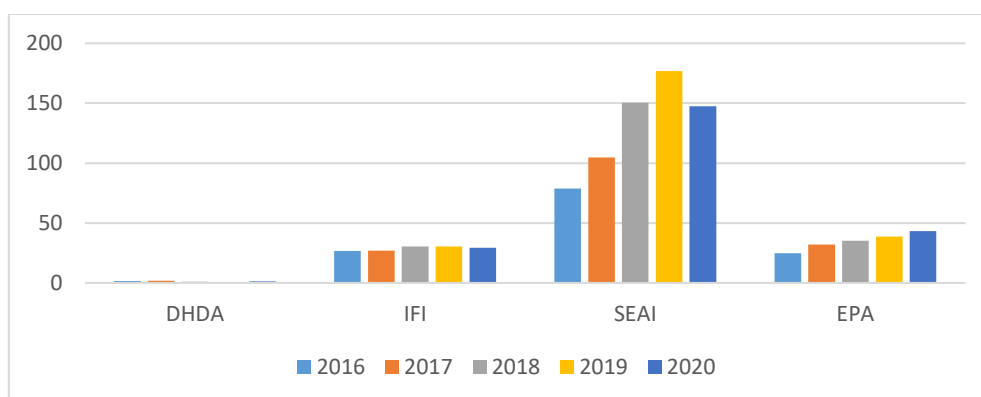
Source: Department of the Environment, Climate, and Communications Figures

Non-Commercial State Bodies Expenditure

Under the Capital Plan 2016-21 and subsequently the National Development Plan (NDP) 2018-27, a significant ramping up of capital expenditure on energy efficiency schemes has been planned. As a result, from 2016 to 2020, Exchequer energy efficiency funding to the SEAI has

increased by approximately 90%. In 2020, expenditure in this area of €127m is down from a peak of €151m in 2019 with programmes being impacted by COVID-19.

Figure 5: Gross DECC Funding of Non-Commercial State Bodies - SEAI, IFI, EPA, & DHDA, 2016-2020



Source: Appropriation Accounts 2011-2019; DECC Provisional Outturn 2020

*Figure for EPA expenditure only represents portion of funding received from DECC (Vote 29). This figure does not include portion of Exchequer funding EPA receives from either DHLGH (Vote 34) or the Environment Fund.

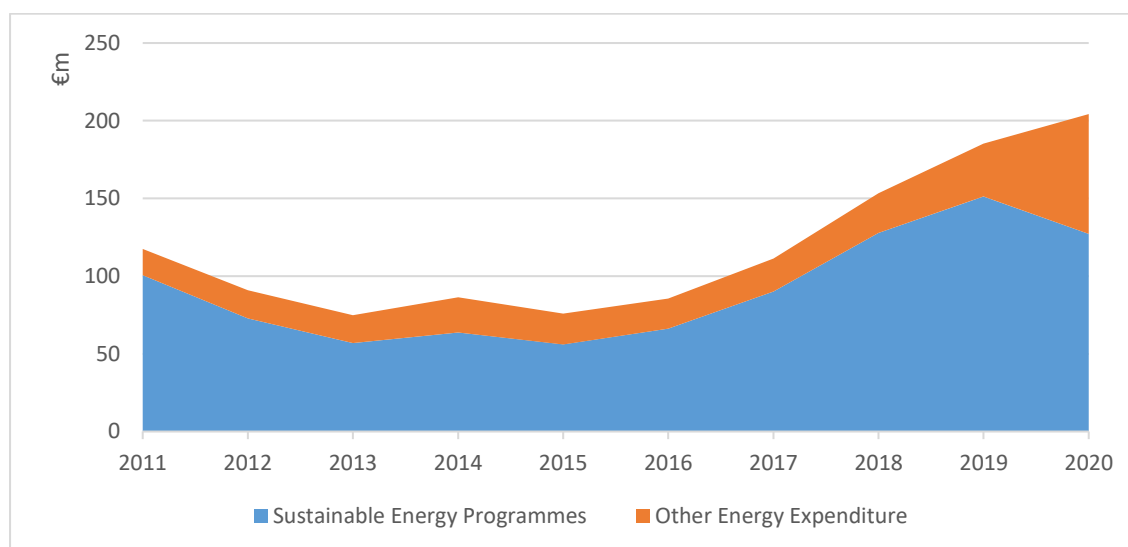
Section 2: Expenditure Drivers

Government commitments to the National Broadband Plan and climate change measures continue to account for a significant amount of expenditure.

Sustainable Energy Programmes

As detailed above, Energy expenditure is consistently the largest area of Capital expenditure for Vote 29, and an average 77% of that annual expenditure has gone toward the Sustainable Energy Programmes subhead over this period.

Figure 6: DECC – Programme B: Energy - Gross Expenditure (€m), 2011 – 2020



Source: Appropriation Accounts 2011-2019; DECC Provisional Outturn 2020

Under the National Development Plan (NDP) (2018-27), a significant ‘ramping up’ of expenditure was envisioned for Energy capital expenditure, amounting to approximately €5.5bn.

This expenditure is driven by a number of energy efficiency schemes managed by the Sustainable Energy Authority of Ireland (SEAI), primarily the following programmes:

Better Energy Programme

Operated on behalf of the Department by the SEAI, this is the umbrella programme for a number of schemes that provide full and partial grant aid to householders, communities and people at risk of energy poverty to make energy efficiency improvements.

Two papers on the Better Energy schemes were published as part of the 2020 Spending Review process:

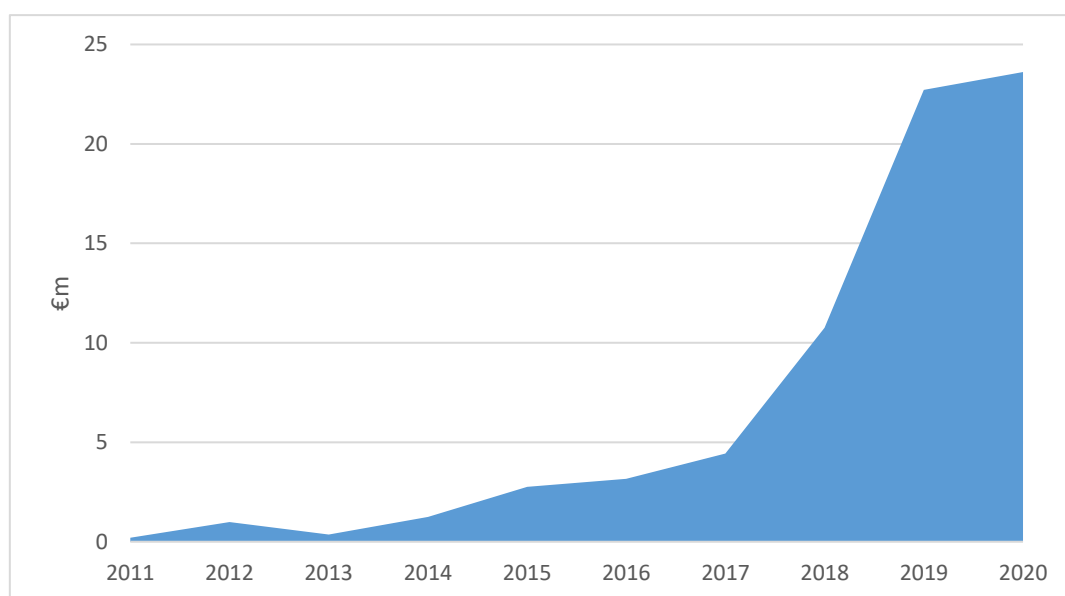
- An analysis examining the effect these schemes have had on energy efficiency and greenhouse gas emissions in the residential building stock. This paper found that these existing support schemes, while effective prior to the Climate Action Plan, are not sufficient to achieve the goals set out in the Climate Action Plan and Programme for Government. New schemes are required which will align with the BER-B2 and Heat pump targets.
- A Social Impact Assessment of the recipients of the two Energy Poverty-related schemes, Warmer Homes and Communities. This paper established a profile of Warmer Homes scheme users and established the number of users within the

energy poverty aspect of the Communities scheme but also found that there was a lack of collection of useful indicators.

Electric Vehicles (EVs) Scheme

In place since 2011, this scheme has provided grant support for the purchase of EVs and has seen funding increase in line with the rise in models and charging points available, particularly since 2018.

Figure 7: Gross Expenditure on Electric Vehicles, 2011-2020



Source: Department of the Environment, Climate, and Communications figures

An analysis of incentives for the EV Scheme was published as part of the 2019 Spending Review process. It found that Ireland's current range of financial incentives are among the most generous in the world and concluded that it would be extremely costly to maintain the current range of financial incentives over the medium term.

Funding for the scheme doubled between 2018 and 2019, and in 2020 was increased further to €36.6m. Outturn on EV schemes for 2020 was some €26.3m. While the number of EV registrations up to end-March 2020 were 15.6% ahead of the same period for 2019, in April and May 2020 they were down 46% for the same period as a result of COVID-19.¹⁶ It is important to note that at end-2020, responsibility for Electric Vehicles moved from the SEAI to the Department of Transport.

¹⁶ CSO Statbank, Vehicle Licensing Statistics Monthly Series, TEM12: New Vehicles Licensed for the First Time by Type of Vehicle Registration, Type of Fuel and Month

Broadband

Under the Capital Plan (2016-21) and NDP (2018-2027), a steady increase in funding for the National Broadband Plan (NBP) from 2016 onwards was anticipated to provide early funding for the preliminary stages of development, before the full scale roll-out once tendering for the project was complete. However, delays to the tendering process prevented the deployment from commencing, resulting in a consistent underspend of allocations.

Figure 8: Capital Provision for NBP - Capital Plan (2016-21) & NDP (2018-27)¹⁷

	2016	2017	2018	2019	2020
Subsidy (€m)	10	10	30	75	75

Source: Infrastructure and Capital Investment Plan 2016-2021, National Development Plan 2018-2027

Figure 9: National Broadband Plan Expenditure 2013-2020

Year	Expenditure (€)	REV Allocation (€)¹⁸
2013	394,507	500,000
2014	681,327	1,388,000
2015	2,978,464	4,100,000
2016	2,345,659	10,000,000
2017	10,050,428	15,000,000
2018	8,330,653	15,000,000
2019	6,131,959	60,000,000
2020	25,959,000	77,370,000

Source: Appropriation Accounts 2011-2019; DECC Provisional Outturn 2020

Prior to the signing of the tender contracts in November 2019, expenditure on the NBP had been directed toward technical support, network design, and consultation/advice on corporate, economic, legal and environmental matters. As the contract for the NBP was signed, it was anticipated that expenditure would increase significantly to match the allocated amounts. However, a further underspend was recorded in 2020, and is also expected for 2021, due to the following factors:

- COVID-19 has impacted operations and the level of progress expected, which will result in costs not incurred this year falling into subsequent years.
- Project costs incurred by National Broadband Ireland (NBI), the consortium appointed to implement the National Broadband Plan, have been less than forecasted to date.

¹⁷ These indicative figures were published prior to the signing of the contract for the NBP in November 2019. Subsequent allocation and expenditure amounts were revised significantly, as outlined in Figure 9.

¹⁸ Excluding Capital carryover amounts.

- A change in the treatment of VAT on subsidy payments, as determined by the Revenue Commissioners, resulting in VAT no longer being included in the spend forecast.

Section 3: Future Challenges and Policy Considerations

COVID-19

The COVID-19 pandemic has had a significant impact on the drivers of expenditure on Vote 29 in 2020, and this continues into 2021. Social distancing measures and restrictions on economic activity during the lockdown have curtailed construction activity. As a result capital spending on a number of large projects, such as the NBP and the SEAI Energy Efficiency grants, has fallen behind the expected levels of expenditure.

The provision of high-speed telecommunications networks is key to sustainable economic and social development, a fact which has been reinforced by COVID-19, and will be essential to supporting continued remote working post-COVID. The NBP network build commenced during 2020 and the deployment plan envisaged a seven-year rollout with completion by end-2026. The Programme for Government committed to exploring options for accelerating the NBP Project timeline. Commercial operators are continuing to invest in building broadband networks despite economic uncertainty resulting from COVID-19 and Brexit, largely in the non-intervention area (cities, towns etc.). DECC is assessing the available options for accelerating the deployment to avoid regional imbalances being exacerbated by commercial investment in profitable areas.

Similarly SEAI and other bodies for which the Department is responsible have experienced some impacts from COVID-19 and Brexit in the form of construction delays and reduced demand for programmes. Catching up with delays and meeting targets will be a policy challenge for the Department and the bodies under its aegis into 2021 and in the coming years.

The COVID-19 restrictions may also have had an indirect impact on EirGrid (TSO) and ESBN (DSO), as overall electricity demand fell sharply during March-May 2020 but has since recovered.

In response to the lockdown, the Commission for the Regulation of Utilities (CRU) introduced a temporary moratorium on domestic electricity and gas disconnections in March 2020 and increased emergency credit levels for all gas prepayment customers. Due to subsequent level restrictions the CRU introduced temporary moratoria from the 24th October to 1st December 2020 and the 8th January to 1st June 2021. For non-domestic customers, a Supply Suspension Scheme was also introduced to give small and medium businesses a temporary exemption from network charges, this scheme ran from 1st May 2020 to 31st July 2020.

Climate Change

The Programme for Government: Our Shared Future commits to an ambition of more than halving Ireland's greenhouse gas emissions over the course of the decade 2021 – 2030 and to reaching net zero emissions by 2050, of meeting at least 70% of electricity demand by renewable power by 2030, and of retrofitting at least 500,000 homes to a B2 BER rating by 2030, and to doing so from a Just Transition perspective. Failure to meet these targets can lead to increased compliance costs, and this ambition will be underpinned by the Climate Action and Low Carbon Development (Amendment) Bill 2021, which places these targets on a legislative footing, with binding carbon budgets for greenhouse gas emissions allocated on a sectoral basis. Ireland has also committed to achieving the United Nations Sustainable Development Goals nationally by 2030, as well as supporting global efforts to implement them. Given the scale of this challenge, increased public funding to achieve the necessary reductions in greenhouse gas emissions and increases in energy efficiency and renewable energy is likely to be required in the short to medium term. That said, public expenditure will not be the only means of meeting this challenge, and will need to be complemented by taxation, regulation and behavioural change across all aspects of society.

The European Council and European Parliament reached political agreement on the EU Climate Law in April 2021. This will enshrine in EU law the new, higher target of a 55% reduction in greenhouse gas emissions by 2030. The Commission is now focusing on overhauling relevant climate and energy legislation on everything from renewables to energy efficiency, buildings, land use, energy taxation, effort sharing, and emissions trading, to align with the newly proposed target. All of this has the potential to have a significant impact on Ireland's already extremely challenging ambitions.

Energy

The goal of Irish energy policy is to facilitate a transition to a low carbon energy system, which provides secure supplies of competitive energy to citizens. Ireland's National Energy and Climate Plan sets out how this will be achieved by ensuring, amongst other commitments, that renewable energy represents a 34% share of all energy consumption by 2030, with at least 70% of electricity provided from renewable sources. The Provisional Energy Balance from the SEAI shows that energy from renewable sources grew by 8.5% in 2020 and accounted for 13.3% of total energy, demonstrating the scale of the challenge facing energy policy over the decade.

In addition, it is expected that the EU-wide 2030 targets for renewable energy and energy efficiency will increase as part of the forthcoming revision to the Renewable Energy Directive under the EU Commission's 'Fit for 55 package' to reduce emissions by at least 55% by 2030. A failure to achieve these targets, or periodic milestones on the path towards them, will give rise to additional compliance costs in line with the rules governing the EU Energy Union.

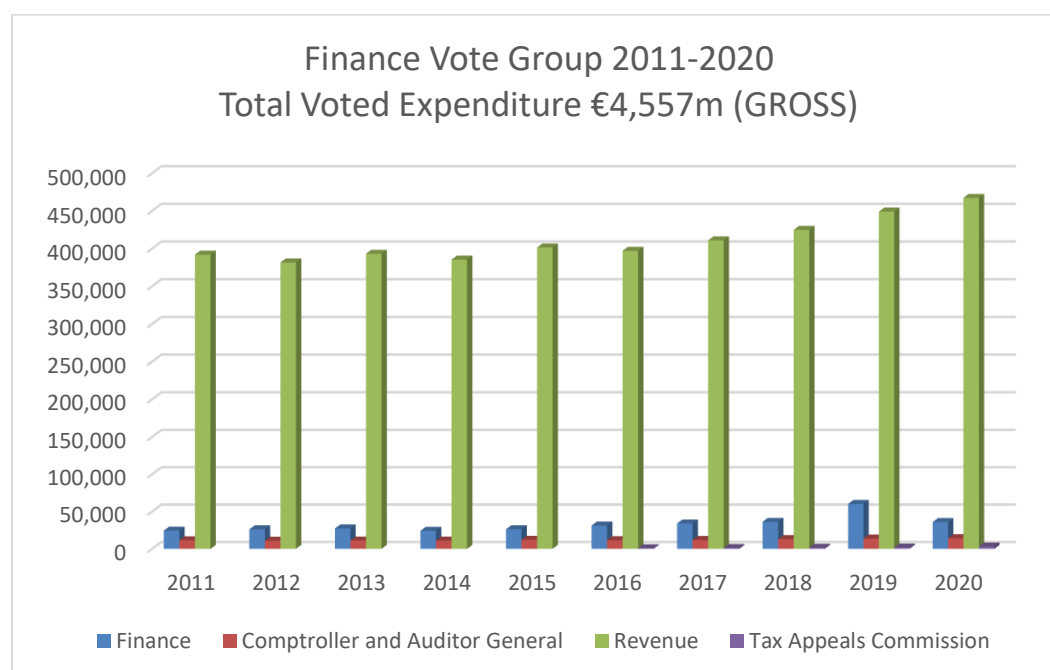
Finance

Victoria Cahill, Catherine Grennan

The Finance Group of Votes consists of:

- Vote 7 – Finance
- Vote 8 – Comptroller and Auditor General
- Vote 9 – Office of the Revenue Commissioners
- Vote 10 – Tax Appeals Commission

Figure 1 – Total Voted Finance Group Expenditure, 2011-2020



Summary

Total voted expenditure for this Departmental Group 2011-2020 is €4,557m.

Department of Finance

The Department of Finance manages government finances and plays a central role in the achievement of the government's economic and social goals having regard to the Programme for a Partnership Government.

C&AG

The objectives of the Office of the Comptroller and Auditor are to carry out high quality audits efficiently, in a timely manner, and in accordance with International Standards on Auditing; to produce reports that facilitate scrutiny of audited bodies by the Oireachtas and which contribute to better public administration; and to authorise the timely release of funds from the Exchequer on foot of requisitions by or on behalf of the Minister for Finance.

Revenue

The Office of the Revenue Commissioners, as the Irish tax and customs administration, plays a vital role in our economy by collecting the vast majority of the taxes and duties due to the State. These receipts underpin Government's capacity to fund vital services and facilities for society.

Tax Appeals Commission

The Tax Appeals Commission (TAC) was established on 21 March 2016 and replaced the former Office of the Appeal Commissioners.

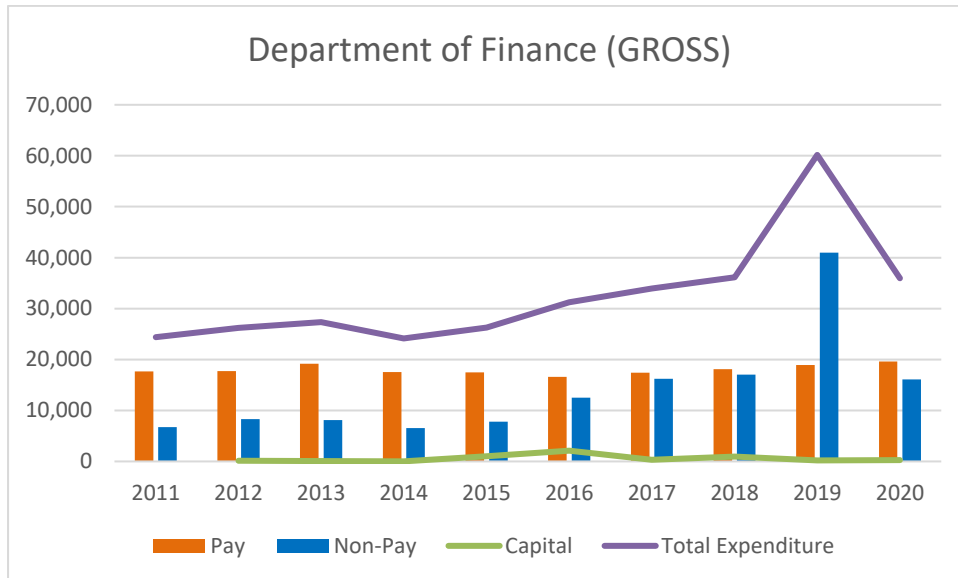
The principal purposes of the establishment of the new structure for tax appeals were to:

- ensure an enhanced and cost-effective appeal mechanism for tax cases
- provide transparency and increased certainty for taxpayers
- ensure that the Appeal Commissioners be seen as fully independent, and
- ensure that there be no actual or perceived bias in the operation of the appeals system.

Section 1: Long-Term Trends

Department of Finance

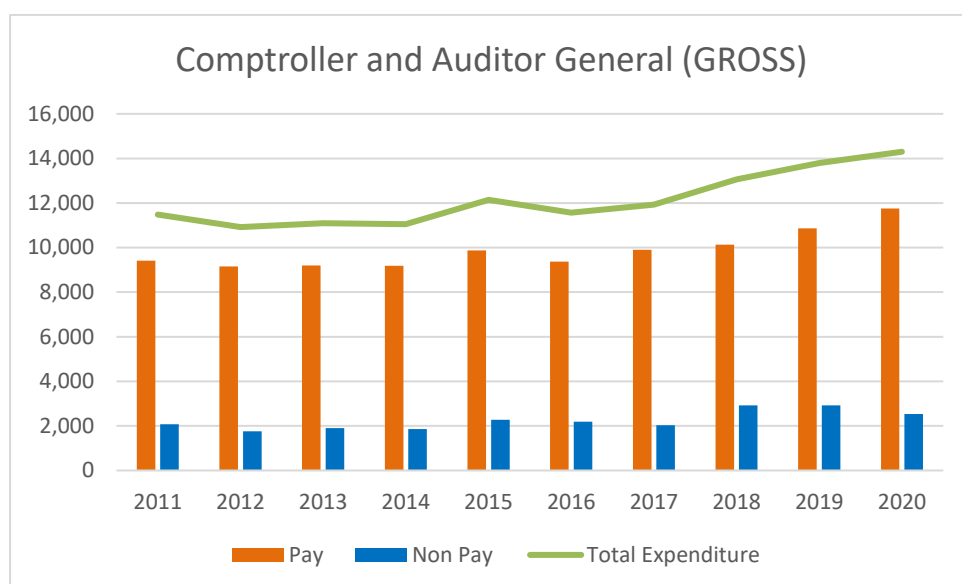
Figure 2 – Expenditure by the Department of Finance, 2011-2020, €000s



Total Voted Expenditure on the Department of Finance equalled €325.8m within the period 2011-2020. Funding remained relatively stable between 2011 and 2015. Since 2015 it has increased slightly year-on-year. The non-pay increase in 2019 reflects a Supplementary Estimate provided on Vote 7 in relation to the settlement of a case pertaining to Air Travel Tax. Funding levels normalised in 2020 with a small increase in pay reflecting recruitment in the Department and public service pay agreements.

Comptroller and Auditor General

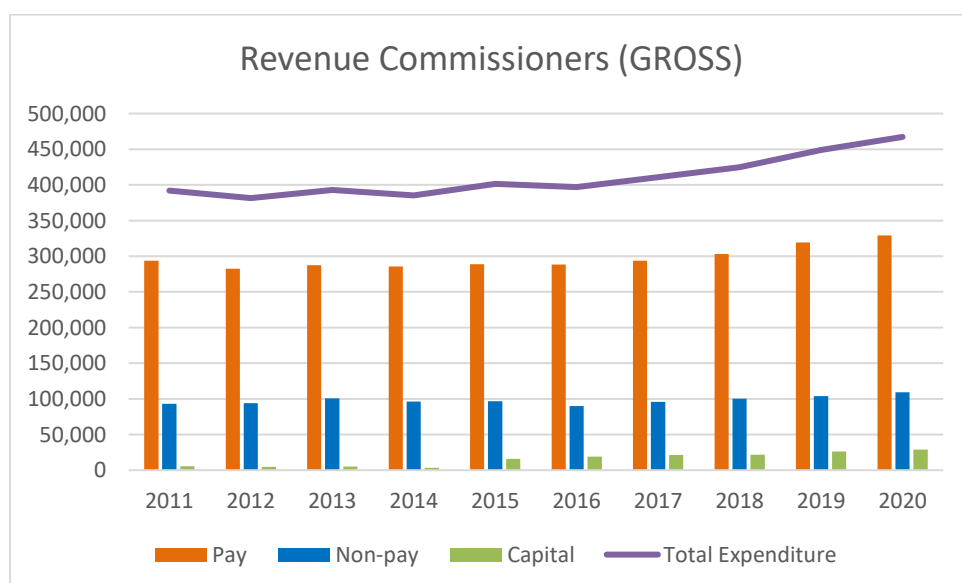
Figure 3 – Expenditure by the Comptroller and Auditor General, 2011-2020, €000s



Total Voted Expenditure of the Comptroller and Auditor General equalled €121.3m within the period 2011-2020. Overall, the expenditure, both pay and non-pay, increased steadily during the course of the decade. From 2011 to 2020, gross annual expenditure has increased from €11.5m to €14.3m, an increase of €2.8m or 24.5%.

Revenue Commissioners

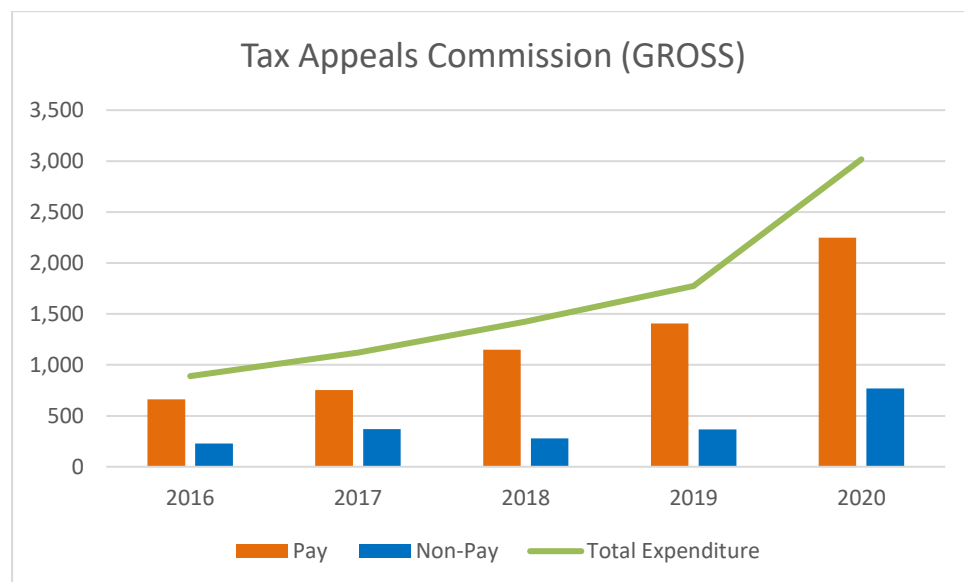
Figure 4 – Expenditure by the Revenue Commissioners, 2011-2020, €000s



Total Voted Expenditure of the Revenue Commissioners equalled €4,102m within the period 2011-2020. From 2011 to 2020, gross annual expenditure has increased from €391.9m to €467.2m an increase of €75.3m or 19.2%.

Tax Appeals Commission

Figure 5 – Expenditure by the Tax Appeals Commission, 2016-2020, €000s



Total Voted Expenditure of the Tax Appeals Commission equalled €8.228m within the period 2016-2020. From 2016 to 2020, gross annual expenditure increased from €0.89m to €3.018 an increase of €2.128m or 239%.

Section 2: Expenditure Drivers

Figure 6 – Department of Finance detailed expenditure, 2011 - 2020

	2011	2020	Variance
(i) Salaries, wages and allowances	17,478	19,649	12%
(ii) Travel and Subsistence	299	282	-6%
(iii) Training and development and incidental expenses	666	1,510	127%
(iv) Postal and telecommunication services	708	228	-68%
(v) Office equipment and external IT services	982	835	-15%
(vi) Office premises expenses	825	403	-51%
A/B.3 Committees And Commissions	352	309	-12%
A/B.4 Consultancy And Other Services	2,230	2,023	-9%
A.5 Fiscal Advisory Council (Grant-In-Aid)	222	—	—
A.5 Fuel Grant	—	9,969	—
A.6 Commissions And Special Inquiries	2	—	—
B.5 Office Of The Financial Services Ombudsman	629	768	22%
Total	24,393	35,976	47%

The drivers of expenditure for the **Department of Finance** are:

- **Salaries, wages and allowances:** while remaining relatively stable from 2011-2018, the pay bill increased from 2019 to provide for recruitment and for the Lansdowne Road and Public Service Stability Agreement. Expenditure in 2020 accounts for 55% of total gross expenditure.
- **Fuel Grant:** €10.5m was provided in 2020 for the Fuel Grant under the Disabled Drivers and Passengers (tax Concessions) Scheme. The grant has been paid since 1 January 2016 in respect of fuel used in the previous 12 months. €9.9million was spent to year end 2020, accounting for approximately 27% of total expenditure.
- **Consultancy:** in 2020, €2million was spent by the Department in relation to policy advice and legal advice. This accounted for approximately 6% of expenditure. The outturn in any year in this category of expenditure depends on the work ongoing within the Department and the amount of potential legal cases concerning the Department take place.

As indicated in figure 7, the majority of expenditure by the **Office of the Comptroller and Auditor General** in 2020 was accounted for by salaries (82%) and contracted out audit services (6%).

Figure 7 – Detailed expenditure, 2011 - 2020

	2011	2020	Variance
(i) Salaries, wages and allowances	9,407	11,759	25%
(ii) Travel and Subsistence	469	156	-67%
(iii) Training and development and incidental expenses	297	467	57%
(iv) Postal and telecommunication services	150	55	-63%
(v) Office equipment and external IT services	410	703	71%
(vi) Office premises expenses	233	130	-44%
(vii) Consultancy services and value for money and policy reviews	103	170	65%
(viii) Legal fees	12	37	208%
(ix) Contract audit services	406	824	103%
Total	11,487	14,301	

The most significant variations in expenditure in the period 2011 – 2020 relate to:

- **Salaries, wages and allowances** – due to the steady increase in staff numbers from 152 to 180 (as more resources were put into financial audits in order to clear arrears of audits; additional effort on certain audits such as third level education audits, more focus on propriety in financial audits; increasingly demanding auditing standards and increases in reporting resources since 2018).

- **Travel and subsistence** – due to the public health emergency business travel decreased significantly during 2020 which is the main reason for the 67% decrease in expenditure.
- **Training and development** – there has been a steady increase in this expenditure due to year-on-year increases in staff number, a relatively stable rate of staff turnover (approx. 10%) and the Office’s focus on continuous professional development.
- **Office equipment and information technology** – prolonged remote working arrangements which were in place during 2020 contributed to increased costs of equipment and additional licences.
- **Outsourcing audit costs** – the use of contract audit services has been key to advancing the timeliness of financial audit certification. The cost of contracting out audits increased over the last decade due to the high market demand for the services.

The Office may charge fees for audits, inspections or examinations in accordance with section 12 of the Comptroller and Auditor General (Amendment) Act 1993 subject to the consent of the Minister for Public Expenditure and Reform. These fees are classified as appropriation-in-aid.

The recovery policy in relation to charging audit fees is as follows:

- fees are charged for all State-sponsored bodies and most departmental fund accounts
- fees are not charged for the audit of appropriation accounts, Finance Account, inspections or value for money examinations
- fees aim to recover the outlay in carrying out audits for which fees are chargeable.

Since 2001, the Office policy has been to adjust fees to as close as possible to full cost recovery levels over a rolling three-year period. The year-on-year timing of receipts related to arrears or their reduction may have impact on the level of receipts in the year.

The main driver of **Revenue’s** expenditure is the steady increase in their customer base (i.e. the number of active taxpayers – businesses, employers/employees, traders, property owners, etc). The table below illustrates this growth trend over the past 10 years:

Number of Taxpayers	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PAYE Employments	2.60m	2.31m	2.30m	2.41m	2.51m	2.62m	2.75m	2.96m	3.18m	3.22m
Self-assessment Income Tax	0.6m	0.6m	0.6m	0.6m	0.7m	0.7m	0.7m	0.7m	0.8m	0.8m
Companies	0.16m	0.16m	0.16m	0.17m	0.18m	0.18m	0.19m	0.20m	0.20m	0.22m

Continued investment on information and communications technology, as well as providing a better service for the taxpaying public, has been a major driver of productivity growth in Revenue to ensure that higher volumes of customer services are addressed in as effective and efficient a manner as possible.

In addition to the growth in customer numbers, in any given year, Revenue is also responsible for the speedy implementation of complex new measures or enhancements to support budgetary and legislative changes as introduced by the Government or the EU.

Other expenditure drivers include Salaries, Wages and Allowances that make up approximately 70% of Revenue's gross annual expenditure. Salary costs increased by 8.6% between 2018 and 2020 due to wage increases under the Lansdowne Road Agreement and the Public Service Pay Agreement (PSSA), and due to additional recruitment as part of Revenue's preparations for Brexit. In addition, Revenue has outsourced specific functions such as VRT collections, call management services, storage and disposal services, and facilities management in order to avail of specialised expertise, increase efficiencies, or to benefit from additional flexibilities. Outsourcing expenditure has increased by 33% over the last 5 years (2016-2020), constituting 9% of non-pay expenditure in 2020.

The TAC pay bill accounts for the majority of the vote – 75% in 2020, 79% in 2019, 81% in 2018, 67% in 2017 and 74% in 2016.

On establishment the TAC inherited 298 cases from the Office of the Appeal Commissioners. During 2016 over 2,700 additional legacy appeals were transferred from Revenue. As a result, a backlog of appeals developed, standing at approximately 3,021 at year end 2020. In 2020 the TAC received 1,039 new appeals and closed 1,392 appeals.

In 2018, the Minister for Finance sanctioned an independent review of the workload and operations of the Tax Appeals Commission. The review made a number of recommendations on governance, resources and process improvements within the Commission, resulting in a near-doubling of the TAC budget from 2018 to 2019. This budget of €3.3m has been maintained in 2020 and 2021.

Subsequently, additional recruitment took place throughout 2019 and 2020. At the end of 2020 the total number of staff was 34 FTE reaching the staffing/capacity recommendations of the review to include the appointment of a new Chairperson and 5.5 Appeal Commissioners.

The Vote estimate for Office Equipment & External IT Services also increased substantially to facilitate the procurement of a new Case Management System (CMS). Due to Covid -19 restrictions, the procurement of the new CMS was postponed in 2020. Additional expenditure on hardware and software was required, to put in place the necessary ICT infrastructure to facilitate the management and re-scheduling of remote and physical hearings. The allocation of €300,000 for the CMS has been retained in the TAC allocation for 2021.

Section 3: Future Challenges and Policy Considerations

Department of Finance

Covid-19 - The Covid-19 pandemic had a severe impact on the domestic economy last year. During the first lockdown in the second quarter of 2020, Modified Domestic Demand fell by just under 15%, the largest quarterly fall on record. Despite a partial recovery in the second half of the year, Modified Domestic Demand fell by around 5.5% for last year as whole, the second largest annual fall on record. While the re-introduction of restrictions at the very end of last year likely led to a contraction in economic activity in the first quarter of 2021, the outlook has since improved.

The Department of Finance published updated macroeconomic forecasts as part of the Stability Programme Update in April 2021. These forecasts were based on assumptions regarding the speed at which restrictions were likely to be lifted. Specifically, it was assumed that the vaccine roll-out will accelerate over the second quarter, and thereafter in line with the Governments projection that around four-fifths of the adult population will be partly inoculated by late June / early July.

Under these assumptions, GDP growth of 4% was forecast for 2021, with growth of 5% in prospect for 2022. This will be supported by the release of pent-up demand alongside an unwinding of a portion of the roughly €11 billion in 'excess' household savings built up during the pandemic.

The unemployment rate is expected to fall from the current high rates in excess of 20% to around 11% by the end of the year. However, the evolution of the virus remains difficult to predict and downside risks dominate the outlook. In particular, the emergence of vaccine-resistant variants, domestically or abroad, could hamper the economic recovery.

Brexit - Since 1st January 2021, the UK has been outside the seamless trading environment of the EU Single Market and Customs Union. While the EU-UK Trade and Co-operation Agreement provides for tariff-free, quota-free trade and for sectoral cooperation in a number of important areas, Brexit has had a far reaching and lasting impact on the level of trade between the UK and Ireland. The value of goods imports from Great Britain from January to March 2021 was €2.2 billion, a decrease of €2 billion (-48%) compared with January to March 2020. The value of goods exports to Great Britain in the first quarter of 2021 was €3 billion, a decrease of €82 million (-3%) on the first quarter of 2020.

As a result of the UK exiting the Single Market and Customs Union, new customs, Sanitary and Phytosanitary (SPS) requirements came into force on 1st January 2021 across the EU. The UK was due to introduce its next phase of import controls on exports from the EU from 1st April 2021. The UK has now unilaterally delayed the application of the Protocol on Ireland and Northern Ireland concerning the movement of goods and pet travel from Great Britain to Northern Ireland until 1st October 2021. As a result of this, infringement proceedings are ongoing between the EU and UK.

International tax changes - 2021 will be a critical year for international tax as agreement is sought at the OECD on addressing the tax challenges arising from the digitalisation of the economy. The Department of Finance estimates a reduction in the order of €2 billion in corporation tax receipts by 2025 as a result of international tax changes proposed under Base Erosion and Profit Shifting 2.0 (BEPS 2.0). At the European Council, EU Leaders re-iterated their strong preference for and commitment to a global solution on international digital taxation and will strive to reach a consensus-based solution by mid-2021 within the framework of the OECD. Ireland has long maintained that aggressive tax planning is a global problem and is best solved by global cooperation at the OECD.

Comptroller and Auditor General

OCAG's new strategic plan for the period 2021-2025, defined their mission as adding value to public service in Ireland through the provision of high-quality audit services focused on improving the use of public money and resources, and strengthening public accountability. The three strategic priorities for the Office in 2021 – 2025 are:

Delivering high quality, professional audit services – The delivery of effective and timely audit of public bodies' financial statements is central to what OCAG does and following the recommendation from a peer review of the Office, legislative reform has been requested to enable greater timelines in the audit process. OCAG continues to focus on improving the timeliness of certification of financial audits during the public health emergency and remote working arrangements which have an impact on some of the audited bodies and their ability to engage with audit.

Making a difference to the bodies we audit, the Oireachtas and the public - continue to build capacity to increase the number of examinations and reports and the improvement of audit insights programme and new technologies and platforms to increase overall accessibility.

Strengthening of OCAG as an organisation - The successful realisation of OCAG's mission and the achievement of its objectives are entirely dependent upon the capacity to recruit and retain a highly motivated, experienced and skilled team of staff. The changing face of the work and the workplace giving staff greater choices of models of working are the focus for the near future. This encompasses challenges of maintaining of OCAG's value-based culture and continuous support of professional qualifications.

Revenue

Covid-19 - Since March 2020, Revenue has played a significant role in the delivery of critical Government supports to affected businesses, employers and individuals that helped to protect lives and livelihoods.

Starting immediately in March 2020, continuing through the year and into 2021, Revenue leveraged its operational knowhow and IT systems framework to deliver critical supports quickly and efficiently. Through its business and systems reengineering Revenue has supported over 100,000 businesses and employers and over 600,000 employees during the pandemic. Revenue has also deployed its staff to assist in critical areas such as contact tracing on behalf of the HSE. Many of the measures have only a temporary cash flow impact and are expected to be Exchequer neutral in terms of cost overall, but still require IT developments or administrative changes by Revenue. Revenue continue to administer these schemes.

Brexit (UK Status as a third country) - The significant and permanent changes in the trading arrangements with Great Britain arising from the departure of the United Kingdom from the European Union represents the biggest change for trade and business in almost 30 years, since the creation of the EU Single Market. In response to this challenge, Revenue continues to support trade and businesses in complying with the new Customs formalities.

Throughout 2020, in preparation for Brexit, Revenue:

- hosted 18 live-streamed webinars to further assist trade and business in understanding the changes that Brexit would bring.
- wrote to and phoned over 150,000 businesses to provide Brexit preparatory advice.
- recruited and trained additional staff to carry out Brexit related roles.
- completed significant work to increase its IT systems' capacity to cater for the trade with the UK

- introduced a number of support measures including the launch of a Customs RoRo service in order to optimise the efficient movement of goods and vehicles through the ports
- established a 24/7 Customs helpline to assist with Customs queries from trade and businesses

The EU–UK Trade and Cooperation Agreement (TCA) was agreed late in December 2020 and as issues have arisen, guidance has been issued quickly via Revenue’s eCustoms Notifications.

Information and Communication Technology Investment - Continued investment in ICT has been a major driver of productivity growth in Revenue, as well as enabling improved service levels and reduced compliance costs for businesses and the general public. Previous ICT investment has generated significant exchequer and customer benefits. In 2018, its first year in operation, PAYE Modernisation collected at least an additional €53.8m in PAYE Income Tax for the Exchequer, with a suggested total additional yield of €77.4million. A critical benefit of the PAYE Modernisation project was its technical design which was fundamental in facilitating the administration of the Temporary Wage Subsidy Scheme (TWSS), and subsequently the Employment Wage Subsidy Scheme (EWSS) and the Covid Restrictions Support Scheme (CRSS). This critical investment has facilitated over €4.5 Billion in electronic payments (up to Q1 2021) to businesses impacted by COVID-19 pandemic across the three schemes. Revenue also invested in its Customs IT estate in order to support trade and the economy following the UK’s decision to leave the EU. Separately, Revenue has invested in its Customs IT systems in order to comply with the Union Customs Code (UCC) legislation and to improve the overall effectiveness of its Customs solutions.

Ongoing ICT investment has also allowed Revenue to quickly transition from an on-site to a remote working environment, with over 85% of its circa 7,000 staff working remotely during the COVID-19 pandemic. Revenue successfully maintained the delivery of its core business programmes as well as taking on the additional role of administering the COVID-19 support schemes. Such a transition would not have been possible without previous ICT investment and the development of flexible ICT structures.

Tax administrations are exposed to rapid change through the digitalisation of the economy and the emergence of new business models and ways of working. Keeping ahead requires strategic thinking and investment to build, maintain and enhance the ICT infrastructure and real-time systems. Revenue is undertaking a major technology refresh and system modernisation programme which will ensure that it continues to have the best possible IT platforms and capability to enable its key business programmes. This combination of continuous improvement and innovation is necessary to exploit the opportunities of the digitalisation of the economy, to meet government/regulatory requirements, to satisfy customer expectations and to enable Revenue to adapt and evolve as new business models emerge. Revenue will increase process automation, digitalisation and personalisation of services as part of the systems modernisation programme thereby eliminating unnecessary

administrative burdens which reduce efficiency (for both businesses and Revenue) and hampers economic growth. This is in line with the OECD's model of Tax Administration 3.0 and will ensure Ireland remains a leading tax authority.

TAC

Covid-19: In considering its 2021 Covid-19 response strategy the TAC was mindful of the response guidelines set out at section 4.3 in the "Resilience and Recovery 2020-2021 – Plan for living with Covid-19", in respect of the resumption of Civil and Wider Public Services, specifically the following directions:

- **Recovery:** *Identifying backlogs in service delivery and developing a medium term "catch-up" plan within the current constraints.* – The TAC has 12 projects commenced addressing the backlog in service delivery and a catch up plan.
- **Innovation:** *Accelerating key reforms and mainstreaming service.* – The TAC engaged a business analyst to assist with its CMS development. It has also introduced a robotic processing automation system to handle the processing of new appeals.
- **People Management:** *Overseeing attendance, volume and staggered or shift arrangements for staffs in strict adherence to prevailing public health guidance. This to include examining the operation of public offices, the opportunities for digitising of key services on a permanent basis and the provision of virtual services to clients where this is appropriate on a longer-term basis.* – The TAC has a staggered rota and remote working arrangements and is planning a phased return to the office for remote working staff as the vaccination roll out deepens.

Addressing backlogs – the TAC is taking action to address the backlog of appeals and to date has introduced a number of measures to ensure that appeals are brought to hearing as soon as possible and to ensure that appeals are determined promptly after hearings.

Progression of ICT projects – During 2020, the Commission incurred Covid-19 related ICT costs and postponed the development of the Commission's long term Case Management System (CMS). The implementation of this CMS project in 2021 is imperative, the Commission, with the assistance of both the OGCI and Revenue, has submitted the Project Initiating Document to DPER. In Q3 2021 the Commission will request detailed tenders from the market for the development and implementation of the system. The Commission now processes new appeals using the robotics process automation system. This system will work in parallel with the CMS development and will be integrated into the new system when that system is completed.

Corporate Governance – During 2020, in compliance with the Corporate Governance Standard for the Civil Service and other Civil Service Codes of standard and behaviour, the Commission finalised and implemented in excess of 509 governance policies and protocols relating to HR, Finance, ICT, Data Protection, etc.

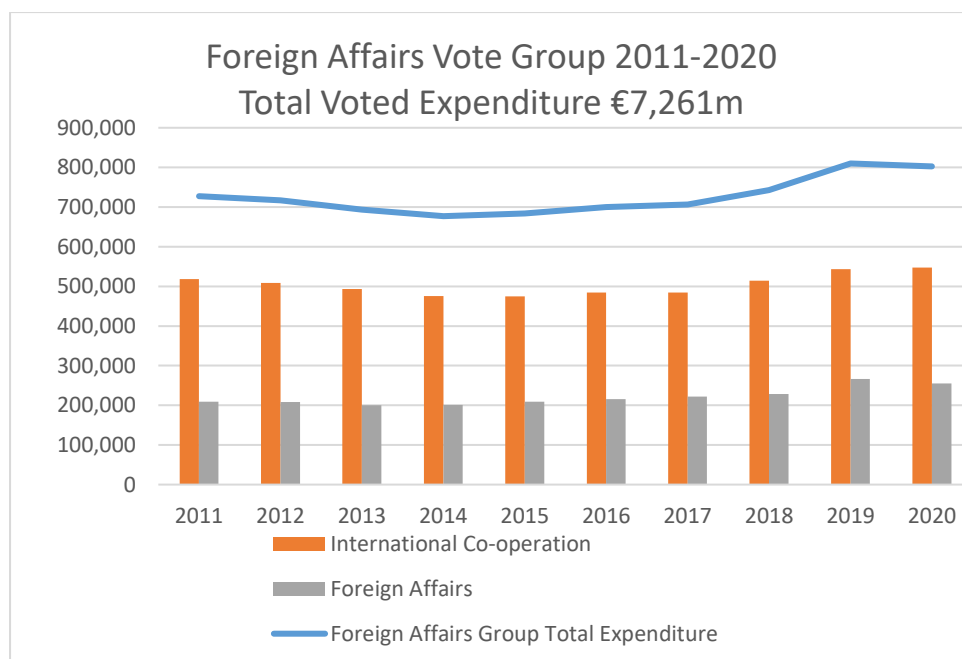
Foreign Affairs

Victoria Cahill, Catherine Grennan

The Foreign Affairs Group of Votes consists of:

- Vote 27 – International Co-operation
- Vote 28 – Foreign Affairs and Trade

Figure 1 – Total Voted Foreign Affairs Group Expenditure, 2011-2020



Summary

Total voted expenditure for this Departmental Vote Group 2011 – 2020 is €7,261m.

The funding provided to International Co-Operation represents international development cooperation funding, including bilateral country programmes, long term multilateral engagement and shorter term humanitarian responses. In 2019, Ireland published a new policy for international development, “A Better World” with its call to reach those Furthest Behind First.

The funding provided to the Department of Foreign Affairs and Trade supports the Department’s efforts to serve the Irish people, promote their values and advance Ireland’s prosperity abroad and provides the Government with the capabilities, analysis and

influence to ensure that Ireland derives the maximum benefit from all areas of its external engagement. There are five expenditure programmes under Vote 28 corresponding with the Department's five high level goals: - Our People, Our Europe, Our Values, Our Prosperity and Our Effectiveness.

The current main expenditure drivers for this Departmental Vote Group are:

- The demand for passports and citizenship and the related upgrading of the passport security and service provision systems;
- The continuing Brexit implementation process;
- The opening of new missions and the implementation of the Government's strategy "Global Ireland – Ireland's Global Footprint to 2025";
- Ireland's increasing contributions to international organisations;
- ICT global network support costs;

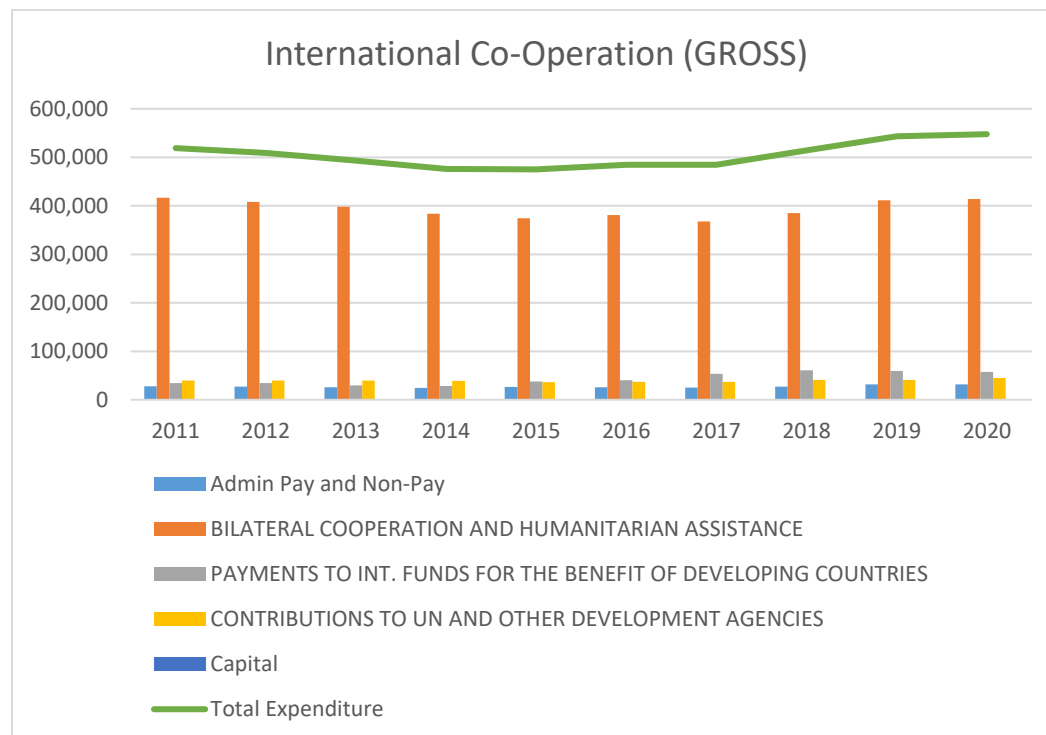
The future policy challenges facing this Departmental Vote Group are:

- Post-pandemic response (including supporting Irish citizens and communities overseas, supporting Ireland's economic recovery, analysing international trends to inform Government policy and maintaining Ireland's mission network)
- Brexit implementation;
- Passport Reform and increasing demand (despite the reduction during the COVID19 crisis) for passports, closely linked to Brexit;
- Ireland's commitment to International Development;
- Delivering on "Global Ireland – Ireland's Global Footprint to 2025", and
- Ireland's UN SECCO seat 2021-2022.

Section 1: Long-Term Trends

International Co-operation

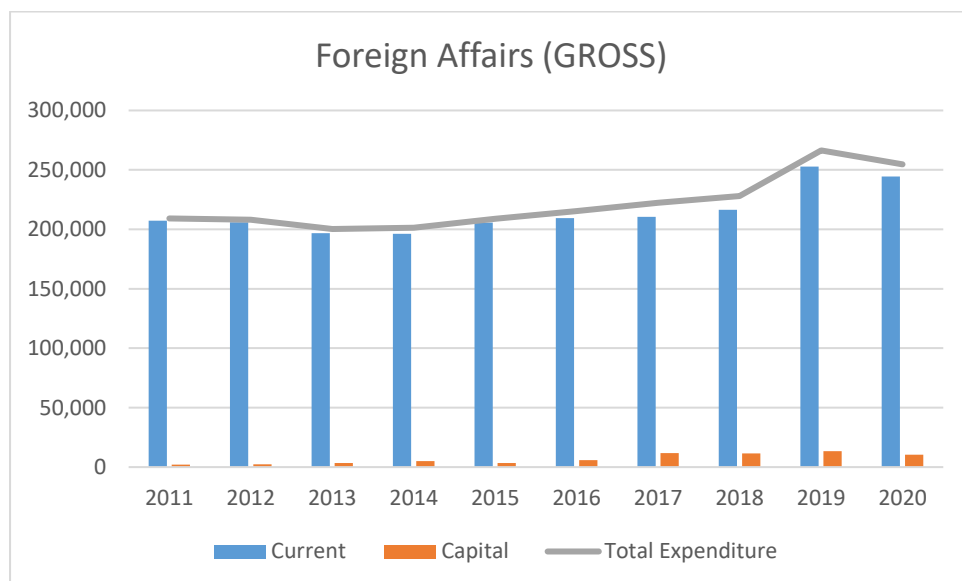
Figure 2– Expenditure on International Co-operation, 2011-2020



Total Voted Expenditure on International Co-operation equalled €5,046m within the period 2011-2020. From 2016 to 2020, gross annual expenditure has increased from €485m to €548m and increase of €63m or 13%.

Department of Foreign Affairs and Trade

Figure 3– Expenditure on the Department of Foreign Affairs, 2011-2020



Total Voted Expenditure on the Department of Foreign Affairs equalled €2,215m within the period 2011-2020. From 2011 to 2020, gross annual expenditure has increased from €209m to €255m, an increase of €46m or 21.8%.

Section 2: Expenditure Drivers

Ireland's Ongoing Pandemic and Post-Pandemic Response: During 2020, the Department was at the forefront of efforts to repatriate Irish citizens who had become stranded abroad due to the COVID19 crisis. While that stage of the pandemic has mainly passed, the ongoing travel restrictions have required a continuing response from the Department including the maintenance of a dedicated helpline to provide direct support and advice to Irish citizens. The Department, and in particular its Missions abroad, will have a key role in the post-pandemic economic recovery providing support to Irish business overseas and through the promotion of Ireland as a desirable trading and investment partner and tourism destination.

Increased demand for passports: Despite a decrease in passport applications during the pandemic, it is clear that there remains a sustained increase in demand for passports. This will probably maintain operating costs at 2019 levels with expected growth in applications anticipated in future years. Since the start of the pandemic a significant number of passports have not been renewed. It is likely that with the reopening of international travel that these passports will now be renewed. This will place a short term peak demand on the Passport Service to meet these renewals. Planning is under way to prepare to meet this demand. Increased investment in the Passport Service's infrastructure, including in updating the

operating systems and investing in new high security passport printing machines, is essential to maintain a high quality of service, efficiency and security and to allow for further innovations to be introduced in the coming years. This investment in this citizen critical service is essential to maintain the international credibility of this essential travel document and deliver efficient services to citizens worldwide. In addition, there continues to be an upward trend in applications for Irish citizenship under the Foreign Births Registration procedures.

Brexit: A key focus for this Department continues to be the safeguarding of Ireland's interests in the broader context of Brexit implementation and additional resources have been put in place at HQ and in key EU Missions to address the challenges.

Ireland's increasing contributions to international organisations: The Department pays Ireland's contributions to a number of international organisations including the UN, OECD, OSCE and the Council of Europe. These assessed contributions for Ireland are based on formulae related to Ireland's Gross National Income (GNI). As Ireland's GNI has increased this has resulted in a corresponding increase in Ireland's assessed contributions to these international organisations. In addition, changes to the UN Peacekeeping Budget will result in higher contributions by Ireland.

'Global Ireland – Ireland's Global Footprint to 2025' Implementation: The Department remains committed to the implementation of the Global Ireland Strategy. The Ireland House project in Tokyo, a key deliverable under the Strategy and the Department's largest capital project to date, is well underway. Planning is also at an advanced stage for a new Chancery and accommodation in Abuja, essential for security reasons, and significant works are planned for other key strategic Missions. Funding has been allocated to enable Ireland's involvement in Expo 2020 in Dubai, which is due to run from October 2021 to end March 2022, and the opening of new Embassies and Consulates and the strengthening of resources at Headquarters.

New Missions: To date, under the first phase of New Mission openings, the Department has opened ten Missions (Monrovia, Santiago, Bogota, Wellington, Amman, Vancouver, Mumbai, Frankfurt, Cardiff and Los Angeles). The 2021 Budget provided resources to enable the completion of this initial phase under Global Ireland and four Missions are due to open in 2021 – Manila, Rabat, Kyiv and Manchester. Planning is well underway for the next phase of openings.

ICT global network support costs, including those associated with the post pandemic response, the supply of ICT services worldwide and an upgrade in technology facilities are driving expenditure in this area. The ICT Unit is currently devising a new ICT Strategy, which will govern the Department's next phase of investment in this critical area.

Section 3: Future Challenges and Policy Considerations

COVID-19: During 2020, the Department assisted thousands of Irish citizens who had become stranded abroad due to the COVID19 crisis. The Department is now looking towards the post-pandemic recovery phase. During this next period, the Department will continue support the ongoing public health requirements and international procurement and economic support measures, while assisting with the strategic response to Ireland's broader economic and social recovery.

Brexit: The Department will lead on the development of the EU-UK relationship, the implementation of the Protocol on Ireland and Northern Ireland and Brexit response, all of which will be crucial to Ireland's recovery in the period ahead.

Passport Service Reform Programme and increasing demand for passports: The Passport Reform Programme was launched in 2016 and has an ambitious plan to transform the Passport Service by delivering 32 projects at a total cost of €21m over a five-year period. The Programme has delivered major upgrades to Passport Service technology platforms and business processes as well as significant customer service improvements. The result has been a significantly enhanced customer service due to ease of use and improved delivery times and Passport Online can now be accessed by first time applicants, both children and adults, in Ireland, Northern Ireland, Great Britain, Europe, Australia, Canada, New Zealand and the USA. All Irish citizens, including children, can now use the online system to renew their passports from anywhere in the world.

In its next phase, the Reform Programme will also deliver a new back-end Passport Issuance and Processing System (PIPS) and a second automated passport mailing machine, while also expanding the online channel to allow all Irish citizens to apply 24/7 from anywhere in the world. Development of the new system will continue during 2021. While there was a significant decrease in applications during 2020 and the first quarter of 2021, it is expected that application volumes will start to increase during 2021 as international travel recommences.

International Development: Ireland's new policy for international development "A Better World" focusses on a number of commitments addressing international climate action; humanitarian need; gender equality; and governance through its development cooperation programme. This new policy reconfirms Ireland's progress towards the United Nations target of providing 0.7% of Gross National Income (GNI) in Official Development Assistance (ODA), where economic circumstances permit.

In addition, because of an increase in the volume and changes in the management of the EU's international development support under the EU's Multiannual Financial Framework (MFF 2021-27), the proportion of Ireland's Official Development Assistance (ODA) going through the EU institutions (presently 26%) will increase. Ireland's new Policy for International

Development, *“A Better World”*, and *“Global Ireland, Ireland’s Global Footprint to 2025”* both commit to the deepening of our relations within the EU on development issues and the strengthening of our presence in EU and multilateral institutions.

Delivering on *“Global Ireland – Ireland’s Global Footprint to 2025”*: In June 2018 the Government launched Global Ireland, Ireland’s Global Footprint to 2025, an ambitious plan which aims to double the scope and impact of Ireland’s international presence by 2025. To date, the Department has opened nine new missions and re-opened one, with four more planned for later this year.

Ireland’s UN SECCO Seat: On 2 July 2018 the Taoiseach and Tánaiste launched Ireland’s election campaign for a non-permanent seat on the UN Security Council for the 2021-2022 term. Ireland has sought election to the Security Council at roughly 20-year intervals. Our success in gaining a seat underlined Ireland’s foreign policy credentials and international standing at the UN throughout six decades of membership in the fields of sustainable development, peacekeeping, disarmament and human rights and will allow Ireland to build relationships with new partners for investment, trade and tourism. Ireland formally took its seat on the Council on 1 January 2021 for a two-year term.

Health

Deirdre Collins, Seán Prior

Summary

From 2011 to 2020, total voted expenditure on healthcare rose from €14.52bn to €20.8bn. While the overall trend has been significantly upward, expenditure fluctuated over the last decade, falling between 2010 and 2013 due to the economic downturn after which it has consistently increased, reaching a new height in 2020 at €20.8bn. Healthcare has consistently accounted for approximately a quarter of total Voted Government expenditure over the period.

Total health expenditure increased by 44% from 2015 to 2020, representing significant growth over a short period of time. Growth over this period was significantly driven by increased expenditure in the acute hospital setting through increased staff numbers, wider growth in pharmaceutical expenditure and most recently due to additional COVID-19 response items, such as Personal Protective Equipment for service providers, the GP COVID-19 contract, testing & tracing as well as other related costs.

In terms of outcomes, from 2010 to 2019 life expectancy in Ireland rose from 80.7 to 82.3, an increase of one year and eleven months. Ireland has a relatively young population, life expectancy has risen and remains higher than the EU average. However, while 84% have described their experience in an acute hospital setting as 'good' or 'very good', Ireland's bed occupancy rate is above 90% and has been consistently above that of the EU average over the decade. Obesity and caesarean section rates continues to rise, the population is growing more elderly with the demographic impact of population aging is expected to have a significant impact on health expenditure in the years ahead.

The estimates expenditure pressures arising from demographic costs are informed by the '*Budgetary Impact of Changing Demographics 2017-2021*' paper, published by the Irish Government Economic and Evaluation Service (IGEES) in 2016. Health was prescribed €130m in demographics for 2019 and €137m in 2020 under this analysis.

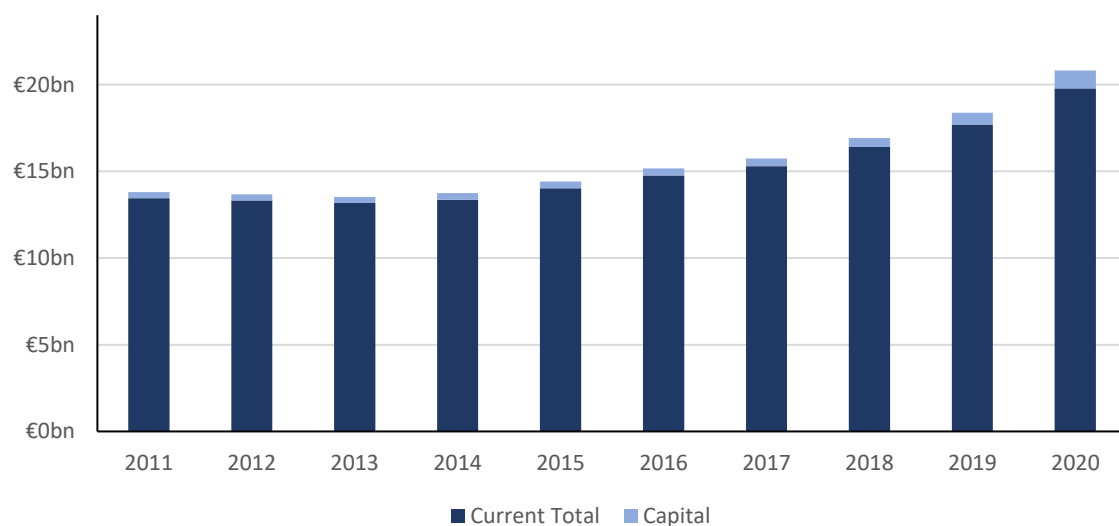
There is an increasing need to ensure that all health resources are deployed as effectively as possible. To this end, Spending Review 2021 will take an in-depth look at the health related topics, including the following:

- An analysis of State Expenditure on Pharmaceuticals with a focus on High-tech drugs.
- A focused policy assessment (FPA) on the National Drugs Strategy.
- State Expenditure on General Practice.
- Impact of Demographics on HSE Gross Expenditure.

Section 1: Long-Term Trends

Public health spending has traditionally been the second largest area of Government expenditure after Social Protection, and the amount spent on in health has consistently risen since 2013. Figure 1 below illustrates this trend.

Figure 1 Total Public Expenditure on Health, 2011 to 2020



Source: Revised Estimates, Department of Public Expenditure and Reform.

2020 figure based on further revised estimates.

It is difficult to compare health expenditure across this period on a like-for-like basis due to a number of significant changes that have taken place. These include the transfer of Children and Families expenditure to the Children and Youth Affairs Vote in 2014 and the disestablishment of the HSE Vote in 2015. Figure 1 attempts to control for these changes. **In 2011, the total Healthcare expenditure was just over €13.8bn; by 2020 that figure had risen to €20.8bn**, rising significantly from 2019 to 2020 by over €2bn or 13% due to COVID-19 expenditure.

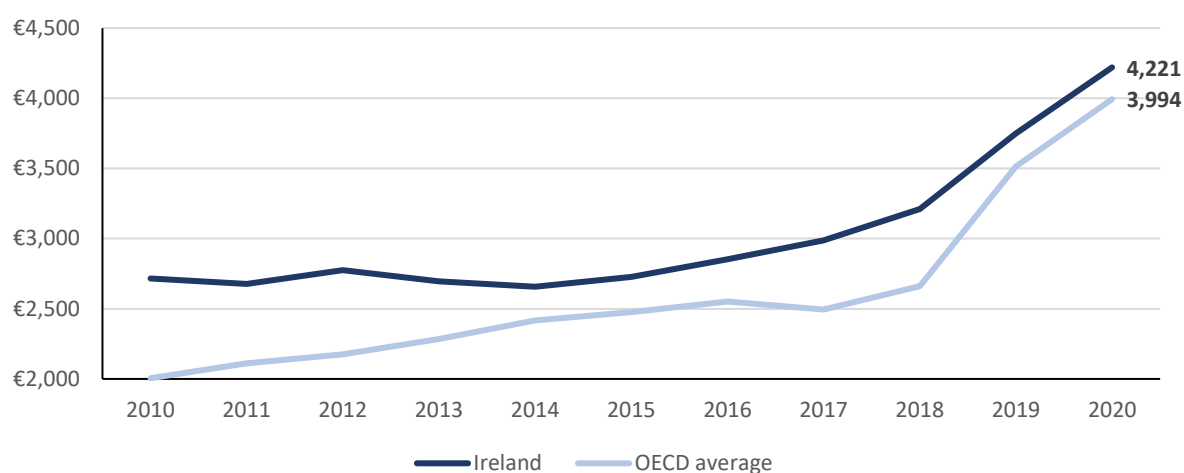
Expenditure Management

- Management of the Health Budget is a key priority for the Government.
- Reporting of expenditure takes place on a monthly basis and is communicated to Government through a quarterly Memo.
- In addition to these monitoring structures, a Health Budget Oversight Group has been put in place which includes senior officials from the Department of Health, the [HSE](#) and Department of Public Expenditure and Reform. Although a monthly working group, this group met weekly throughout 2020 in response to COVID-19 to discuss the expenditure position on core and COVID-19 spend in a timely manner.
- Supplementary funding of approximately €547m was provided for core and COVID-19 spending in the Health service in [2020](#).

Spending contracted during the recession that followed the financial crisis – largely the result of central pay agreements and the recruitment moratorium – but has continuously grown since 2013. From 2010 to 2013 Health expenditure fell by 7%, as a result of a general decrease in Government spending during the economic crisis. In the period from 2013 to 2020 health spending increased by an average of €1bn annually; a 13% increase from 2019 to 2020 alone.

Healthcare has made up a significant proportion of Government expenditure over the past decade. **Since the establishment of the HSE in 2005, Health has on average accounted for 25% of Voted expenditure annually.** While Government spending on health care would have had to increase over the past ten years simply to keep pace with a growing population, the rate of expenditure growth since 2008 has been far greater than demographic pressures.

Figure 2 Government Expenditure on Health per capita, 2010 to 2020

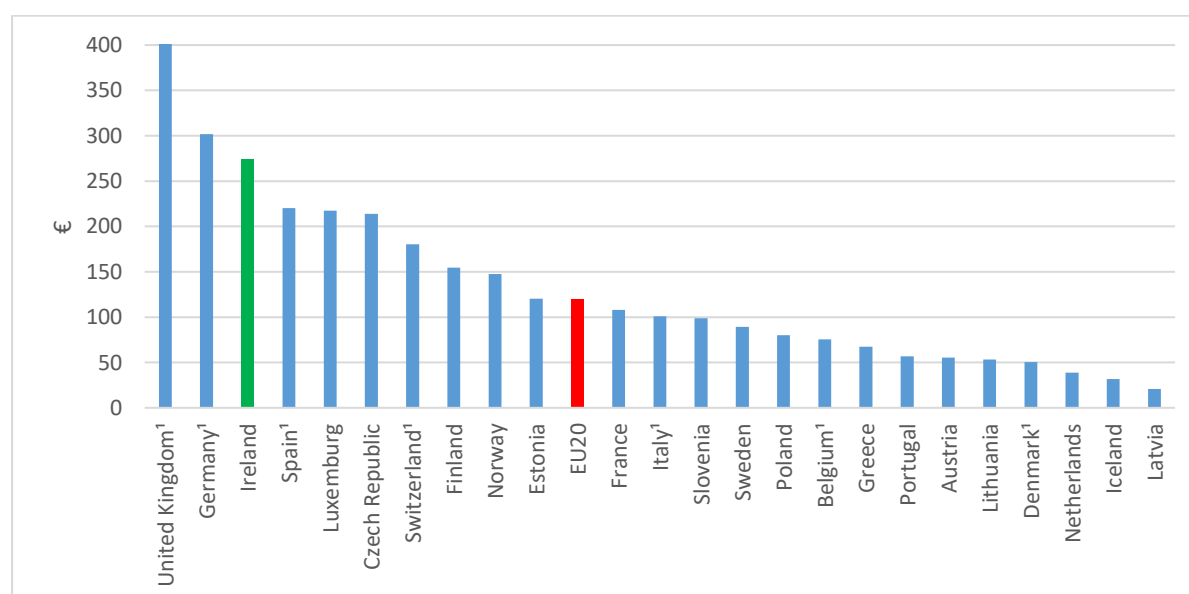


Source: OECD Statbank, Revised Estimates

As with total expenditure, per-capita spending declined for a period after 2010 but has been growing again since 2013, as can be seen in Figure 2. In 2010, Government spending on health was €2,715 per person but by 2020 this had risen 55% to €4,221. This compares to an OECD average per capita spend of €2,005 in 2010 and €3,994 in 2020.

Investment per capita continued throughout the health care crisis in 2020. COVID-19 commitment spend in Ireland per capita was above the EU average in the first 6 months of the global pandemic, third only to the United Kingdom and Germany. Expenditure in the range of an additional €2bn was invested into halting the spread and dealing with the effects of the virus.

Figure 3 Health Spend per capita PPP COVID-19 commitments, Mar-Sept 2020



*Source: OECD Statbank *Note: The EU average is unweighted. These figures represent estimates from official announcements of spending measures against COVID-19; commitments rather than actual expenditures. Figures reflect central government spending commitments only.*

Section 2: Expenditure Drivers

This sections details the underlying drivers of public expenditure on health.

COVID-19 expenditure

As a response to the pandemic COVID-19 expenditure emerged in 2020 as a significant and unplanned expenditure driver. The 2020 allocation included approximately €2bn in additional funding for the Health Vote to support the National Action Plan produced in response to the Covid-19 pandemic.

The COVID-19 crisis resulted in the Government approving the scaling up of existing public healthcare services, including the resourcing and opening of additional intensive care beds and facilities in several public hospitals in 2020. Alongside this, there was substantial redeployment of healthcare staff within the acute hospital setting. Ireland's National Action Plan for Covid-19 provided funding for the necessary additional healthcare staff required to deal with the crisis. Additional staff such as medical interns, student nurses and clinical staff temporarily returning from retirement meant that pay bill pressures continued throughout 2020 due to these additional staffing requirements due to COVID-19, and FEMPI restoration measures in October 2020.

Hospital expenditure was also a significant expenditure driver in 2020 with the acute setting the front line in tackling the COVID pandemic and expenditure allocated to access additional capacity in the private hospital setting. Expenditure on the procurement of Personal Protective Equipment (PPE) for Healthcare staff for 2020 was over €803m. There were significant costs associated with testing and tracing, including the regular testing of healthcare workers, patients and nursing home staff and residents and of test subjects identified following the roll out of the mobile tracing app.

Pay Bill

The most significant driver of the increase in Health expenditure over the past decade is the HSE pay bill. Pay account for almost 50% of voted health expenditure, and indeed some elements of the non-pay budget, such as grants, also go towards pay. Table 1 below shows that from 2010 to 2020, the health pay bill increased by €1.1bn, or 17%. This increase is a result of a combination of pay restoration and agreements, and of a considerable expansion of the HSE workforce between 2014 and 2020, with approximately 22,000 additional WTEs hired by the HSE over the this period.

Table 1 HSE Pay Bill and HSE Staffing Levels from 2010-2020

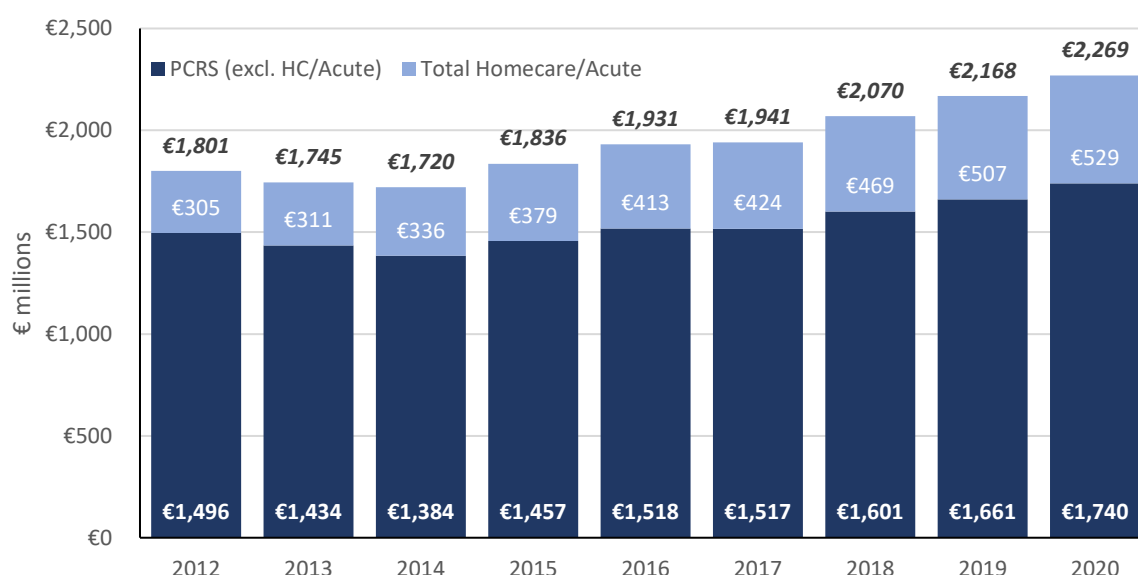
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Pay Bill (€m)	6,385	6,251	6,166	6,085	6,220	6,442	6,772	7,183	7,594	8,238
Annual Change (€m)	-81	-134	-85	-81	135	222	330	411	411	644
Annual Change (%)	-1%	-2%	-1%	-1%	2%	3.5%	5%	6%	5.7%	8.5%
WTE	104,392	101,506	99,959	97,791	103,884	107,085	110,795	117,857	119,817	126,174
Annual Change	-3,580	-2,887	-1,547	-2,168	6,093	3,201	3,710	7,062	1,960	6,357
Annual Change (%)	-3%	-3%	-2%	-2%	6%	3%	3%	6%	1.7%	5.3%

Source: HSE Employment Reports

Pharmaceutical spend

The largest element of growth in total non-pay related health expenditure is pharmaceuticals. Pharmaceutical expenditure has fluctuated from 2012 to 2020, however has steadily risen in recent years. Expenditure on some community schemes¹⁹ decreased from 2012 to 2014 as a consequence of the introduction of a number of measures tightening eligibility and reducing supplier fees (FEMPI). However from 2014 to 2020 pharmaceutical expenditure has been on a strong upward trajectory.

Figure 4 Pharmaceutical Spend Across Hospitals and Community Schemes 2012-2020



Source: PCRS/HSE Acute Update Exercise Undertaken 2021

¹⁹ General Medical Services (GMS), Drug Payment Schemes (DPS), Long Term Illness (LTI)

The impact of new, higher prices treatment options in the form of high-tech drugs remains a significant challenge in terms of overall budget impact, due to their high costs. The High-Tech Drugs scheme has grown at an annual average rate of 12% per annum since 2016; it is the primary driver of pharmaceutical expenditure, and a significant driver of overall health expenditure.

Hospital Expenditure

Net acute hospital expenditure has risen consistently since 2014. The majority of the increase in hospital spend over this period can be explained by considerable growth in pay expenditure. Hospital expenditure increased by 39% over the 6 years to 2019. This is an area that saw expenditure rising consistently but the 2020 pandemic shock put even further pressure on this front line area of the healthcare system. €6,166m was spent on acute hospitals in 2020 across the seven hospital groups. In 2020 76% of acute hospital spend was pay related, up from 68% in 2019. Staffing, sick leave and backfilling staff who were redeployed were considerable expenditure pressures in this area.

Growth in non-pay expenditure in hospitals followed a similar trajectory to spend on hospital drugs. Mainstream hospital drugs account for 70% of total drugs spend. Hospital drug spend increased by €218m (70%) over the period 2013 to 2020 which explains the majority of the increase in non-pay spend in hospitals over the period. Growth in hospital drug spend began to stabilise after as a result of a pharmaceutical sector agreement in 2016. This agreement reduced the price the State pays for medicines in Ireland. The impact of this agreement is evident from 2016 to 2017 when spend on hospital drugs increased by just 3%, however, further increases have been evident in subsequent years.

Obesity

Obesity significantly increases the risk of chronic disease placing additional pressure on a country's healthcare system. It is associated with many forms of cancers, stroke, type-2 diabetes, sleep apnoea and heart disease. The treatment of obesity and its related ailments also comes with direct and more significantly indirect costs in the form of public health care spend. It is an increasing health and budgetary concern in Ireland and indeed around the world.

The WHO forecast that by 2030, 47% on the adult population over 20 years of age in Ireland will be obese²⁰. It appears that this is and will remain a significant burden on the Irish healthcare system and indeed a strong driver of health care expenditure.

Ireland has seen a marked increase in obesity rates over the last two decades. Over 60% of adults in Ireland are either overweight or obese²¹, one of the highest levels in Europe. An updated Model of Care for the Management of Overweight and Obesity was agreed by the

²⁰ Based on 2008 estimates.

²¹ <https://www.hse.ie/eng/about/who/cspd/ncps/obesity/>

HSE in 2020 to address this. The levels of obesity were highlighted during the COVID-19 crisis in 2020 as it emerged that being overweight and obese have an increased risk of developing a more severe form of COVID-19 and ending up hospitalised and/ or in ICU.

Medical Cards

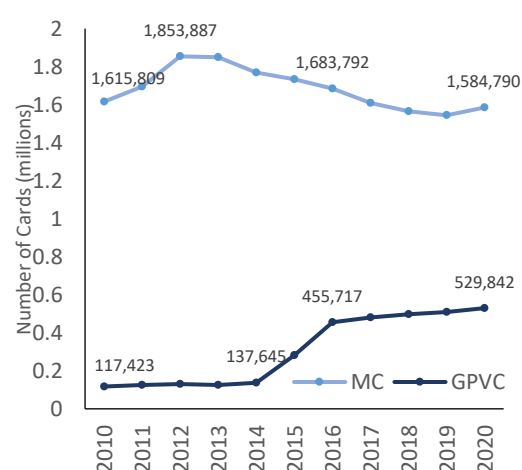
While reductions in the total number of people eligible for a Medical Card had a dampening effect on health expenditure growth in recent years as the economy gradually recovered from the economic crisis of 2008, 2020 has seen the first annual increase in MC eligibility since 2012, increasing by over forty thousand cards or 2.5% between 2019 and 2020. This was primarily driven by two policy decisions, the first being an increase in the Medical Card means thresholds for over 70s, and the second was a decision to roll-over eligibility for expiring cards at the fore of the COVID crisis. The extent of changes in eligibility due to a changed economic context will take longer to become clear.

Table 2 Number of Medical Cards in the Health System 2013-2020

	2013	2014	2015	2016	2017	2018	2019	2020
Medical Cards	1.85m	1.77m	1.73m	1.68m	1.61m	1.57m	1.54m	1.58m
Annual Change	-4,497	-80,680	-33,847	-51,061	-73,972	-44,771	-20,675	+40,416
Annual Change (%)	-0.2%	-4.8%	-2.0%	-3.1%	-4.8%	-2.9%	-1.4%	+2.5%

Source: PCRS Administrative Data

Figure 5 Number of Medical/GP Cards in the Health System 2010-2020



Source: PCRS Administrative Data

Over the period 2013 to 2019, medical card numbers fell by an annual of average 3% or around 50,000 cards each year, as the labour market improved. While the number of GPVC holders has increased consistently over this period, this has been due primarily to policy changes in universal GP access for certain age cohorts. The cost effect of increasing GPV Cards was offset by reductions in MCs given that GPV Cards are significantly less expensive given that they do not cover pharmaceutical expenditure.

Summary of Expenditure Drivers

COVID-19 was an unexpected shock to the health care system in terms of service requirements, staffing and expenditure pressures.

The pay bill has increased 28% since 2016 with expenditure pressures expected to continue beyond 2020 with additional staffing requirements due to COVID-19 and FEMPI restoration measures in October 2020. Hospital expenditure has also increased over the period and has been signalled as a significant expenditure driver again for 2020.

Pay comprises over three-quarters of acute hospital expenditure and drove the significant increase in this area along with non-pay COVID-19 response demands.

Although obesity has been noted as a significant expenditure risk going forward, the most recent Programme for Government does outline preventative measures such as tackling obesity and promoting exercise for increased health benefits. Such measures may save money in the long-term if implemented in a manner that brings about behavioural changes.

2020 saw medical card numbers buck the downward trend of recent years, with numbers increasing in numbers in 2020 for the first time in several years. This was partially driven by a decision to automatically rollover a number of expiring cards at the outset of the pandemic, and a Government decision to increase the means-based eligibility thresholds for over 70s.

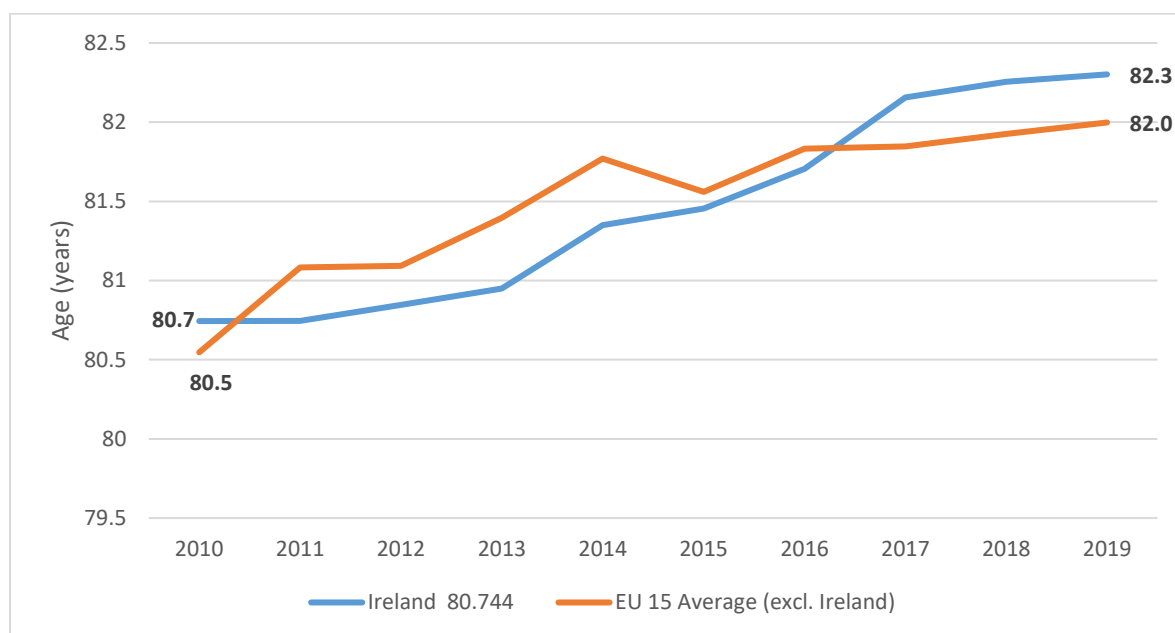
The State's total pharmaceutical spend is a significant driver with a 32% increase (almost €0.6bn) increase over the 2014-2020 period. The cost of new drugs, expanding eligibility and demographics are the main drivers and will provide a challenge into the future. Savings associated with the significant decline in the numbers of medical cards allocated in recent years have dissipated and early indications in 2020 are that card numbers are increasing.

Section 3: Outputs and performance indicators

The increased investment in health over the past decade has been associated with improving health outcomes in the population. The clearest and most objective measure of this success is perhaps the growth in life expectancy that has been witnessed since 2010, as shown in Figure 6.

Life Expectancy

Figure 6 Life Expectancy at Birth (years); 2010-2019



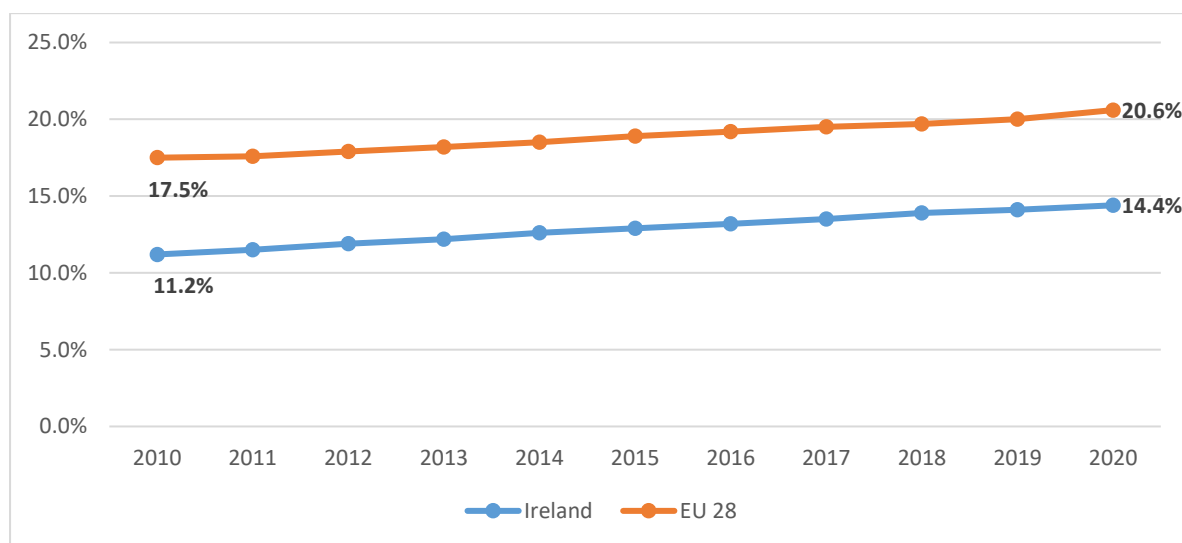
Source: worldbank.org

Ireland's life expectancy at birth has increased 2.3% over the decade. In 2010, Irish life expectancy at birth was 80.7 years; 2.4 months more than the EU15 average of 80.5 years. During the economic downturn there was some divergence but in 2016 Ireland's life expectancy at birth converged with the EU15 average, at 81.8 and 81.7 years respectively. The following three years saw Ireland's life expectancy at birth rise further and surpass the EU15 average, to reach 82.3 years in 2019, compared with 82 years average of the remaining EU15.

The growth in life expectancy in those years coincides with expenditure growth of €14.2bn to €18.3bn (29%) across the same period; an average annual increase of €251m. This growth in life expectancy suggests that investment into healthcare in recent decades has translated into tangible benefits for the population. However given the amount invested in health care each year and Ireland's relatively young population, it may be the case that our performance in terms of health metrics is not as strong as it may appear on the surface.

Elderly population

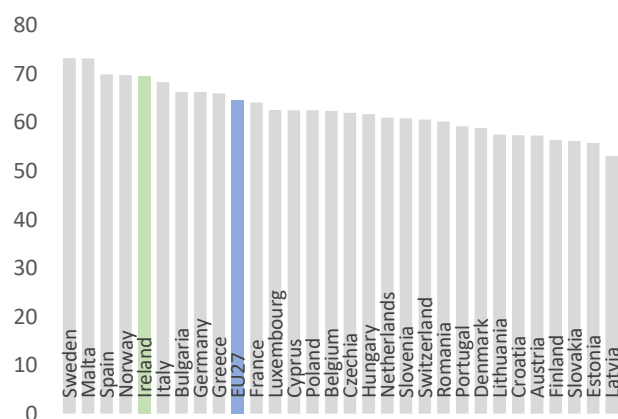
Figure 7 Percentage of Population classified as elderly (>65 years), 2010-2020



Source: Eurostat

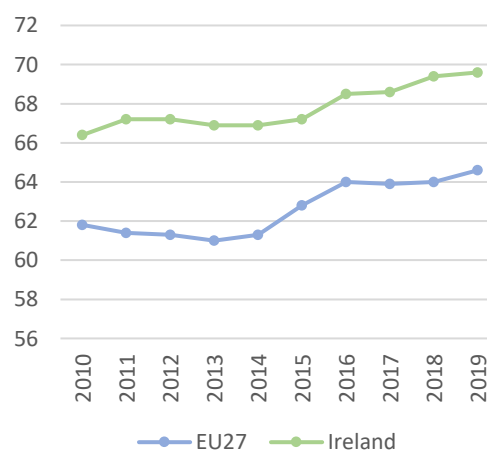
Between 2009 and 2020 the share of the population in Ireland increased by 3.3 percentage points. The growth in the proportion of elderly within the population is policy issue which requires planning into the future across several areas including Social Welfare and Health. However, latest comparison figures (2020) show that Ireland's population remains the youngest in the EU with the proportion of elderly in the population just 14.4%, 6.2 percentage points less than the EU average in 2020 of 20.6. Ireland has also witnessed a growth in healthy life years over the period.

Figure 8 Healthy Life Years at Birth (2019)



Source: Eurostat

Figure 9 Healthy Life Years at Birth (2010-19)



Source: Eurostat

Healthy life years have also increased over the decade. In 2019 women in Ireland were expected to live 70.5 healthy life years at birth and men 68.6 years; both above the EU average of 65.1 and 64.2 years respectively²².

Census 2016 found the average age in Ireland to be increasing with the projected old age dependency ratio set to rise from 20% in 2016 to 28% by 2031. The number of persons over 65 as a percentage of the working age population is in line with the European Commission's 2015 Ageing Report which forecasts that by 2060 public expenditure in long-term care will increase by a proportionately greater extent than total expenditure on healthcare.

In the general population overall, there is on average a 50:50 split in males and female. However as you move through the age groups, the female to male ratio increases. 66% of the population in Ireland over 85 is female and 3% of the elderly population in Ireland are co-funded by the State to reside in long term residential care through the Nursing Home Support Scheme (NHSS).

While the elderly population is increasing in numerical terms, it remains relatively small (but growing) proportion of the overall population. **The largest proportion of the Irish population remains aged under 40²³.**

From 2013 to 2019, Exchequer expenditure on the Scheme grew by almost €100 million or 11% at a time when the proportion of the elderly population increased by less than 2%. **At end 2019, there were 23,629 people supported in the Scheme. The elderly population were also supported with 18.3 million public-funded home-support hours delivered in 2019.** 2020 did not follow the projections of increased numbers as long-term residential care was impacted by COVID-19. Numbers engaging with the NHSS fell to 22,755 by December 2020 although home-support was invested in and did continue for the elderly population throughout the pandemic. The State also invested in private and voluntary nursing homes to ensure continuity of care for all residents in a time of crisis through the Temporary Assistance Payment Scheme (TAPS).

While no significant correlations exist, the Economic and Social Research Institutes (ESRI) in the *Projections of Demand for Healthcare in Ireland 2015-2030*, has found that the demand for places in nursing homes and other settings for long as well as intermediate term periods is forecast to increase by between 40% to 54% from 2015-2030. Over the same period, demand for home help hours is estimated to increase in the range of 38% to 54%.

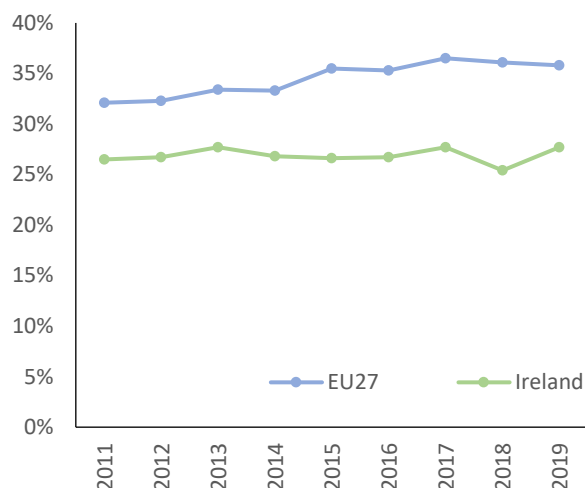
²² https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Healthy_life_years_statistics

²³ While the age profile of a population and demographic trends may influence a country's interaction with the health care system, it should be noted here that there remains no consensus on the extent to which population ageing necessarily results in proportionally higher healthcare expenditure. Smith *et al* (2000) found that the impact of an ageing population on healthcare expenditure to be minor with healthcare spend more strongly associated with proximity to death than the age of the population, in explaining US health spending over the period 1940-1990 (Smith, 2000). In line with this, an Irish analysis found no significant correlation in changes in the size of the elderly population and the demand for Nursing Home Support Scheme (NHSS) funding in Ireland (Campbell and Connors, 2015).

It is within this context of a small but growing elderly population that has a comparatively high life expectancy at 65 (the cohort that this policy is most applicable to) and the forecasted increase in demand for nursing home places that Ireland may see a significant increase in healthcare spend into the future. Demand for residential nursing home places has increased over the decade.

Portion of Population with a long term health problem

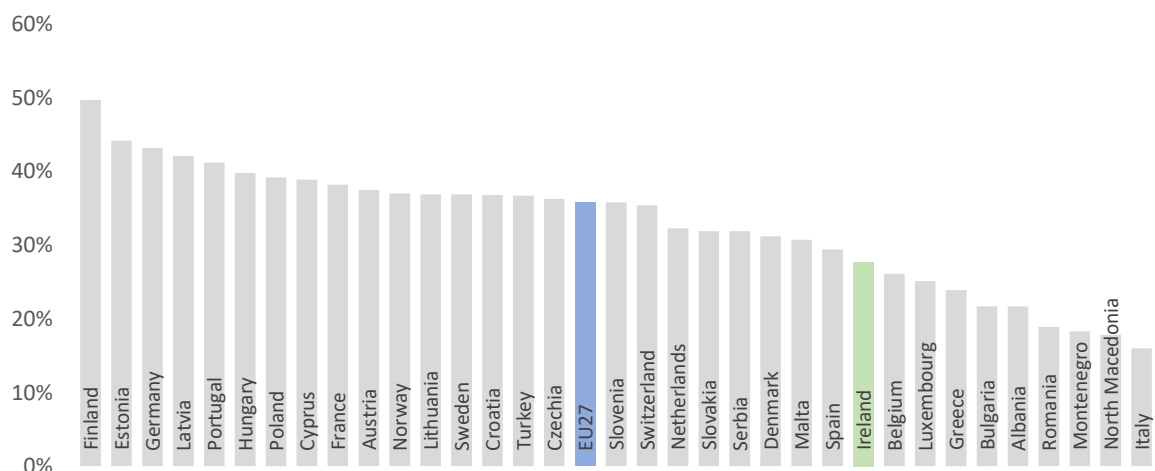
Figure 10 % of People with Long Term Health Problem 2011-19



Source: Eurostat

Chronic health issues are a significant issue both from public health and health system expenditure management perspectives. The portion of people in Ireland with a long standing health condition has remained relatively static over the last decade. Just over a quarter of Irish people reported having a long standing health issue in 2019, a small increase compared with 2011. This is below the EU27 average across the period; 9% lower in 2019.

Figure 11 % of People with Long Term Health Problem 2019



Source: Eurostat

Across the EU, cancer is linked to over a quarter of all deaths²⁴ and is one of the main causes for hospitalisation, with breast cancer the highest prevalence and incidence in cancer types. Many EU countries, including Ireland, have a variety of early detection measures in the form of cancer screening programmes. Such screening programmes aim to detect cancer while it is treatable and before it becomes life threatening. There are four areas of population based health screening in Ireland, three of which are cancer related.

In 2019 the eligible uptake rate for the breast cancer screening programme in Ireland 'BreastCheck' was 71.6%, with similar rates across other services. This is a reduction of 2.7% on the previous year. In the 2018/19 cycle, all counties surpassed the 70% uptake rate of those in the eligible population²⁵, with Wexford being the only county to surpass 80%. Breastcheck²⁶ undertook 167,575 screenings in 2019, a slight reduction on previous years.

23% of all cancer survivors are breast cancer survivors in Ireland. Despite this and while five-year survival rates in Ireland for all cancers have improved, they are still below that of the OECD average in terms of breast cancer five year net survival; 82% compared with 85%. The OECD²⁷ found a positive relationship between per capita health spend and life expectancy including that of 5-year net survival from breast cancer. **Despite significant investment in health, breast cancer mortality rates in Ireland are among the highest in the EU and are above the OECD35 average.**

Section 4: Future Challenges and Policy Considerations

There continues to be policy and funding challenges that are apparent in the Health Vote with regards to sustainability of expenditure into the future. The main expenditure driver going forward is the system-wide response to COVID-19 and the potential additional challenges this places on the healthcare system in terms of financial and non-financial resources. In addition to this the cyber-attack on the HSE and D/Health means that significant resources will need to be focused on restoring and updating health IT systems to ensure they are as secure as possible from such a threat going forward.

The level of investment in health over recent years continues the process of putting our health care service on a sustainable footing and 2021 represents the highest ever level of health funding in the State. There is likely to continue to be significant expenditure pressure associated with infectious disease control management going forward.

²⁴ In the age group under 65 it accounts for 37% of all deaths.

²⁵ Although it should be noted that some few areas, mainly those showing deprivation, did fall below the standard.

²⁶ Breast screening in Ireland operates on a bi-annual cycle across all counties. It is free to access for those within the eligible population of 50 to 69 years.

²⁷ <https://www.oecd.org/health/health-systems/Health-at-a-Glance-2019-Chartset.pdf>

The *Revised Estimates for Public Services 2021* published in December sets out overall gross voted expenditure of €22.1 billion for Health. Gross voted current expenditure accounts for €21.1 billion of this amount, while gross voted capital expenditure accounts for just over €1 billion.

€1.9 billion of this expenditure has been allocated specifically in respect of Covid-19. In year on year terms, the allocation for 2021 represents an increase of 6%, compared to the final allocation for 2020, representing a significant investment in our health service and reflecting the Government's commitment to implementing Sláintecare and providing high quality, accessible healthcare for all.

As services that were put in place for the period of the pandemic begin to be scaled back, there are likely to be increased costs associated as normal service provision resumes. Waiting lists have grown and treatment demand which fell during the first and second waves may re-emerge, putting pressure on an already busy system.

However infectious disease control management will continue to see significant PPE costs and capacity restrictions, at least over the medium term.

While measures taken during the pandemic, for example, the temporary cost-only leasing of private hospital capacity and expansion of publicly-funded GP services to cover COVID-19 services, may appear to be in line with the Sláintecare plan, their speedy implementation in response to a health care crisis does not constitute a clear roadmap to achieving universal healthcare by sustainable means. However the pandemic does present an opportunity to embed a culture of data driven policymaking in various health sectors, and to maintain and nurture the expertise and experience in evidence synthesis and modelling gained over the course of the crisis.

The cataclysm of COVID has occurred at a time of a wide-reaching programme of transformational change under Sláintecare. Sláintecare is a programme which sets out to achieve a universal single-tier health and social care system; one in which everyone has equal access to services based on need, and not ability to pay. Over the next year the focus of this programme is on community healthcare, increasing capacity and deciding on patient access and entitlements to universal care free at the point of delivery. Achieving these goals in a sustainable manner will be a challenge and indeed wider societal changes in health-related behaviours and preferences have the potential to produce more profound changes in the long run than any specific health policy decisions.

€450m has been provided in 2021 to meet the costs associated with maintaining appropriate levels of PPE stock to ensure all healthcare professionals have the protection they need. In addition to this, to ensure the provision of a comprehensive, reliable and responsive testing and tracing operation, a provision of €850m was made available in Budget 2021. This relates to all associated costs – swabbing, laboratory tests, contact-tracing and relevant logistics. A

further €404m has been provided for the continuation of ongoing COVID-19 supports in 2021 including planning for surge related acute capacity, staff health and wellbeing, communications, infection prevention and control, accommodation and isolation facilities, the Temporary Assistance Payment Scheme for nursing homes, support for hospices and palliative care service providers.

The vast majority of the overall allocation for Health in 2021 relates to core expenditure, which in this context refers to everyday expenditure on public services and infrastructure, outside of additional resources provided in response to extraordinary events such as Covid-19. Overall core expenditure for Health in 2021 amounts to €20.2 billion. The additional allocation of core funding has a focus on Sláintecare priorities such as greater access to primary care and medicines but also on increasing capacity in key areas such as acute services.

€467 million was allocated in Budget 2021 to progress implementation of the Health Service Capacity Review 2018. This includes supporting the delivery of permanent improvements in our public health capacity, including critical care, acute, sub-acute and community beds, as well as additional home support hours.

An additional €425 million was allocated in Budget 2021 to support additional capacity in the community, which is crucial to the Sláintecare model as well as in the context of Covid-19. Among a suite of measures, this funding will allow for the delivery of an additional 5 million home support hours, continued implementation of alternative pathways, including GP led chronic disease management and community specialist teams for older people.

Early evidence suggests that a mental health needs associated with the global health emergency and lockdowns will be vast. An additional €38 million is provided in 2021 to fund a range of services, including early intervention programmes, Mental Health Intellectual Disability Programmes and crisis resolution. Interventions such as tele-psychiatry and individual placement and supports will be expanded. Funding is also provided for the updated mental health strategy 'Sharing the Vision.' This area is likely to be a focus of expenditure and policy in the medium term to deal with the indirect health consequences of COVID-19.

While Ireland traditionally lagged behind in its use of ehealth, the use of technology, in particular telemedicine and in pharmacy engagements such as in relation to prescribing practices has increased substantially over the period. The use of such technology for remote healthcare consultations could be a cost-effective method to significantly impact how services are delivered if this is retained and expanded following the pandemic. The rapid increase in the use of remote consultations via telephone or videoconference may accelerate the long-term adoption of this technology within the health system. Many of these products are being licensed free of charge to healthcare providers during the pandemic. This may create a familiarity and acceptance of this technology that will see it being retained and expanded after COVID-19. Public trust in these systems however may have been impacted by the cyber-attack on the health care system and significant investment is needed to ensure robust systems that instil trust are in place.

e-Health was recognised at the beginning of 2021 as a key driver of integrated care and significant investment in e-Health and ICT infrastructure were planned for the sector. Initiatives to be progressed included the Home Support Management System, ePharmacy/ePrescribing, the Community Hub Management System and the National Waiting List Management System. A number of projects will be put on hold due to the cyber-attack while security updates and infrastructure plans expedited.

Housing, Local Government & Heritage

Summary

- The Department of Housing, Local Government and Heritage (DHLG&H) vote disburses central government allocations for housing programmes, water services, planning and local government, heritage (since 2020) and Met Éireann.
- DHLG&H gross exchequer expenditure has increased from €2.1bn in 2010 to a peak of just over €5bn in 2021. Following the economic crisis, it dropped below €1bn in 2014 but has since returned to 40% above pre-crash levels. This does not fully reflect all transfer of functions over the period.
- Housing stock in the State has risen from approximately 1.16 million units in 1991 to just over 2 million units in 2016. An additional c.75,000 new dwelling completions have been added to the housing stock from 2017 to 2020.
- Since 2016, over 40,000 new social homes have been delivered through build, acquisition and leasing programmes;
- Overall since 2016, over 130,000 households have had their housing needs met through additions to the social housing stock as well as the HAP and RAS schemes.
- Ireland needs on average 33,000 housing units each year for the next decade to meet the objective in the National Planning Framework to accommodate an additional 600,000 households by 2040. CSO data for new completions in 2020 show that 20,676 additional housing units were built in that year²⁸.
- The Government, through DHLGH, is currently working on their forthcoming strategy, Housing for All, which will set out a policy framework to support the supply of 33,000 per annum on average over the life of the plan to 2030.
- The Land Development Agency (LDA) was established to ensure the optimal use of State land, with the key strategic objective to coordinate appropriately those lands for regeneration and development by opening up key sites not being optimally used, especially for home delivery, while focusing on the overall public interest in determining land use. The LDA will enable the delivery of 150,000 homes over the next 20 years. Budget 2021 provided €65m towards the cost of activities of the LDA in 2021, ahead of its expected capitalisation through ISIF following the enactment of the relevant primary legislation.

¹<https://www.cso.ie/en/releasesandpublications/er/ndc/newdwellingcompletionsq42020/>

- To address the issue of affordability, the €310m Serviced Sites Fund (SSF)²⁹ will be expanded and more scope provided to local authorities to ensure a more timely delivery of affordable homes.
- In Budget 2021 €75m was allocated to DHLGH to fund a new national shared equity scheme.
- Budget 2021 also saw Cost Rental being funded for the first time in the State. A total of €35m was allocated to DHLGH who facilitated a call for proposals. The call was oversubscribed, all the funding was allocated and 390 costs rental units are expected to be delivered.
- Since 2017, all State funding to Irish Water in respect of domestic water services is being channelled through the DHLG&H's vote in the form of a payment for domestic water services as determined through the regulatory process and a capital contribution. Exchequer funding for Water Services, including Irish Water, will total over €1.4bn in 2021 (some €683m current and €722m capital). The Irish Water Strategic Funding Plan 2019-2024 sets out Irish Water's multi-annual strategic funding business planning requirement of €11bn to 2024, over €8bn of which would be funded through the Exchequer.

It is very important to note that the composition of the DHLG&H Vote has changed over recent years and therefore a year on year, like for like comparison is difficult from a Vote funding perspective. For example, Community functions transferred to the new Department of Community and Rural Development in 2017 and Environment programmes transferred to the Department of Communications, Climate Action and Environment in 2015, while Heritage was transferred to the department in 2020.

As provided for in the Water Services Act 2017, on foot of the Report of the Joint Oireachtas Committee on Future Funding of Domestic Water Services, technical adjustments to the Vote for funding Irish Water were made in the Further Revised Estimates 2017. Since 2018 all State funding to Irish Water is being channelled through the DHLG&H Vote with the subvention accounting for approximately one third of the total Vote in 2019.

Section 1: Long-Term Trends

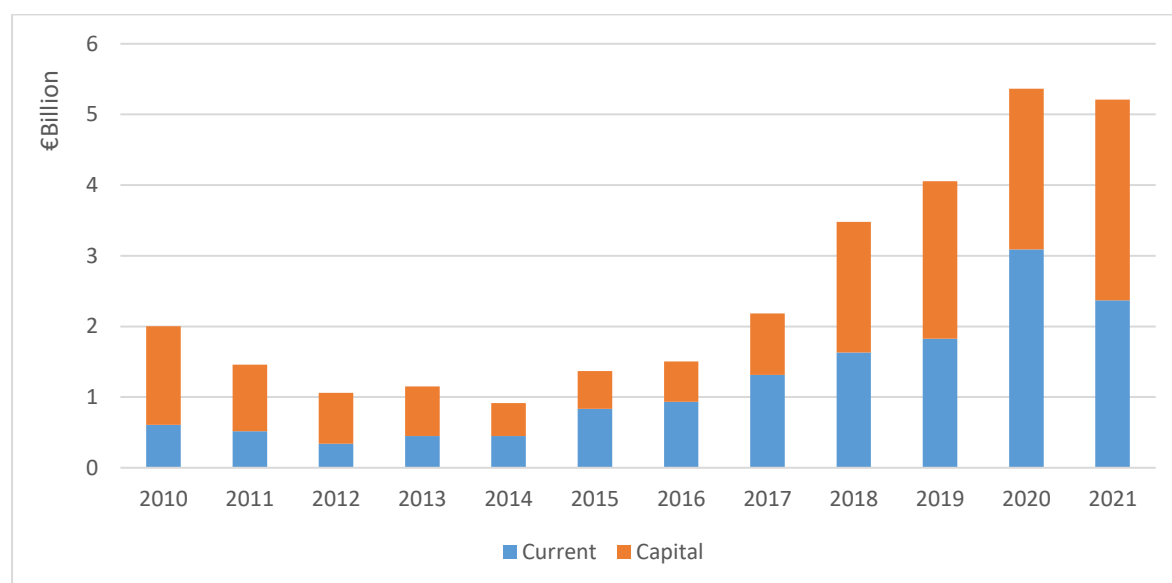
As illustrated in Figure 1, DHLG&H expenditure declined between 2010 and 2014 but began to rise again in 2015 and increased significantly following the launch of Rebuilding Ireland in 2016.

²⁹To be replaced by the Affordable Fund

The Housing Programme (both current and capital) has increased more than threefold from 2016 to 2021 (€943m to €3.3bn) to provide for increased delivery of housing programmes to meet Rebuilding Ireland targets. Over the period 2015 to 2017 a greater share of the housing budget (43%) was spent on current expenditure supports for social housing provision with both current and capital investment peaking in 2021 (now 41% and 59% respectively). In Budget 2021 the DHLGH received an additional €500m in capital towards the delivery of Housing and Water projects.

The revised funding model for Irish Water, introduced in mid-2017, has also had an impact on the overall size of the Vote. The Water Programme reduced during the period 2014 to 2016 reflecting the funding mechanism in place during that period but increased from 2017 to 2020 indicating the new funding model for Irish Water which is now channelled through the Vote.

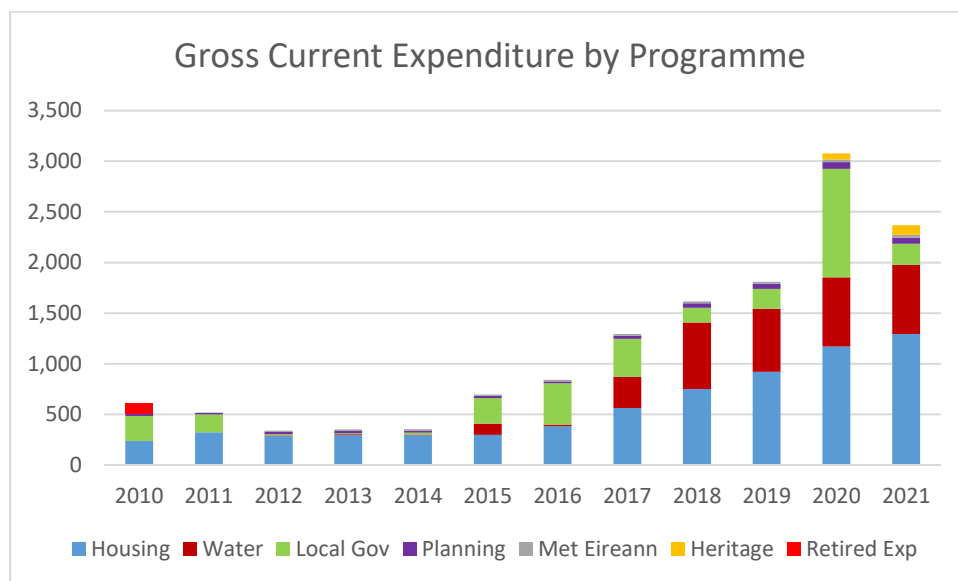
Figure 1: Department of Housing, Local Government and Heritage Expenditure (Gross) 2010 - 2021



Source: DPER Databank

*Includes LPT self-funding

Figure 2: Current Expenditure by Programme (Gross) 2010 – 2021

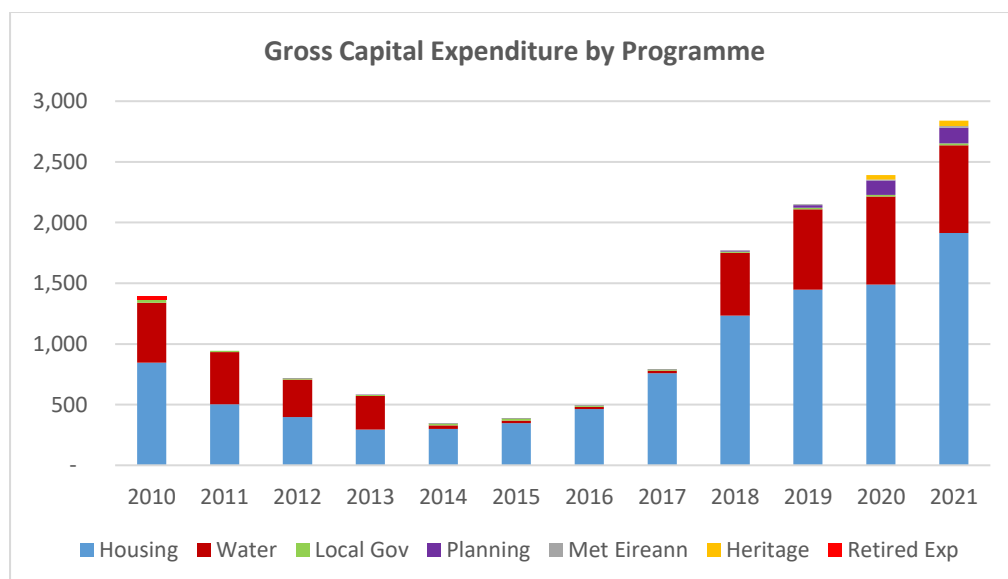


Source: DPER Databank

*Includes LPT self-funding and admin costs

**2020 Local Government expenditure includes Covid-19 rates waiver

Figure 3: Capital Expenditure by Programme (Gross) 2010 – 2021



Source: DPER Databank

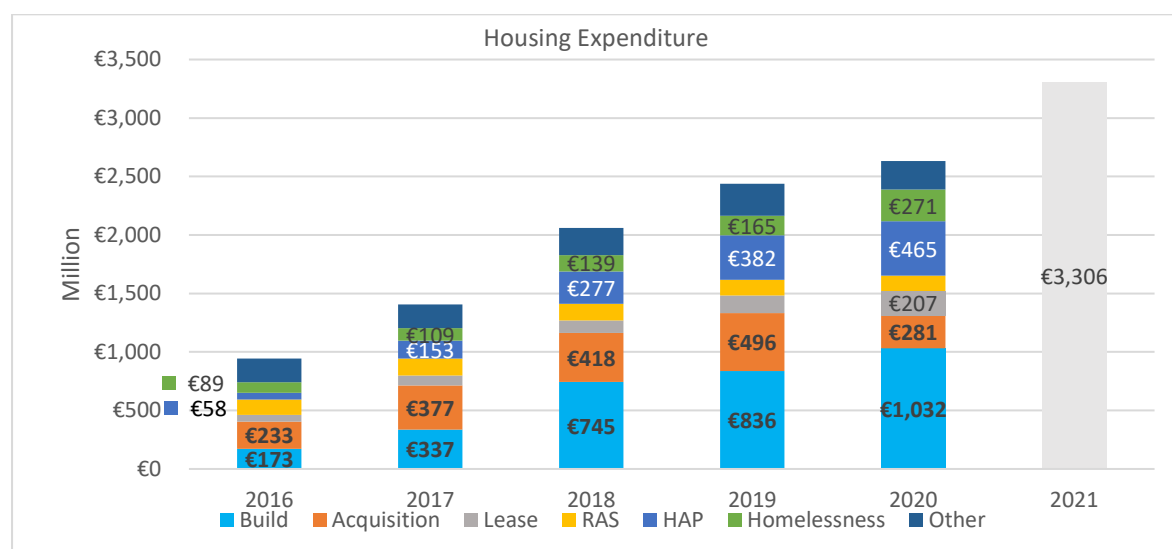
*Includes LPT self-funding

**Carryover not included

Section 2: Expenditure Drivers

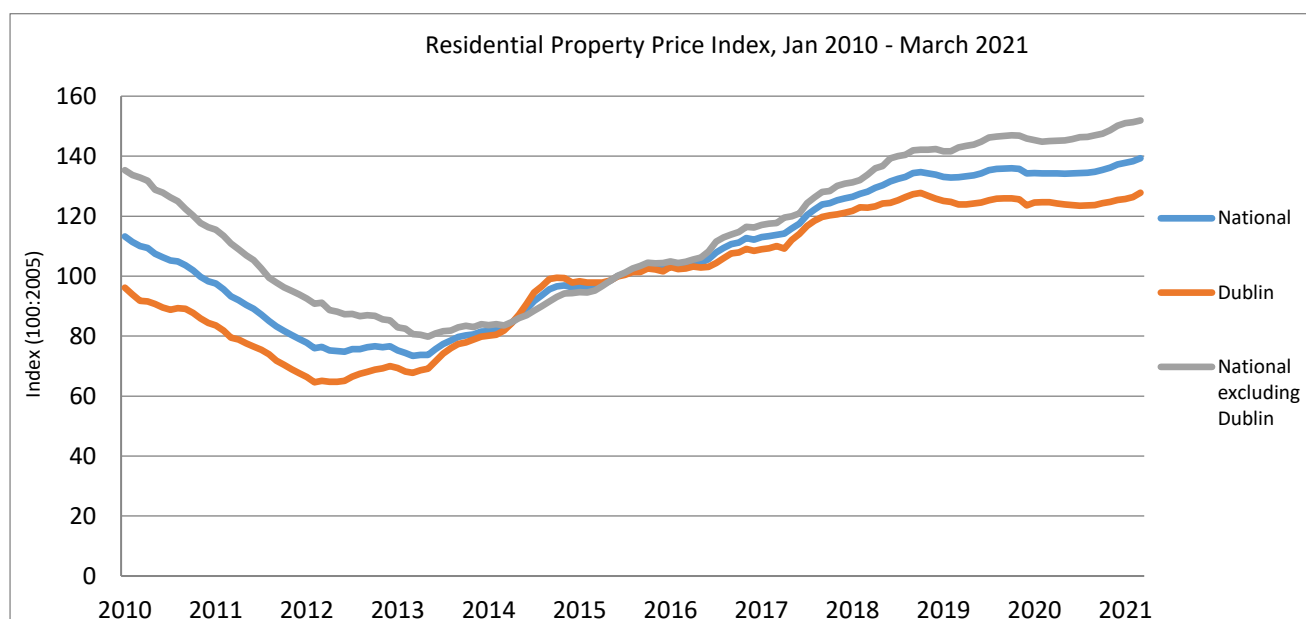
Housing

The Housing Programme (both current and capital) has increased more than three times from 2016 to 2021 (€943m to €3.3bn) to provide for increased delivery of housing programmes under Rebuilding Ireland targets. Expenditure increased significantly in 2017 and 2018, increasing by 49% and 46% respectively, in 2019 it increased a further 18%, followed by an 8% increase in 2020. The 2021 REV allocation increases the housing programme budget by a further 26% in 2021 to €3.3bn.



Developments in the overall housing market are strongly interlinked with the operation of social housing and housing support programmes. In particular, developments in disposable income, property purchase and rent prices affect overall social and affordable housing demand. Property prices nationally have increased by 94.5% from their trough in early 2013. Dublin residential property prices have risen 97.8% from their February 2012 low, whilst residential property prices in the rest of Ireland are 90.3% higher than at the trough, which was in May 2013. Figure 4 below provides an overview of property price developments in recent years.

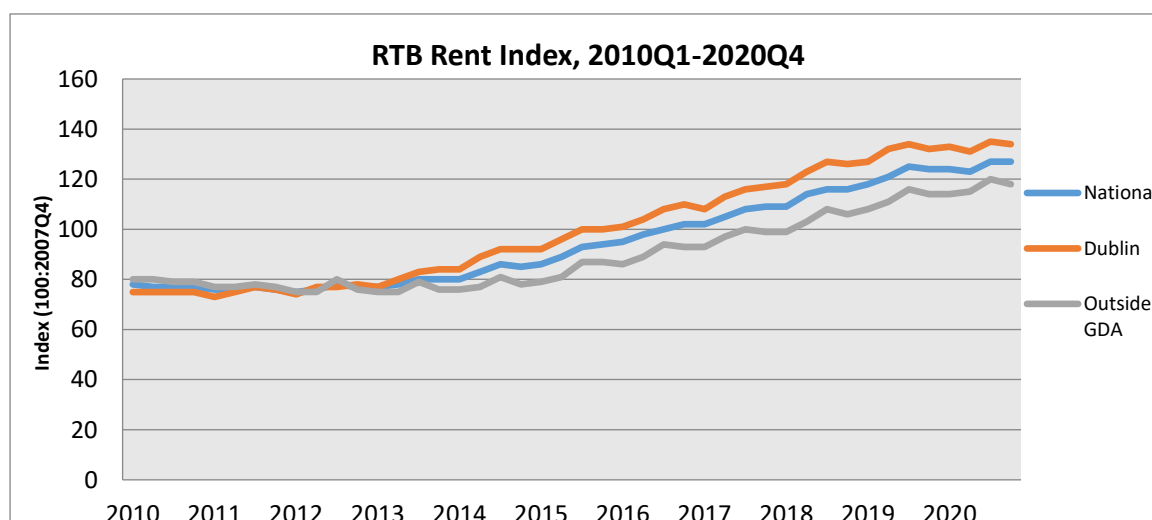
Figure 4: Residential Property Price Index; Jan 2010 – March 2021



Source: CSO

Similarly the cost of renting a property has risen significantly over the last six years as demonstrated in Figure 5.

Figure 5: Residential Tenancies Board Rent Index, 2010 Q1 – 2020 Q4



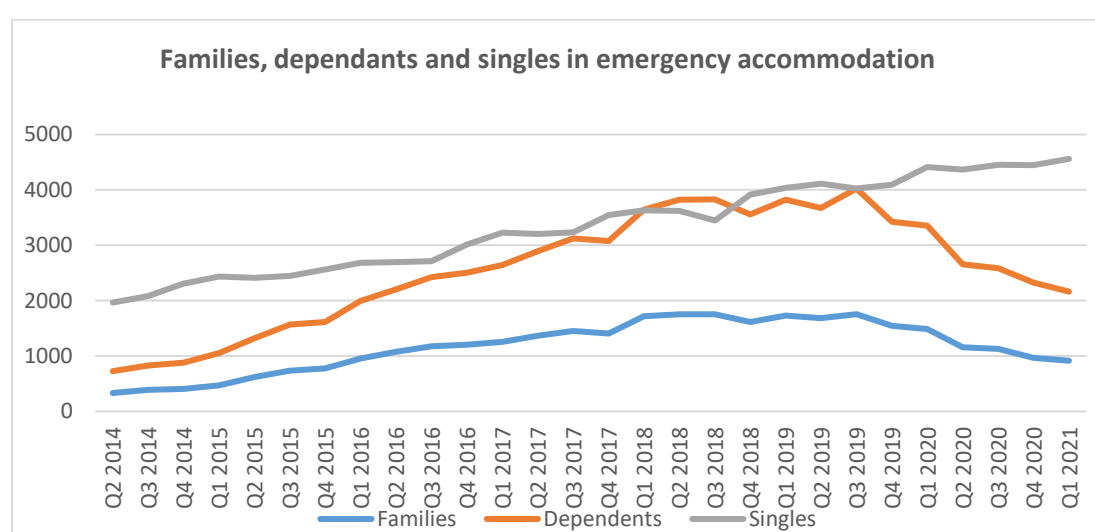
Source: RTB

The Homeless spend has increased substantially from €45m in 2014 to €271m in 2020. This represents a cumulative annual growth rate of 30% in the last seven years. The significant budget increases reflect the increase in homelessness since 2014.

In Q2 2014, there were 333 families in emergency accommodation while in Q1 2021, there were 913 families, an increase of 174%. The Q2 2021 figure is the lowest since Q4 2015

(775). Between Q1 2020 and Q1 2021 there was a sharp drop of 39% or 575 less of families in emergency accommodation. Recent figures show a gradual reduction attributable to family homelessness, while homeless singles continued to increase in 2020. Some of this reduction can be attributed to an increase in the number of exits to tenancies. Emergency legislation introduced due to COVID 19, resulting in a moratorium on evictions from the private rented sector and availability of rental accommodation previously used for short-term lettings within the tourism sector also had an impact over the last eighteen months, although the trend towards a fall in homelessness commenced in October 2019 when the number of homeless persons reached its highest at 10,514 individuals. The Q1 2021 figure was 8,060.

Figure 6: Homeless Families, dependants and singles in emergency accommodation Q2 2014 to Q2 2020



Source: DHLG&H

Figure 7: RAS & HAP Targets & Output 2016 - 2021

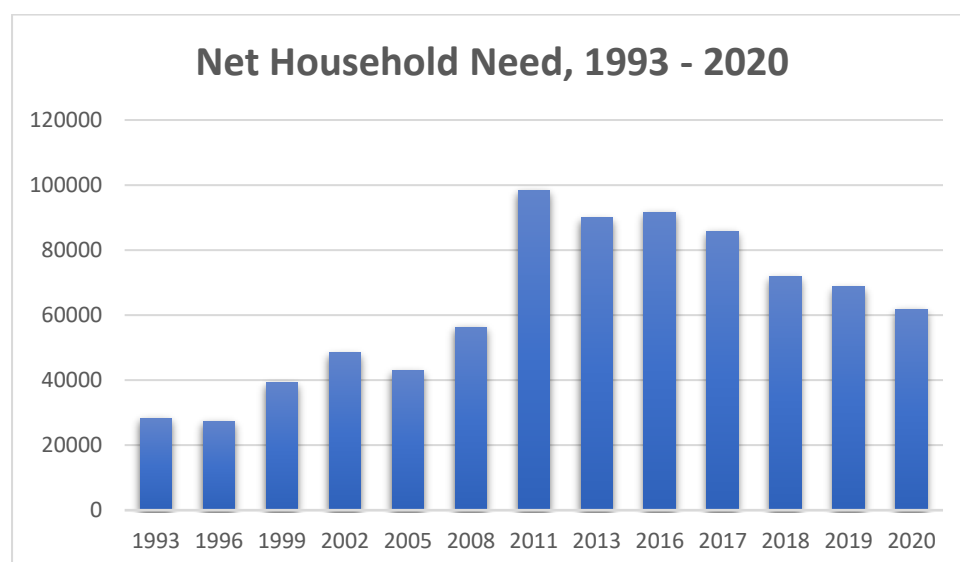
Category	Output 2016	Output 2017	Output 2018	Output 2019	Output 2020	Output 16-20	Target 16-20	Target 2021	Overall Target 16-21
RAS	1,256	890	755	1,043	913	4,857	3,800	800	4,600
HAP	12,075	17,916	17,926	17,025	15,885	80,828	76,510	15,000	91,510
Subtotal	13,331	18,806	18,681	18,068	16,798	85,684	80,310	15,800	96,110

Source: DHLG&H

The latest estimate of social housing demand puts the total net household need at 61,880 as of November 2020. 'Net Household Need' is defined as the total number of households qualified for social housing support whose social housing need is not being met. Net household need increased between 2013 and 2016 by 1.9% or 1,728 households with a continuous decline in the years since. As of November 2020 the number of households on the waiting list decreased by 6,813 (-9.9%) compared to the previous assessment, with 25 of the 31 local authorities reporting a decrease. With regard to 'Net Need' in Figure 8, it is important

to note that it excludes those already receiving social housing support, for example, the Housing Assistance Payment. Recipients on HAP can elect to be included on a transfer list for a permanent social house. The numbers on the HAP transfer list are unknown, but at the end of 2020 there were over 59,000 active HAP tenancies. Data is not comparable pre-2013 as the collection methodology changed.

Figure 8: Net Household Need 1993-2020



Water

The investment being delivered by Irish Water will contribute to maintaining public water and waste water infrastructure to continue current levels of service, achieve environmental compliance and support expansion, deliver improvements in drinking water quality and capacity, manage waste water to protect and enhance our environment and to support growth and economic development for Ireland.

The Irish Water Strategic Funding Plan 2019-2024 will facilitate the investment outlined above. It sets out Irish Water's multi-annual strategic funding business planning requirement of €11bn to 2024, comprised of a €6.1bn investment in infrastructure and assets, and €4.9bn in operating costs. Over €8bn of the investment would be funded by the State.

Table 1: Irish Water Infrastructure Outputs 2018-2024

Outputs	2018-2024
Commissioning new/upgraded wastewater treatment plants (Number)	134
Commissioning new/upgraded water treatment plants (Number)	42
Provision of wastewater treatment at agglomerations previously discharging raw sewage (Number)	44
Delivery of new rehabilitated water mains (km)	600
Millions of litres of water saved per day	245

Source: Irish Water

Local Government

Local Government expenditure has been substantially affected by Covid-19, with commercial rates waivers applying to affected businesses during the various periods of restrictions. In 2020 the total cost to the exchequer of the waiver came to €900m. The waiver has applied for much of 2021 and was recently extended until the end of September

Planning

The National Development Plan (NDP) sets out the significant level of investment, almost €116bn, which will underpin the National Planning Framework and drive its implementation from 2018 to 2027. As part of the NDP, the Government has committed €2bn to the Urban Regeneration and Development Fund (URDF) to be administered by DHLG&H. The URDF looks to support more compact and sustainable development, with a particular focus on the five cities and other large urban centres. Budget 2021 provides funding of €66m (with an additional €84m carried over) for the URDF. The NDP has also promised €1bn for the Rural Regeneration and Development Fund, to promote rural renewal and sustainable growth for these communities. The NDP intends on building an average of 25,000 to 30,000 homes per year in order to meet future needs, with 112,000 social houses by 2027.

The Land Development Agency (LDA), a body under DHLG&H, was established on an interim basis in September 2018 and is working to ensure the optimum management of State land with an immediate focus on providing new homes, including social and affordable housing. Budget 2021 provided €65m towards the cost of activities of the LDA in 2021, ahead of its expected capitalisation through ISIF following the enactment of the relevant legislation.

Heritage

The Heritage functions were transferred to the department in 2020. In the Heritage area, funding for 2021 amounts to €139m - an increase of approximately 46% on 2020. The aim of this Programme is to conserve and manage Ireland's Built and Natural Heritage for the benefit of present and future generations.

In terms of our Built and Archaeological Heritage, PI2040 investment consists of a number of capital grant schemes to support owners and guardians of protected structures and monuments in their maintenance. These schemes also create local employment – approximately 5,600 days' employment is created right across the country for skilled tradespeople for every €1m invested. The Department also invests in the maintenance of over 1,000 national monuments and Historic Properties in the care of the Minister.

In terms of our National Parks and Nature Reserves, PI 2040 investment consists of an ongoing series of investments in maintenance and upgrading of the 87k hectare network of sites. Individual projects are targeted at tackling invasive species and enhancing conservation, improving visitor facilities and information, improved signage, as well as developing and maintaining new & existing trails and walkways, including the development of new routes. NPWS also funds conservation-related scientific survey and reporting, as required in the EU Nature Directives and compensatory measures for landowners' costs and losses resulting from restrictions in managing their land in areas designated under the EU Habitats and Birds Directives. There is also provision for peatlands conservation and restoration measures and support of conservation and community education and awareness projects in peatlands areas and for the operational costs of the Peatlands Council.

The 2021 Programme provides capital funding of €44.5m which will allow the Department to:

- Advance conservation and restoration of protected natural heritage areas and expand the Farm Plan programme;
- Continue to support the protection of our archaeological and built heritage
- Build on community led schemes such as the Built Heritage Investment Scheme, the Historic Structures Fund and the Community Monuments Fund which provide grant aid to protect and maintain important monuments and historic buildings in our local communities. In 2021, 563 built heritage grants totalling €6m have been made under the HSF and BHIS as well as 139 archaeology grants worth over €4m through the Community Monuments Fund.
- Progress an expanded programme of peatlands restoration, biodiversity investment and conservation works;
- Ongoing Management and development of key properties: 6 National Parks and 80 Nature Reserves (87,000 hectares) including the operational pressures & costs on the sites (pressure on infrastructure, damage from antisocial behaviours, fires, fitting of additional H&S equipment caused by remaining open throughout the Covid-19 crisis). Including the progression of large capital projects such as the new trail network project at Connemara

National Park, the installation of a new signage suite and the upgrading of facilities at Wexford Wildfowl Reserve.

- Continuation of invasive species management works across the network of National Park and Nature Reserve sites.
- Maintain and invest in waterways for some 15,000 registered boat users through Waterways Ireland.
- Support the Heritage Council including funding for Heritage-led regeneration at 9 towns under the Historic Towns Initiative and targeted supports to heritage businesses and organisations impacted by Covid-19.

Section 3: Outcomes and Performance Indicators

Housing

The RBI delivery streams (Table 2) are not directly linked to Housing Programme Subheads in the Revised Estimates (Table 3) making it difficult to track spend against outputs (delivery). DHLGH has made progress in recent years in improving the performance information presented in the REV, particularly in relation to the Housing programme. In the context of the finalisation of the 2021 REV, a full review of the Housing performance metrics was undertaken by the Department and this resulted in the publication of 35 Key High Level Housing metrics - this compares to the position in 2016 where there were 9 key high level metrics presented for housing.

Table 2: Rebuilding Ireland Delivery Targets (2016 -2021) and Outputs

Category	Output 2016	Output 2017	Output 2018	Output 2019	Output 2020	Output 16-20	Target 16-20	Target 2021	Overall Target 16-21
Build	2,965	4,054	4,811	6,074	5,073	22,977	24,710	9,500	34,210
Acquisition	1,957	2,214	2,610	2,772	1,314	10,867	6,030	800	6,830
Lease	792	827	1,001	1,161	1,440	5,221	7,586	2,450	10,036
Subtotal	5,714	7,095	8,422	10,007	7,827	39,065	38,326	12,750	51,076
RAS	1,256	890	755	1,043	913	4,857	3,800	800	4,600
HAP	12,075	17,916	17,926	17,025	15,885	80,828	76,510	15,000	91,510
Subtotal	13,331	18,806	18,681	18,068	16,798	85,684	80,310	15,800	96,110
Overall Total	19,045	25,901	27,103	28,075	24,625	124,749	118,636	28,550	147,186

Table 3: REV Key High Level Metrics*:

	2016	2017	2018	2019	2020	2021
Total no. of social housing needs met		21,050	25,000	27,360	27,517	28,550
Total no. of social housing units to secure through Current Funded Programmes		16,600	19,600	19,490	18,981	18,250
No. of additional households to transfer from rent supplement to Rental Accommodation Scheme (RAS)	1,000	1,000	600	600	600	800
No. of Rental Accommodation Scheme Tenancies supported at year end						16,854
Total no. of additional social housing units to secure through the Social Housing Current Expenditure Programme						6,450
No. of additional households to be supported by Housing Assistance Payments (HAP)	10,000	15,000	17,000	16,760	15,750	15,000
No. of Active HAP Tenancies at end year						68,398
Total no. of social housing units to secure through Social Housing Capital Programmes		4,450	5,869	7,870	8,686	10,300
Total no. of social housing units to secure through all Build Programmes		3,200	4,969	6,545	7,736	9,500
Total no. of social housing units to secure through Local Authority Build Programmes		2,350	3,209	4,197	4,719	5,600
Total no. of social housing units to secure through Approved Housing Body Build Programmes		850	1,760	2,348	3,017	3,900
No. of Special Needs Units to deliver under Capital Assistance Scheme	449	375	400	425	400	600
No. of units to deliver under the National Regeneration Programme		150	150	200	200	550
No. of units to upgrade under retrofitting programme	12,500	12,500	9,000	3,000	1,000	1,670
No. of Vacant social housing units to be refurbished and brought back to productive use	1,500	766	560	303	180	950
No. of properties repaired and brought into leasing under the Repair & Leasing Scheme		150	800	950	150	170
No. of exits from Homelessness to a tenancy				5,000	5,500	6,000
No. of adults prevented from entering emergency accommodation (by establishment of a tenancy)						3,000

**Figures for 2016 to 2019 represent outputs and those for 2020 and 2021 represent targets.*

Water

The Key High Level Metrics assigned to the Water Programme relate to Private and Public Group Water Schemes paid, the total number of Private Well Grants Paid and improvements of water services in rural areas. These metrics, 7% of the allocation to Programme B, are not reflective of the level of funding assigned to the Water Programme which comprises 31% of

the overall vote programme composition. Table 5 looks at various KPIs in relation to outputs and targets over the period 2018 to 2020.

Metrics that could be assigned to the Irish Water Programme are, inter alia, the number of current boil water notices lifted; the number of leakages reduced in the water network and reductions in wastewater discharge without treatment.

Table 4: Irish Water Exchequer Funding Requirement 2020 - 2024

	2020	2021	2022	2023	2024	2020-2024
	€m	€m	€m	€m	€m	€m
Subvention - Current	579	614	614	602	593	3,002
Subvention - Non Current	208	279	328	357	420	1,592
Capital Contribution	488	414	462	566	534	2,464
Total Exchequer Funding Requirement	1,275	1,307	1,404	1,525	1,547	7,058

Source: Irish Water Strategic Funding Plan 2020-2024.

Table 5: Irish Water KPIs 2018 - 2020

	2018 Output Outturn (2018 Output Target)	2019 Output Target	2020 Output Target
No. of Operational Supports to Private Group Water Schemes	563 (500)	500	575
No. of Operational Supports to Private Group Water Schemes	195 (150)	145	175
Total No. of Private Wells (new and upgraded)	1,569 (3,650)	3,900	2,000
Total No. of Septic Tanks (upgraded)	83 (70)	125	250
Total No. of Waste Water Treatment Plants (new and upgraded)	11	12	5*
Total No. of Drinking Water Treatment Plants (new and upgraded)	10	8	3**
Kilometres of Waste Water Network sewer (new and rehabilitated)	74	57	19***
Kilometres of Water Network (new and rehabilitated)	416	292	189****

*Only upgrades planned for 2020 (no new plant). Capacity PE (population equivalent) for these 5 upgrades is 317,556 vs Capacity PE for 2019 of 379,540. In 2020 a number of projects are being progressed through design and construction with project completions planned to increase for subsequent years.

***The 3 relates to 1 new & 2 upgraded plants the equivalent of 36.5 ml/day in total which compares to 85 ml/day in 2019. As above, a number of projects are being progressed through design and construction with project completions planned to increase for subsequent years.*

****The targets for 2020 are reflective of targeting rehabilitation of high priority larger diameter critical sewers, which have a higher unit cost than the smaller sewer diameters delivered in previous years.*

*****Irish Water funding is being prioritised for leakage reduction programmes e.g. Find and Fix, in order to achieve leakage savings which will also impact on reducing new and rehabilitated water network in 2020.*

Planning

When comparing 2021 with the previous year, Programme D 'Planning' allocation has grown by 3.8%, but this is following a substantial 132% increase in 2020. Of this increase, 70% (€53 million) is attributable to one subhead 'D9 – Urban Renewal/Regeneration', which has since had its allocation decreased by 30%. The most significant increase in the 2021 estimates is that of the LDA, whose allocation has jumped from €17.5m to €65m (270% increase).

Section 4: Future Challenges and Policy Considerations

There are a number of future policy challenges for DHLG&H, particularly in the context of COVID-19.

Housing expenditure has grown significantly over the past number of years, and at €3.3bn in 2021, has more than trebled since 2016. The existing housing delivery plan, Rebuilding Ireland, comes to an end in 2021.

The Department of Housing, Planning and Local Government are finalising Ireland's new housing plan, *Housing for All*. The strategy document takes a whole of Government approach to tackle the housing crisis with primary focus on increasing supply. The new strategy looks to significantly increase housing funding and housing delivery targets.

Two new affordable housing schemes will see homes being sold at discounted prices to households due to the introduction of an equity stake held by the State.

Homelessness expenditure has grown by 145% since 2016, reflecting the overall growth in demand for homeless accommodation over the period. In 2020, Covid-19 has also had a significant impact on homelessness expenditure. The homeless spend has increased because of the need to ensure compliance with social distancing requirements and the need to have necessary isolation accommodation in place if required. The impact of Covid-19 on the homeless budget will need to be kept under review.

Local Government funding also poses a significant challenge following the COVID-19 crisis. Rates waivers were granted to affected businesses who were forced to close or significantly reduce trading in 2020, at a cost of €900m to the Exchequer. The longer-term consequences

of the crisis (e.g. business closures) could also have a significant impact on rates income in the future.

It will also be important to ensure that sufficient funding is available to meet the ambitious programmes being delivered by Irish Water, such as the Eastern and Midlands Water Supply Project (Shannon/Parteen Basin) and the Ringsend Wastewater Treatment Plant (WTP) project. The Irish Water Strategic Funding Plan outlines exchequer funding of over €7bn for the period 2020 to 2024.

Justice

Summary

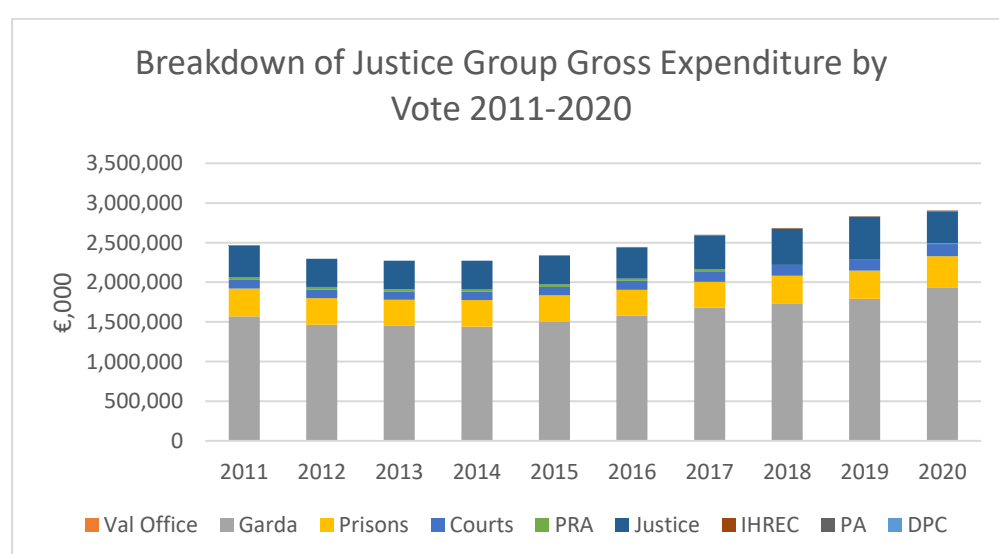
- From 2011 to 2020, expenditure on the Justice Group of votes increased from €2.46 billion to €2.90 billion.
- As a proportion of Government expenditure, the Justice sector accounts for almost 3.4% in 2020.
- Pay is the key driver of expenditure in the Justice sector. When combined with pensions, it accounts for approximately 72.3% of vote expenditure.
- A significant Transfer of Functions took place between the Department of Justice and the DCEDIY in 2020 resulting in the outward transfer of the IHREC Vote and €120.4m of Justice Vote related equality functions, primarily in the area of Direct Provision.
- Reforms are progressing in both An Garda Síochána via ‘A Policing Service for our Future’, which entered the Scaling Phase of implementation in October 2020, and in the Courts Service via the Courts Modernisation programme.
- Spending Review 2020 reviewed the following areas of expenditure in the Justice sector:
 - Review of Investment in Courtroom Technology and the Creation of a Centralised Jury Summons Unit (Courts Service)
 - Designing Performance Indicators in Policing – An International Perspective (DPER). This Spending Review identified best practices for designing performance indicators in policing, having regard to international best practice in this area.

Section 1: Long-Term Expenditure Trends

Between 2011 and 2020 Justice Group expenditure increased by €0.44 billion, from €2.46 billion to €2.90 billion, representing an increase of 17.8%. This shows significant changes in the level of expenditure during this period. The Group of Votes has also changed in composition with the introduction of new votes such as the Irish Human Rights and Equality

Commission (2015) and the Policing Authority (2016). Further changes occurred in 2018 when the functions of the Valuation Office and the Property Registration Authority transferred to the Department of Housing, Planning and Local Government. In 2020, the Data Protection Commission became its own separate vote. The Transfer of Functions between the Department of Justice and the Department of Children, Equality, Disability, Integration and Youth took place in October 2020 resulting in the outward transfer of the IHREC Vote and €120.4m of Justice Vote related equality functions primarily in the area of Direct Provision with an overall 25.9% decrease in expenditure across this area year on year. Figure 2 shows the breakdown between current and capital expenditure for each Vote in the Group over the last decade.

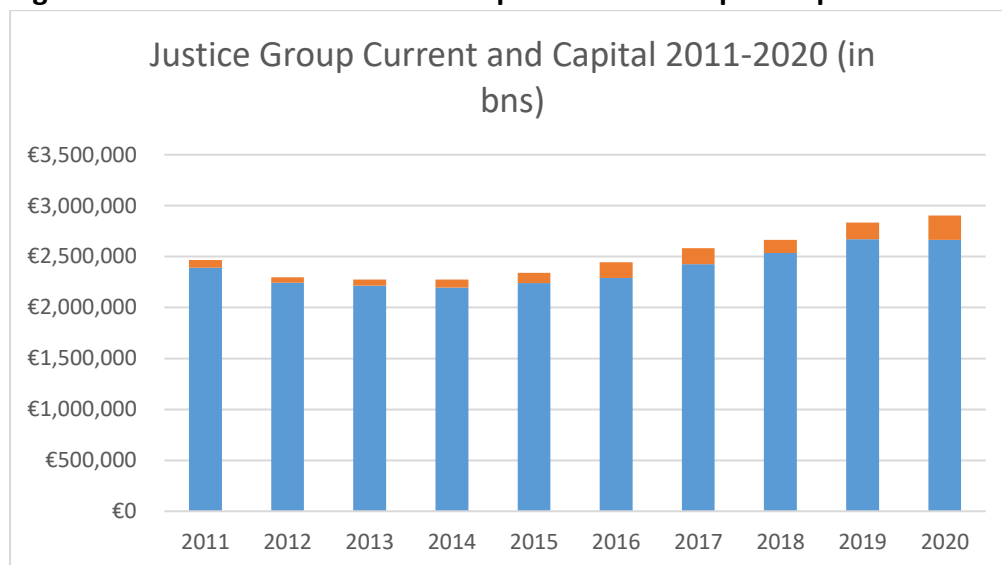
Figure 1 - Breakdown of Justice Group Gross Expenditure by Vote 2011-2020



Source: DPER INFOR system and Databank

Note: Expenditure related to IHREC was managed within the Human Rights Commission and Equality Authority subheads in the Justice vote for the period 2011 to 2014 and was then transferred to DCEDIY following the completion of the Ministerial transfer of functions in October 2020.

Figure 2 - Breakdown of Justice Group Current and Capital Expenditure 2011-2020

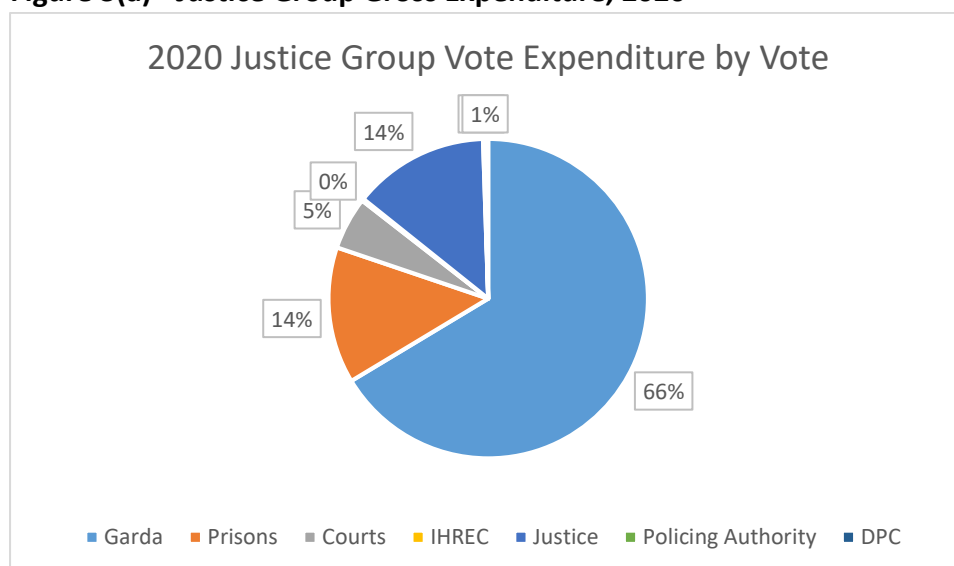


Source: DPER INFOR system and Databank

In the 10 years between 2011 and 2020 inclusive, Justice Group expenditure increased annually by an average of 1.7% per annum, reaching its highest level of €2.90 billion in 2020. Justice Group expenditure declined to a low of €2.27 billion in 2014, falling by €0.19 billion or 8% compared with the corresponding figures in 2011. It increased by €0.63 billion or 27.7% to the €2.90 billion reached in 2020.

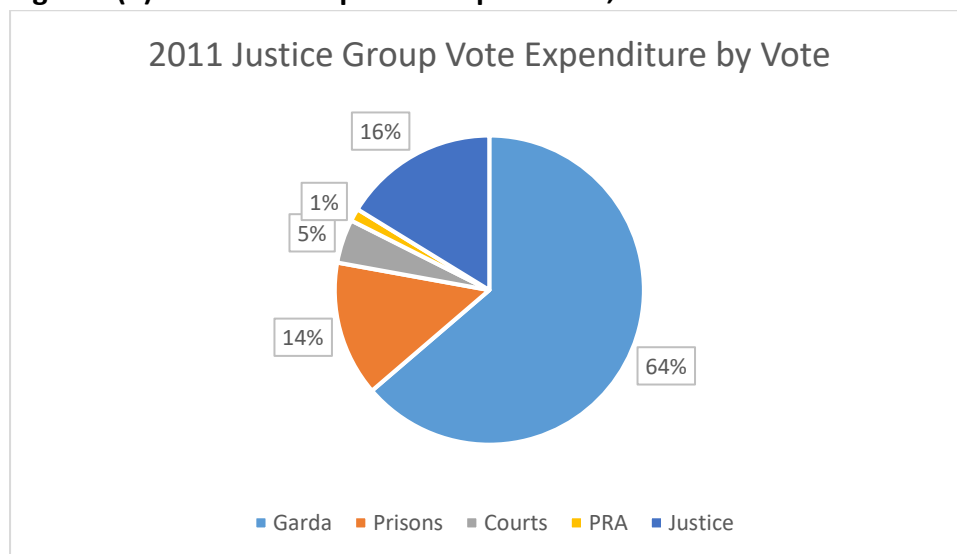
Figure 1 also shows that over the decade, the three biggest contributors to expenditure on the Justice Group were the Garda Vote, the Prisons Vote and the Justice Vote. Figures 3 (a) and (b) shows the proportional breakdown of expenditure for 2020 compared to 2011. There was some variation over that period – for example, Garda spending as a share of total justice sector spending was approximately 64% in 2011 but increased to 66% in 2020. Justice vote spending accounted for a smaller share of spending in 2020 (14%), compared to 2011 (16%). Conversely, the relative share of Prisons Vote spending has remained at 14%.

Figure 3(a) - Justice Group Gross Expenditure, 2020



Source: DPER INFOR system and Databank

Figure 3(b) - Justice Group Gross Expenditure, 2011



Section 2: Expenditure Drivers

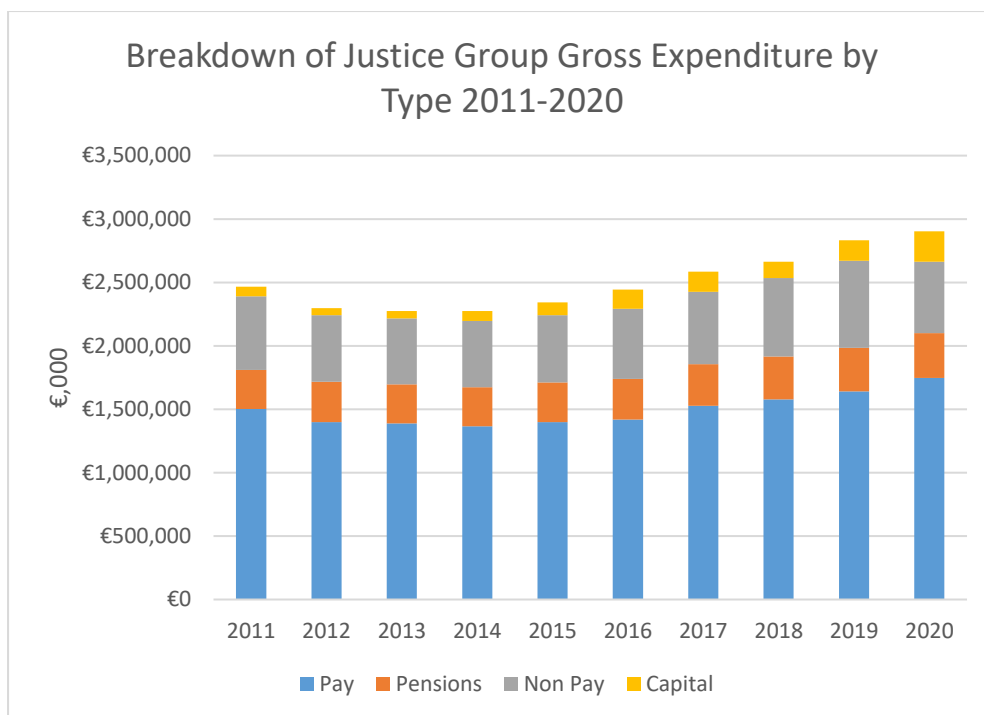
Pay and Numbers

Staff is the most important influence on expenditure for the Justice Group of votes. Changes in the number of Gardaí, prison officers as well as the quantum of staff across the Justice and Courts votes have a large impact on the sustainability of expenditure. Table 1 shows that, taken together, pay and pensions accounted for 72.3% of total gross public expenditure on the Justice Group of votes in 2020. This is 1.1% less than the equivalent share in 2011.

Table 1 Justice Group Gross Expenditure by composition: 2011 - 2020

	2011	2015	2020
Pay and Pensions	73.4%	73.0%	72.3%
Non Pay	23.5%	22.7%	19.4%
Capital	3.1%	4.3%	8.3%
Totals	100%	100%	100%

Source: DPER INFOR system and Databank



The number of Garda members remains the most significant staffing cohort across the Justice sector. The sectoral policy drivers for staffing numbers across the Justice sector include, among others:

- Government policy to increase numbers e.g. Garda members, Garda staff and reservists in policing
- Pressures on large operational areas e.g. Immigration Service Delivery
- Regulatory demands – e.g. Data Protection Commission
- Government decisions on new bodies

Non Pay

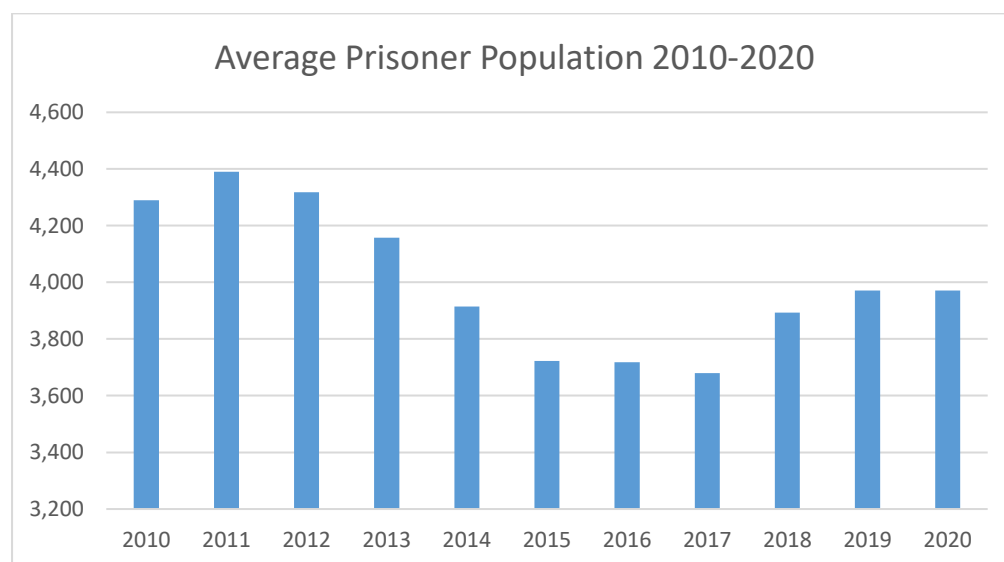
On the non-pay side, the key drivers of expenditure continue to encompass:

- Criminal and civil legal aid
- Service contracts such as GoSafe (speed cameras)
- Non pay spending to support frontline staff in the Criminal Justice system (e.g. prison officers and Gardaí) – transport and T&S, equipment etc.
- Grant programmes.

Prisoner population is an example of a driver which influences both pay and non-pay and merits a brief discussion. The average daily number of prisoners in custody in 2019 was 3,971 compared to 3,893 in 2018, an increase of 2%, as shown in figure 4. In advance of the publication of the Annual Report of the Prison Service for 2020 the numbers in custody and on temporary release at end December 2020 was 3,971. The most recent figures on prisoners

in custody as of July 2021 reveals there are 3,906 prisoners in custody with 4,429 prisoners in the system, which are increases on the end 2020 figures of 3,650 and 4,111 respectively. Continuation of this trend will place pressures on the prisons system (both pay and non-pay) to manage this additional demand given that the annual cost of an available staffed prison space was €75,000.

Figure 4- Average Prisoner Population, 2010 to 2020



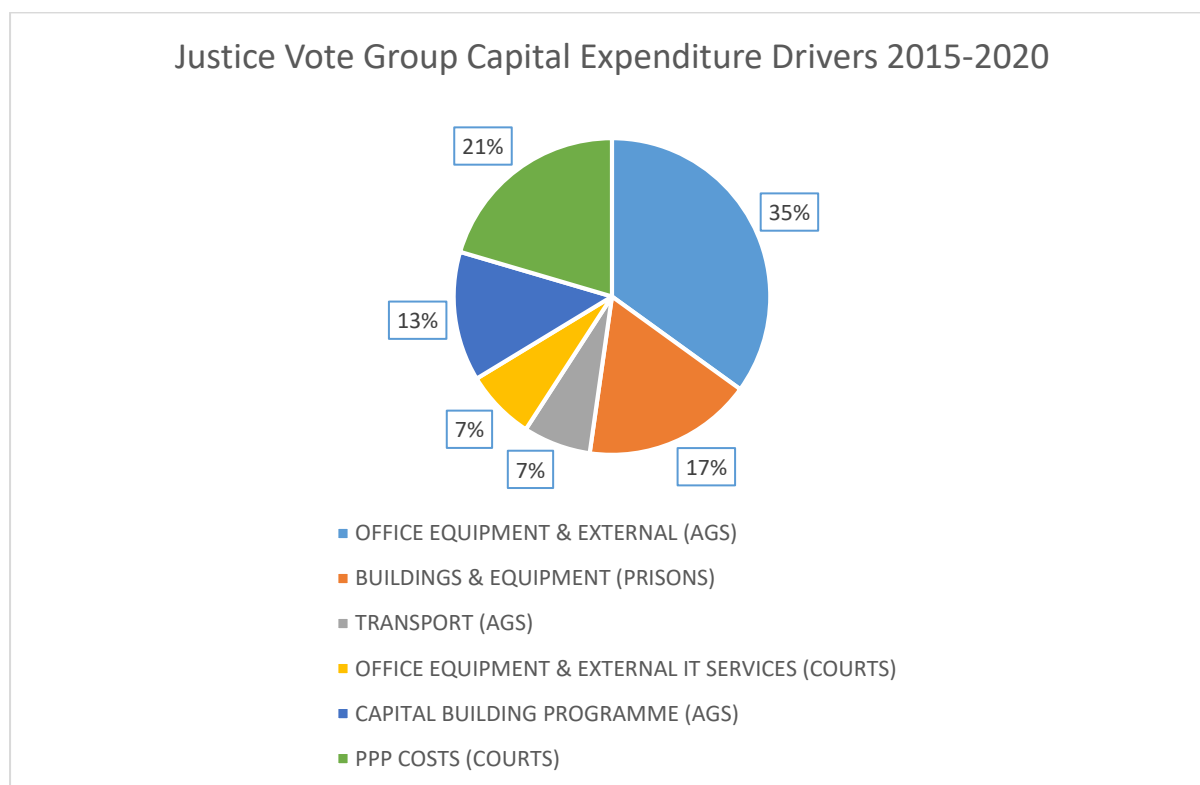
Source: Annual Report Prison Service

Capital

Figure 5 below shows the main core components of the capital budget for the Justice Vote Group and the proportion of capital spend that each component comprises from 2015 to 2020 inclusive. The core components are as follows:

- Buildings (accommodation for Prisons, Gardaí and courts)
- Office equipment
- ICT – case management, processing systems, new Garda systems
- Transport – Garda vehicles
- Capital Building Programme (An Garda Síochána)
- PPP Costs (Courts Service)

Figure 5 - Justice Vote Group Selected Capital Expenditure Drivers 2015-2020



Source: DPER INFOR system and Estimates Manager System

Section 3: Outcomes

The Justice Vote Group covers a significant number of functions, programmes, subheads and agencies. Accordingly, it is not possible to fully analyse the entire range of outputs and outcomes of spending on the justice system within the scope of this chapter. This section will focus on policing, given the scale of reform efforts underway in the sector and the size of Vote 20, as well as indicators from the Prisons Vote and the Justice Vote. The first section reviews the current set of indicators presented in the Garda, Prisons and Justice Votes as part of the 2021 Revised Estimates. The second section considers crime trends as published by the CSO.

Table 2 below shows the performance indicators (outputs) presented in the 2021 Revised Estimates Volume for the Garda, Prisons and Justice Votes.

Table 2 – List of Indicators presented in the Revised Estimates 2021 (outputs)

Garda Vote	2021 Target
Community Policing	
Community Policing Model incrementally rolled out in all divisions	8
Average number of contacts with victim per incident – all incidents	>3.5
Protecting People	
Cyber Crime satellite hubs established	3
Percentage of Domestic Abuse victims contacted within 7	80%

days of reporting an incident	
Lifesaver offences where a Fixed Charge Penalty Notice issued (incl. seat belts, mobile phones, speeding and intoxicated driving)	>110,454
Victim Assessments completed within 3 days	>85%
<i>Our People – Our Greatest Resource</i>	
No. of Gardaí reassigned to policing duties	300
% of AGS members engaging in PALF (Performance and Accountability Learning Framework) process	70%
<i>Transforming Our Service</i>	
New Operating Model – Business Services Function Area (BSFA) established in Policing Divisions	12
Average overtime hours per Garda member per year	187
Procurement of policing enabled mobile devices	5,000
Prisons Vote	2021 Target
<i>Management of persons committed to prisons</i>	
Management of persons committed to prison - Prison capacity	4,269
Average occupancy rate	90%
% of prisoners on temporary release (excluding fines) who are on structured temporary release programme (Community Return Scheme, Community Support Scheme)	90%
<i>Humane custody and rehabilitative services</i>	
Average attendance as a % of work training capacity	75%
Average opening of prison workshops	75%
% of prisoners on enhanced regimes	<50%
Number of prisoners seen by psychology services	1,600
Number of group or one-to-one psychology sessions completed	6,000
Number of prisoners availing of drug counselling services	2,750
Percentage of total Prison population attending prison education centres	38%
Percentage of female prison population in the Dochás Centre attending Dochás prison education centres	58%
Number of Referrals to IASIO GATE (Training and Employment) service	650
Percentage of new committals who have had a committal assessment completed within 24 hours	100%
Percentage of prisons with (a) Covid 19 contact tracing teams (b) Infection Control Committees	(a) 100% (b) 100%
Justice Vote – Programme A Criminal Justice Pillar	2021 Target
<i>Office of the Inspector of Prisons</i>	
No. of Thematic and/or Focused Reports Submitted to Minister for publication	1
No. of Full Inspection Reports Submitted to Minister for publication	4
<i>Garda Síochána Inspectorate</i>	
Inspections initiated (New Metric)	1
<i>Criminal Assets Bureau</i>	
No of CAB cases (a) initiated (b) finalised	(a) 30 (b) 10
Completed (a) Tax assessments (b) Tax collections	(a) 45 (b) €2.1m
<i>The Probation Service</i>	
Number of Offenders who will be dealt with in the community	15,500
Number of Probation (Pre Sanction) Reports completed for the Criminal Courts	10,500
Number of Community Service Reports completed for the Criminal Courts	2,500
Number of Parole Board – Assessment and Home circumstance reports completed	60
Community Return (Prisoner Early Release Programme) successful completions	85%

Total Number of Prisoners engaged with over the year	2,000
No. of Offenders who will be dealt with under the JARC pilot scheme	150
<i>The Probation Service: Remote Enabled Work</i>	
Proportion of training delivered online to ensure continuous professional development requirements are met	75%
Proportion of staff supervision meetings with Probation Officers held remotely	60%
Proportion of Remand in Custody assessment interviews conducted remotely	80%
<i>Irish Youth Justice Service</i>	
No. of Young people engaged in Youth Diversion Projects	3,900
<i>Victims of Crime including Sexual Crimes and Domestic Abuse</i>	
Number of victims helped by funded organisations	21,500
<i>Private Security Authority</i>	
Number of applications for licences processed by the Private Security Authority	10,000
Number of compliance cases processed by the Private Security Authority	900
<i>Domestic, Sexual & Gender Based Violence – Awareness raising and training</i>	
Domestic Violence - Men who were assessed for programmes	300
Domestic Violence - Men who commenced programmes	200
Domestic Violence – Men who completed programmes	130
Domestic Violence - partners / ex-partners who were supported by partner contact services	120
<i>Forensic Science Ireland</i>	
Technical Bureau Cases or Match Requests Assisted by Forensic Science Ireland Staff (<i>GNTB Merger</i>)	> 4,000
Complex drug/tox. cases Reported (<i>Chemical Analysis</i>)	6,000
Missing Persons Case Investigations or Body Identifications (<i>DNA</i>)	80
Number of Member States with Active Prüm Connectivity & Exchange (<i>DNA</i>)	8
Case Reports Completed by Forensic Science Ireland	20,000
<i>Office of the State Pathologist</i>	
Post mortem examinations performed within one day of notification from Coroner	80%
Justice Vote – Programme B Civil Justice Pillar	2021 Target
<i>Legal Services Regulatory Authority</i>	
Barristers Registered on Roll of Practising Barristers	2,950
Complaints Processed in respect of Legal Practitioners	1,000
Limited Liability Partnerships (LLPs) entered onto Register of LLPs	400
<i>Property Services Regulatory Authority</i>	
Compliance Investigations of licensees under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010	200
Compliance Audit Investigations of licensees under the Property Services (Regulation) Act 2011	300
<i>Legal Aid Board: Civil Legal Aid – no. of new cases processed</i>	
Total	17,800
Processed in law centres	7,300
Referred to private solicitors	10,500
<i>Legal Aid Board</i>	
Legal Services waiting list	1,500
Mediation Cases completed	2,200
Mediations Sessions given	10,650
No. of full written mediated agreements	1,300
<i>Immigration Service Delivery</i>	
No. of entry and visa applications to process	150,000
Citizenship Applications concluded	15,000
Number of foreign nationals registered in Ireland	150,000
Atypical Worker Permission Applications	3,000
Applications processed under Immigration Investor and Startup Entrepreneurs Programmes	500

Protection Applications to be dealt with under the Single Application Procedure following commencement of the International Protection Act	4,250
<i>Irish Film Classification Office</i>	
Theatrical Films and Trailers Certified	1,100
Irish Film Classification Office – Video Works Certified	1,800
Irish Film Classification Office – Video Licences issued	700

The Courts Service also delivered the following outcomes in 2020:

- 2,411 remote court sessions were held.
- 13,326 remote appearances of the Irish Prison Service from prison locations.
- 1,300 training days delivered.
- Total number of incoming Civil Business (by jurisdiction) in 2020 amounted to 162,980 cases. 98,388 cases were resolved during the year.
- Total number of incoming Criminal Offence and Appeals (by jurisdiction) in 2020 amounted to 415,992. 225,776 cases were resolved during the year.

As well as the above high level metrics for the Garda Vote, there are also context and impact indicators in the Revised Estimates in terms of reported crime incidents for certain offence categories as published by the CSO. In addition to these indicators, the annual Public Service Performance Report published by the Department of Public Expenditure and Reform includes additional output indicators and impact indicators for the Garda vote such as, among others:

- % of Gardaí in frontline operational roles;
- Detection rates for various categories of offences; and
- Results from the Garda Public Attitudes Survey.

The 2020 spending review published by the Department of Public Expenditure and Reform, *“Designing Performance Indicators in Policing – An International Perspective”* identified the best practices for designing performance indicators in policing, having regard to international best practice in this area.

The spending review further informed the engagement between the Department of Public Expenditure and Reform, the Department of Justice and An Garda Síochána when selecting appropriate performance indicators and metrics for use in the 2021 Revised Estimates Volume and this year’s Public Service Performance Report.

Recorded Crime

Recorded crime is a measure of incidents reported to the Gardaí where it is determined that a criminal offence has taken place, as defined by the law. It is influenced by many factors, including policing activity. Other factors include economic growth, demographics, social conditions (e.g. deprivation and poor childhood outcomes), among many others.

Table 3 shows the trend in recorded crime for the period 2016 to 2020, as categorised by offence group. This table should be read in conjunction with the caveats regarding crime

statistics as set out by the CSO in the Review on the Quality of Crime Statistics 2018. In September 2017, the CSO took the decision to further defer the publication of Recorded Crime statistics. This arose because work on issues raised by the CSO in May 2017 had not been fully completed and An Garda Síochána had also decided to extend the period of their review of homicide incidents. Accordingly, crime statistics are categorised as Under Reservation. This means that the quality of these statistics do not meet the standards required of official statistics published by CSO.

The Under Reservation categorisation will remain in place until the CSO is satisfied that the level of accuracy and completeness of the underlying data is of sufficient quality. The CSO is engaging with An Garda Síochána to set out the criteria for the lifting of the reservation. These criteria cover quality concerns across a broader range of issues such as data governance, training, crime data recording procedures and the auditing and monitoring of data quality.

Table 3 – Recorded crime incidents classified by offence group & annualised to end Q4, 2016 to 2020

	2016	2017	2018	2019	2020
Homicide Offences	91	83	80	64	73
Sexual Offences	2,525	2,884	3,182	3,340	2,986
Attempts/threats to murder, assaults, harassment & related offences	16,691	18,925	20,165	21,775	18,893
Dangerous or negligent acts	7,689	8,374	8,559	8,691	8,717
Kidnapping and related offences	124	129	127	127	130
Robbery, extortion and hijacking offences	2,102	2,186	2,435	2,343	1,807
Burglary and related offences	18,551	19,182	16,966	16,748	10,938
Theft and related offences	64,510	69,283	66,920	68,158	51,474
Fraud, deception and related offences	4,937	5,436	6,295	7,962	7,818
Controlled drug offences	16,029	16,792	18,309	21,348	23,285
Weapons and explosives offences	2,137	2,377	2,438	2,685	3,085
Damage to property and to the environment	22,192	23,209	21,531	21,908	19,504
Public order and other social code offences	29,224	31,199	31,982	32,400	28,980
Offences against government, justice procedures and organisation of crime	12,308	13,740	16,165	17,614	10,371

Source: CSO (Recorded Crime Q4 2020)

Note: Figures may be revised by the CSO after publication and the annualised figure for a given quarter is the total number of crimes recorded in the 12 months prior to the end of that quarter

Continuing lockdown measures in response to the COVID-19 pandemic are likely to have contributed to sharp falls in Recorded Crime levels in Ireland in 2020.

The total number of recorded crimes in 2020 fell sharply in the categories of *Burglary and related offences* (down by 5,810, or 34.7%), *Theft and related offences* (down by 16,684, or 24.5%) and *Robbery, extortion and hijacking offences* (down by 536, or 22.9%), when compared with 2019. See Table 3.

There were also notable decreases in the numbers of recorded crime incidents classified as *Attempts/threats to murder, assaults, harassments and related offences* (down by 2,882, or 13.2%), and *Sexual offences* (down by 354, or 10.6%) compared to 2019.

There were increases in the numbers of recorded incidents in the categories of *Weapons and explosives offences* (up by 14.9%) and *Controlled drug offences* (up by 9.1%) in 2020 compared to the previous year.

There were 1,101 breaches of COVID-19 regulations which were classified as crime incidents by An Garda Síochána in 2020, and included breaches of regulations relating to domestic travel restrictions, licensed premises, wearing of face coverings and international travel. These incidents are not included in the statistical tables due to difficulties aligning them with the existing statistical classification.

On the issue of changes in the incidence of crime by offence category, the following broad trends can be observed over the period 2016 to 2020:

- The number of homicide offences has declined
- Sexual offences have risen significantly with a decrease in 2020
- Burglaries have declined significantly for the past three years
- Controlled drugs and weapons offences have increased each year to 2020.

This commentary does not take into account the issue of underreporting of crime.

Section 4: Future Challenges and Policy Considerations

1. A Policing Service for the Future

The report of the Commission on the Future of Policing in Ireland (CoFPI) was published in September 2018. It aimed to provide a fresh start for policing through a comprehensive examination of all aspects of policing in Ireland. “A Policing Service for the Future”, the plan to implement the CoFPI recommendations, commenced in 2019 and is underpinned by a robust reporting framework to oversee the delivery of the plan, which is led by the Department of the Taoiseach. The Department of Public Expenditure and Reform is one of the key stakeholders in driving this reform.

In addition to the recommendations to improve the effectiveness of policing, the CoFPI report clearly identifies the levers available to deliver better Value for Money including reforms to learning and development, multi-annual budgeting, redesign of business processes, a capability review of the finance function, streamlining of allowances and divestment of non-core functions, among others. This reinforces the message that the challenges to improve policing are not solely about increased investment.

Another central theme of the CoFPI report is the need for better data so that policing becomes information-led. Currently there is a challenge in obtaining good published data and related analysis on either the costs of police activity or the results in terms of crimes detected, resolved or the important crime prevention work carried out by An Garda Síochána. A better understanding of demand is also a crucial input into improved workforce planning.

As has been highlighted by the Policing Authority on many occasions, the enablers of policing reform require significant improvement i.e. ICT, HR, Finance etc. Work is ongoing on a number of fronts to address these issues including a Finance Function capability review which is nearing completion.

Covid-19 has presented particular challenges for frontline organisations, and necessitated a refocus and reprioritisation of resources within An Garda Síochána (AGS) to meet the pandemic effectively. DPER, D/Taoiseach, D/Justice and An Garda Síochána have reviewed the APSFF reform plan in the context of Covid-19 to ensure the delivery of key reform actions in 2020 and 2021.

The first two phases of “A Policing Service for our Future” (the Building Blocks and Launching Phases) have been completed. The third phase – the Scaling Phase – commenced in October 2020. This is the critical phase of the programme of reform, during which the programme gains momentum. The delivery of the majority of the actions will be started or executed during the Scaling Phase.

2. Courts and Prisons Reform

Courts

Further to the completion of the DPER Organisational Capability Review in 2018, challenges were identified to be addressed in the areas of leadership, ICT, strategy and better service delivery for the user in the Courts Service. One of the key issues highlighted was the need to improve the eCourt environment for management of cases in the courts.

The ambitious nature of the reform programme means that significant planning, appraisal and evidence gathering work is needed to ensure that any overall implementation plan is realistic, properly costed and includes an analysis of the monetary and non-monetary benefits. The potential for this plan to generate efficiencies and productivity needs to be clearly analysed in advance of implementing change programme activities.

As a result of the COVID-19 emergency, the Courts Service has projected a shortfall on court fees receipts by year end, associated with licensing and specifically Special Exemption Orders (SEO's). This forecast was based on the closure of pubs since December 2020, with no SEO applications being lodged since then. A proportion of the fee income is dependent on the re-opening of the night time economy. There are also certain proposals currently being considered regarding the deferral of licencing fees and a reduction in fees for special late night pub and night club exemptions which would reduce the court fee income from these

sources. These initiatives are linked to the work of Night-Time Economy Taskforce, being led on by D/TGACSM, looking at innovative approaches to support and develop a vibrant, diverse night-time culture and economy in Ireland

While the COVID-19 emergency has presented many challenges, it has driven the desire to do things differently. e.g. remote courts, delivering judgments electronically in the High Court, lodging of consent terms by e-mail and the increase in Video-link hearings with the IPS for prisoners in custody. It is planned that the new Target operating model, will build on these revised arrangements and ensure that further enhancement in IT capacity sustains these new ways of working.

Prisons

In the Irish Prisons Service, rising levels of committals will pose a challenge in the coming years. It will be necessary to manage the rise in demand through a combination of increased efficiencies and strategic reforms.

The Irish Prison Service Strategic Plan 2019 - 2022 is a plan for service improvement, development and a road-map, which builds on recent achievements, and sets out how the Prison Service intends to operate as a highly functioning public service organisation. This strategy has been built around five pillars, including Staff Support, Prisoner Support, Safe and Secure Custody, the Prison Estate and Governance.

These following intended outcomes include:

- Enhanced services for staff and positive physical and mental health of all employees
- Enhanced Psychological Services for the provision of mental health services and offence-specific interventions to people in custody
- Provision and enhancement of healthcare services
- Increased participation in rehabilitative activities by prisoners
- Improved coordination of community integration plans in preparation for release of prisoners
- A more modern technology-driven prison estate for safer prisons
- Contribute to safer communities through prisoner progression and tackling overcrowding and over-capacity
- A fairer, simpler Prisoner Complaints System
- Enhanced Organisation Governance Structure by continuing to strengthen internal governance and risk management, information and security systems

Over the medium term penal policy reform has the potential to lead to better outcomes for the prisoners and to reduce the risk of re-offending through improvement in sentence management and enhanced co-operation with key stakeholders such as the Probation Service and An Garda Síochána, among others. The enhancement of prison workshop training leading

to accreditation and additional employment opportunities for released prisoners is currently being examined with an analysis on international best practice leading to implementation.

3. Covid-19

Covid-19 has had a significant impact on the Justice Group of Votes in 2020 and 2021, particularly in the areas of policing, the Courts Service and the operation of the Prisons Service.

An Garda Síochána continues to conduct a range of operations and activities to support of public health measures and to reduce the spread of Covid-19. This has included a large number of static and rolling checkpoints, high-visibility community engagement patrols, and support for the vulnerable and isolated individuals. As part of Operation Faoiseamh An Garda Síochána made contact with people who are vulnerable to, and victims of, domestic abuse to provide reassurance and support and to offer the assistance of local and specialised resources.

The main component of Covid-related expenditure for the Irish Prison Service in 2020 and 2021 is the cost of PPE, medical deep cleaning and the ICT for remote working, including the provision of services such as video link facilities for prisoners' families.

The Courts Service saw a significant in court fee receipts in 2020, which amounted to a 43% shortfall of total fee income, as a result of the impact of Covid-19.

As part of the €3,004m allocation provided to the Justice Group in Estimates 2021, €27.2m was allocated for temporary Covid-19 measures, including:

- PPE equipment such as masks, hand sanitiser, face shields and disposable gloves,
- cleaning costs including sanitisation,
- remote working provisions including ICT related expenditure across the Group,
- leasing of Garda community cars,
- additional funding for prisons healthcare, and
- leasing, cleaning etc. costs associated with facilitating court cases in line with public health guidelines

4. Spending Review 2021

Building on the 2019 Spending Review "Towards a Framework for Multi-Annual Budgeting: Considerations for An Garda Síochána", for 2021 the Department of Public Expenditure and Reform (DPER), the Department of Justice (DOJ) and An Garda Síochána (AGS) are jointly authoring a spending review which will progress policing reform objectives relating to costed policing plans and multi-annual budgeting. These policing reform objectives, which are jointly led by AGS, DOJ and DPER and which are of relevance to this paper, include a commitment to

continue to develop capacity and capability for the Costed Policing Plan, and to consider multi-annual budgeting recommendations from the 2019 Spending Review and the review of the Garda Síochána finance function.

The Prisons Service also plan to publish a Spending Review in 2021 focusing on the examination of the Prison workshops training and generating future employment opportunities for released prisoners based on extensive analysis and research into current practices in the Irish Prison System and in other jurisdictions.

Public Expenditure & Reform

Vote 11 – Department of Public Expenditure and Reform

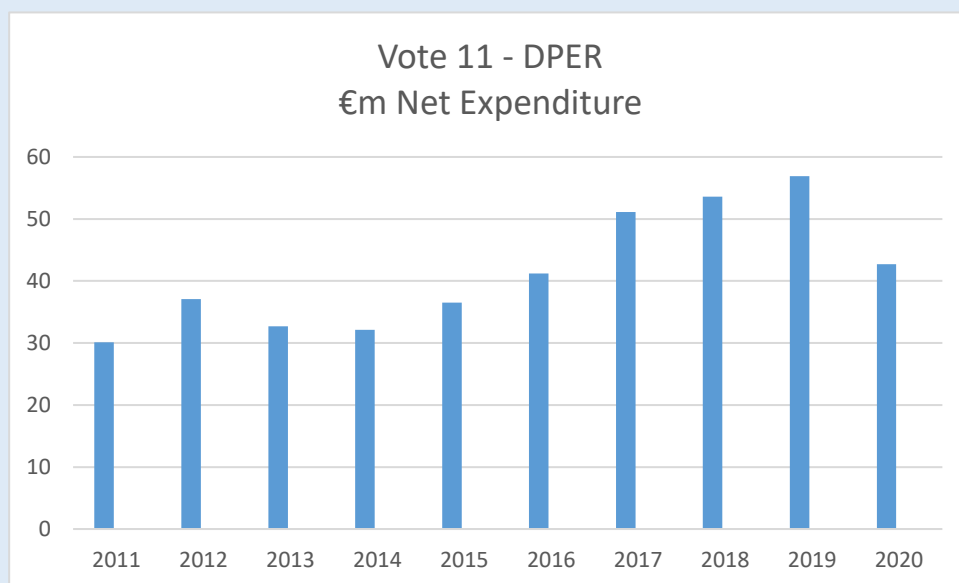
Summary

The Department of Public Expenditure and Reform's expenditure has grown from €30.1m when first established in 2011 to reach €56.9m in 2019 and then fall back to €43.7m in 2020, as the Office of Government Chief Information Officer was established as a separate vote. The Department continues to have a wide range of objectives across two strategic programmes – (A) Public Expenditure and Sectoral Policy and (B) Public Service Management and Reform.

As set out in the Department's Statement of Strategy 2021-23, these objectives support the two strategic goals of the Department:

1. to manage public expenditure at sustainable levels in a planned, rational and balanced and evidence informed manner, in order to support of Ireland's economic development, social and climate goals; and
2. to drive reform and innovation across the Civil and Public Service to improve services to our Public, and to enhance strategic policy making and public governance structures.

2021 is a second year of operation for the Office of the Government Chief Information Officer's Vote. It was established in 2020 with an estimate of €21.7 million (net) which has risen to €22.8m net in 2021 due to exchequer neutral transfers.



Section 1: Long-Term Trends

The overall long term expenditure trend for the DPER Vote has been to rise 90% since its establishment in 2011 to 2019, as it took on more activities to deliver on its two strategic goals of public expenditure management and civil and public service reform.

However, the creation of the new OGCI0 Vote in 2020 accounted for a 28% reduction in the Department's own Vote in 2020 as the OGCI0's pay, admin and programme costs were transferred on an exchequer neutral basis from the Department's own Vote and from other Departments and Offices using the OGCI0's services. Up to 2020, the OGCI0 was funded through the Department of Public Expenditure and Reform's Vote. The OGCI0 is the third Vote that started its life as a reform function within the Department. The Office of Government Procurement and the National Shared Services Office became their own Votes during the 2010s with appropriate governance structures as their activities grew to fulfil their reform mandate for the whole of Government.

The Department had no increase in its 2021 budget compared to its smaller 2020 estimate. However, the Department has led and will continue to embrace responsiveness, innovation and social responsibility as its values to enable it deliver on its strategic goals. This means the Department will be appropriately funded in the future to ensure it can meet the expectations of both our society and Government in rising to the challenges facing Ireland.

Section 2: Expenditure Drivers

The Department has a wide range of functions that drive its expenditure. The delivery of most of these functions is dependent on its human capital and knowledge cultivated internally. Pay costs make up 64% of the 2021 gross estimate and have been the main expenditure driver during the last couple of years due to a modest increase in staff numbers and the effects of pay agreements.

Grant funding to a number of organisations executing a wide range of public goods make up 27% of the Department's current estimate. The largest increase cost driver of grants in 2021 is the Department's obligation to fund pension deficits for bodies under its aegis.

As the challenges facing our society change so too do the activities that are required to be undertaken by the Department. This has always been a prime expenditure driver of the Department since its establishment. A recent example of this has been the establishment of the Construction Innovation Support subhead that will support and encourage the industry to develop and leverage technology to increase its productivity in partnership with a third level institution.

Another more developed example from the Reform Programme is OneLearning, the Civil Service Learning and Development Centre. The Department delivered on its commitment to establish OneLearning within the Department to design, develop, procure and manage training courses specifically designed for the whole Civil Service. In addition, the Department developed and rolled out a Learning Management System to enable all civil servants to engage with learning and development, including instructor-led training and eLearning. As OneLearning's suite of course offerings grow, so too does the cost on the Department's Vote. However, this is offset by delivering high quality and specifically designed courses required by the Civil Service and by ensuring learning and development is accessible to all civil servants, regardless of their organization or location. The central procurement of courses also delivers savings due to economies of scale and ensures robust contract management of training Providers to ensure high quality delivery of service. It also reduces duplication of effort by saving L&D units across the Service from carrying out smaller, more time consuming procurements.

Section 3: Future Challenges and Policy Considerations

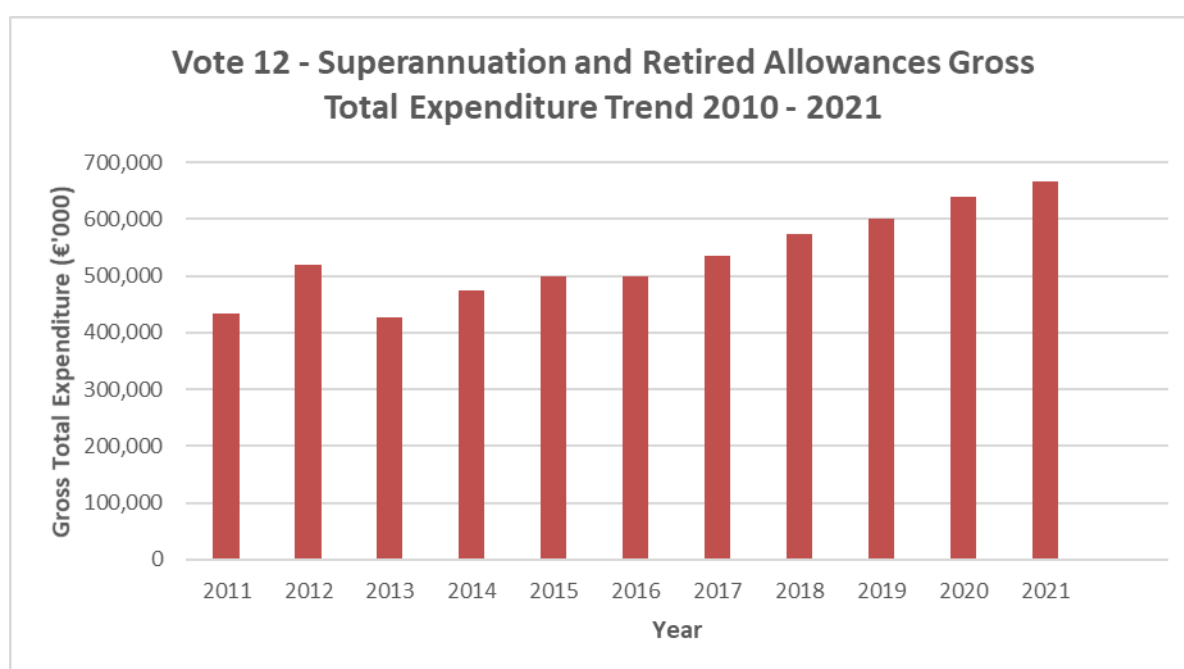
The Department operates in a constantly evolving strategic context and will continue to adapt both its reform programme and expenditure monitoring and evaluation programme activities so that it can deliver on Government objectives, EU commitments and support the economic, social and climate-related progress in keeping with the requirement to return to a broadly balanced budget over the medium term.

Vote 12 – Superannuation and Retired Allowances

Section 1: Long-Term Trends

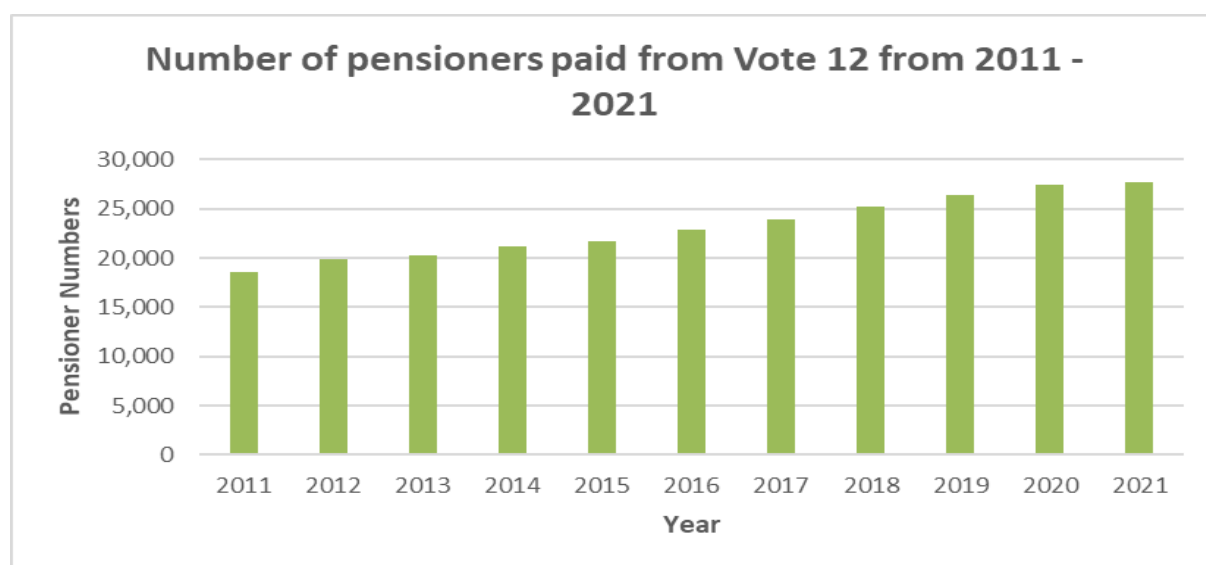
Gross expenditure Trends

Gross expenditure on Superannuation and Retired Allowances, 2011-2021



Total Gross Voted expenditure for Superannuation and Retired Allowances amounted to €5,868m from 2011 to 2021. Gross expenditure has increased steadily (for the most part) year on year to the 2021 allocation of €666.3m in line with the increase in pensioner numbers (overleaf). The Superannuation and Retired Allowances vote represents less than 1% of total Voted expenditure cumulatively since 2011.

Pensioner Numbers Trend



Pensioner numbers have increased steadily from approximately 18,000 in 2011 to the forecast of approximately 29,000 by the end of 2021. This represents an increase of 56% overall.

Section 2: Expenditure Drivers

The key drivers of total gross expenditure in any one year are subhead A1 (pension payroll for established scheme) and subhead A4 (lump sums paid under established scheme). Expenditure here is led by the number of established pensioners who join (and leave) the scheme each year. For 2021, the basis of the estimate for subhead A.4 was 1,650 retirements under the established scheme offset by deaths of 430.

Other drivers of expenditure are:

- the number of pay periods in the year - 26 in most years (some years have 27).
- changes to the pension rate of pay (for example changes to the Public Service Pension Reduction (PSPR) under FEMPI legislation) and pension increases.
- the number of established civil servants who will choose to retire having reached minimum voluntary retirement age (age 60 generally, or age 50 in the case of Prison Officers).
- the number of deaths (including the number of existing retirees whose deaths may result in a spouses' pension becoming payable)
- the average lump sum/pension payable to each new cohort of retirees (determined by the grading, years of reckonable service and date of entry to the public service of such retirees)

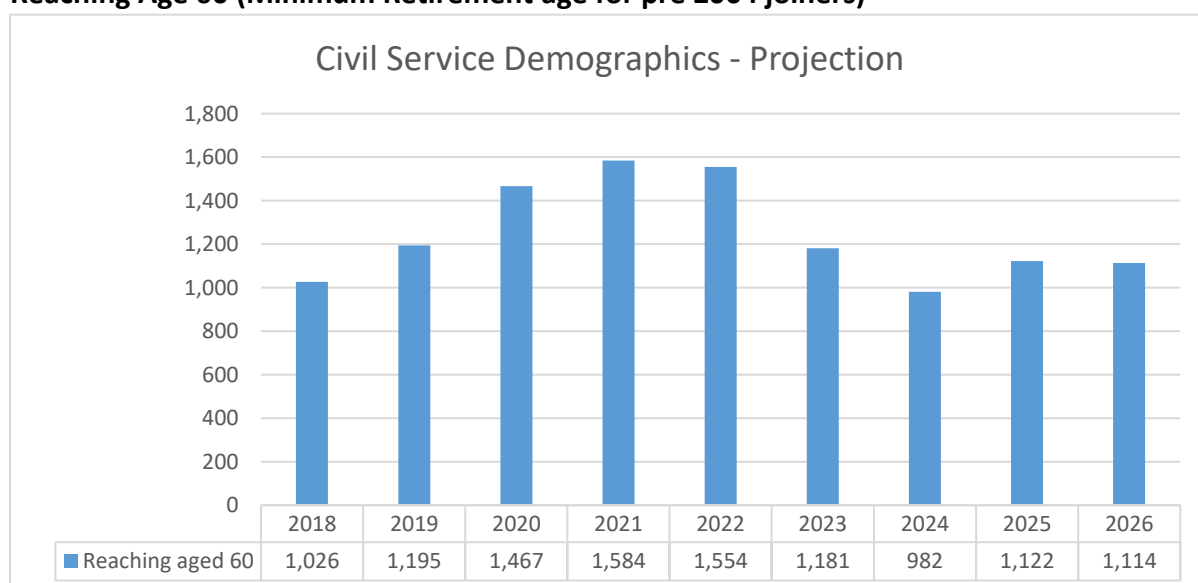
While there is payroll cost in subhead A2, the cost remains reasonably stable from year to year. Subhead A2 is pensions to widows and children, and becomes payable on the death of the established pensioner. Entrants and exits to the scheme each year tend to cancel out. Subhead A5 is pensions and lump sums to unestablished officers. These pensions are integrated with the State pension, and therefore generally of a lower value. In addition, the total number of unestablished civil servants is low. However the total lump sum amount varies from year to year.

A variation in the numbers opting to retire and/or in the remuneration levels of the persons retiring can cause expenditure from the Vote to fluctuate significantly from one year to the next. The pensions of unestablished staff, and of established staff who entered the civil service after 6 April, 1995, are integrated with the State pension.

Under current arrangements, it is projected that the gross rate of increase in Vote 12 will be of the order of approx. 6% per annum, with a net decrease of approx. 4% per annum. If single scheme receipts are excluded, the expenditure on the vote is expected to show a net rate of increase of 7%. In the short to medium term, it is projected that the gross cost of civil service pensions will continue to increase because of the numbers of those recruited in the 1970s who are reaching retirement age. However, this phenomenon will tail off over the medium to long term. Also, the integration of pensions with the State pension, which was introduced in 1995, is already starting to have a dampening effect on the cost to Vote 12 of the average pension.

It is difficult to predict the level of retirements in any one year. Established staff who joined the civil service before 2004 can choose to retire having reached minimum voluntary retirement age (age 60 generally, or age 50 in the case of Prison Officers). A forecast of numbers of staff reaching the minimum retirement age (60) in each year for a 10 year period shows that the demographics are such that the numbers eligible to retire will rise until at least 2021.

Reaching Age 60 (Minimum Retirement age for pre 2004 joiners)



Section 3: Outcomes

The Vote for Superannuation and Retired Allowances covers pensions, superannuation, occupational injuries, and additional and other allowances and gratuities under the Superannuation Acts 1834 to 2004 and sundry other statutes; extra-statutory pensions, etc.

	2015	2016	2017	2018	2019	2020	2021 (Estimate)
Number of pension cases processed in year	2,438	2,508	2,656	2,783	2,777	2,657	2,080
Pensions in payment	21,794	22,856	23,915	25,190	26,364	27,403	29,300

Section 4: Future Challenges and Policy Considerations

a) Pension Funding

Civil service pensions are funded on a pay as you go basis which means that the costs are met out of the current tax receipts. The possibility of creating a fund for this purpose arises from time to time. Part of the rationale for the National Pension Reserve Fund was to have a fund available to meet the future cost of public service pensions. Considerations to be borne in mind include that a diversion of Appropriations in Aid in order to create a fund to meet the future cost of civil service pensions would mean that those Appropriations in Aid would no longer be available to defray current costs. Moreover, consideration would need to be given as to whether an Employer contribution would also be directed to such a fund.

While there is a risk distribution argument in favour of creating a fund to meet or partially meet the cost of public service pensions in the future, a proposal to create a fund to cover the entire cost of public service pensions would require careful consideration.

b) Single Scheme receipts and expenditure

The unit has prepared a vote management report in which it has outlined a number of options for the accounting of receipts and expenditure relating to the Single Scheme. At present, all receipts for the Single Scheme are lodged to Vote 12 as an Appropriation in Aid.

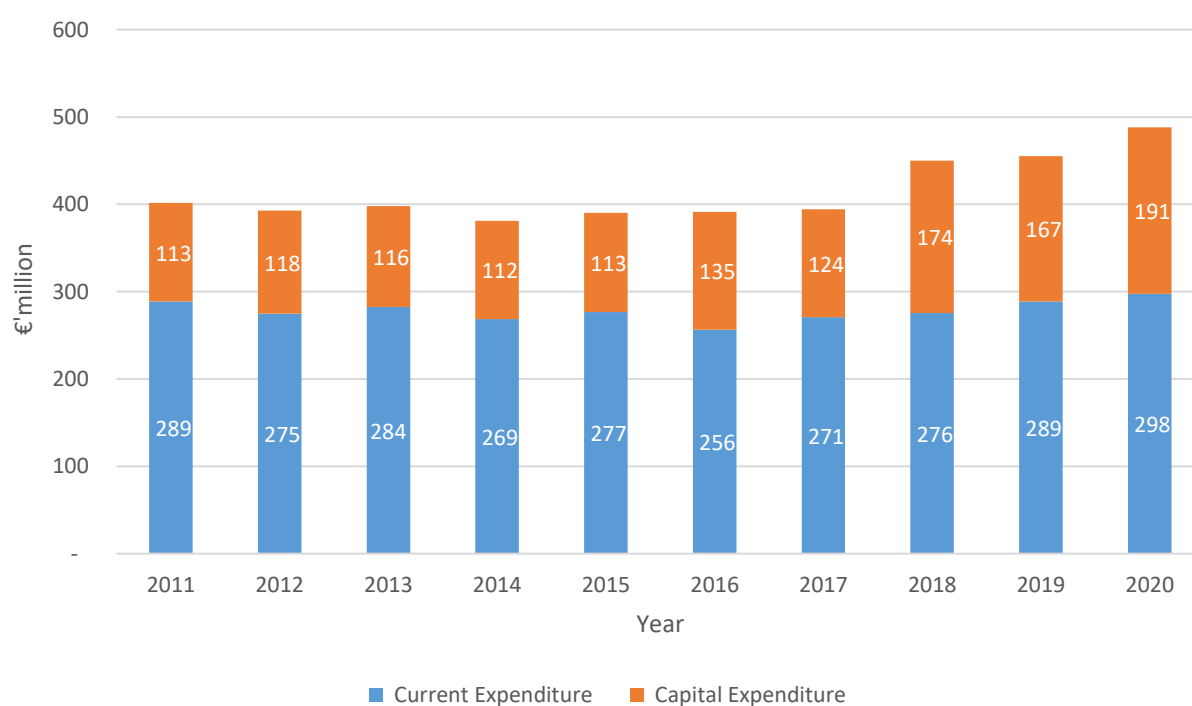
Office of Public Works

Summary

- The Office of Public Works (OPW) operates across two programme areas – A. Flood Risk Management and B. Estate Management, with 80% of expenditure allocated to Estate Management covering the estate property portfolio and heritage services.
- Total voted gross expenditure between 2011 and 2020 amounted to €4,142m . The gross expenditure out-turned in 2020 was €488m, which was the highest level of expenditure in the last 10 years.
- In 2020, total voted expenditure amounted to €488m, a 7% increase on the 2019 allocation and the highest outturn in a decade.

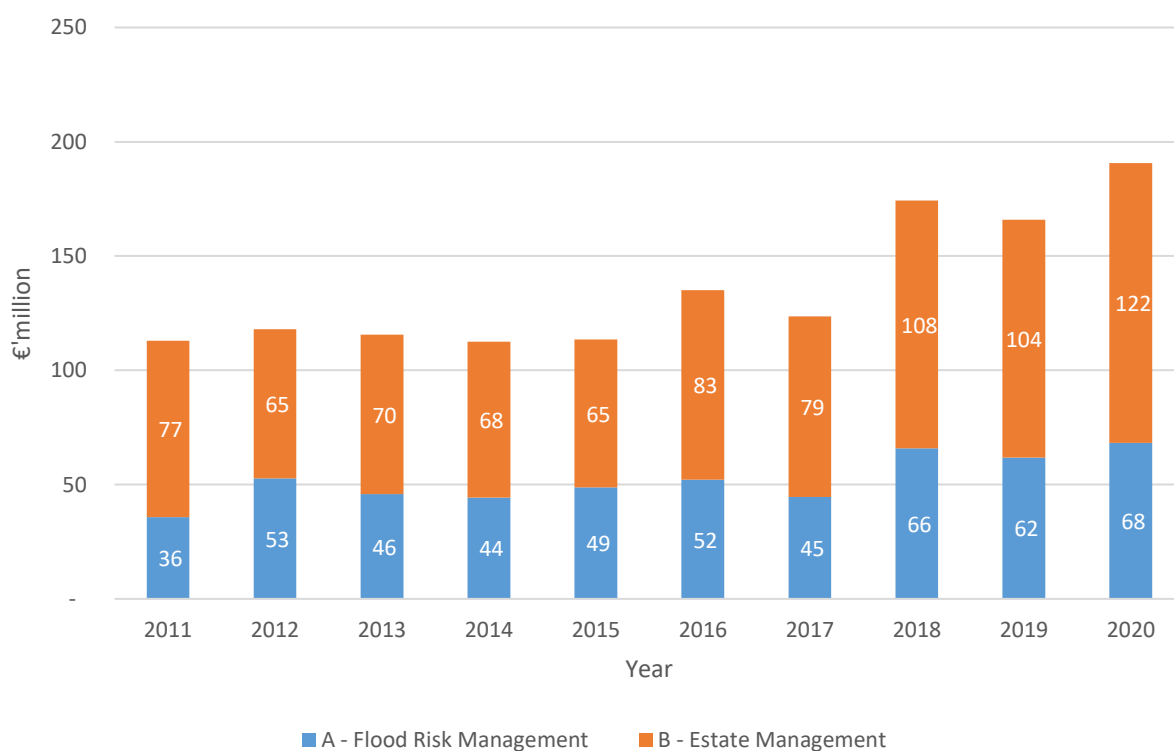
Section 1: Long-Term Trends

Figure 1: Vote 13 Long Term Trends – Current and Capital Expenditure (€m) (2011 – 2020)



- The overall average annual growth in expenditure for the period 2011 to 2020 was 1%. Expenditure fell by an average of 4.1% per annum from 2011 to 2014, but was followed by an average annual growth of 4.3% from 2015 to 2020.
- The share of gross voted expenditure between current and capital expenditure was 67% (€2,779m) on current expenditure and 33% (€1,363m) on capital expenditure within the period 2011 to 2020. There was a notable increase in capital expenditure from €113m to €191m in the 10 year period, an increase of €78m or 69% as a result of projects identified in the Flood Risk Management Plans and property commitments under the National Development Plan to 2018 – 2027.

Figure 2: Vote 13 Capital Expenditure by Programme (€m) (2011 – 2020)



- Capital Expenditure made up on average 33% (€1,363m) of gross OPW Voted Expenditure for the period 2011 to 2020.
- In the above table, the Capital expenditure split between Programme A Flood Risk Management is 38% (€520m) and 62% (€842m) to Programme B Estate Management for the period 2011 to 2020.

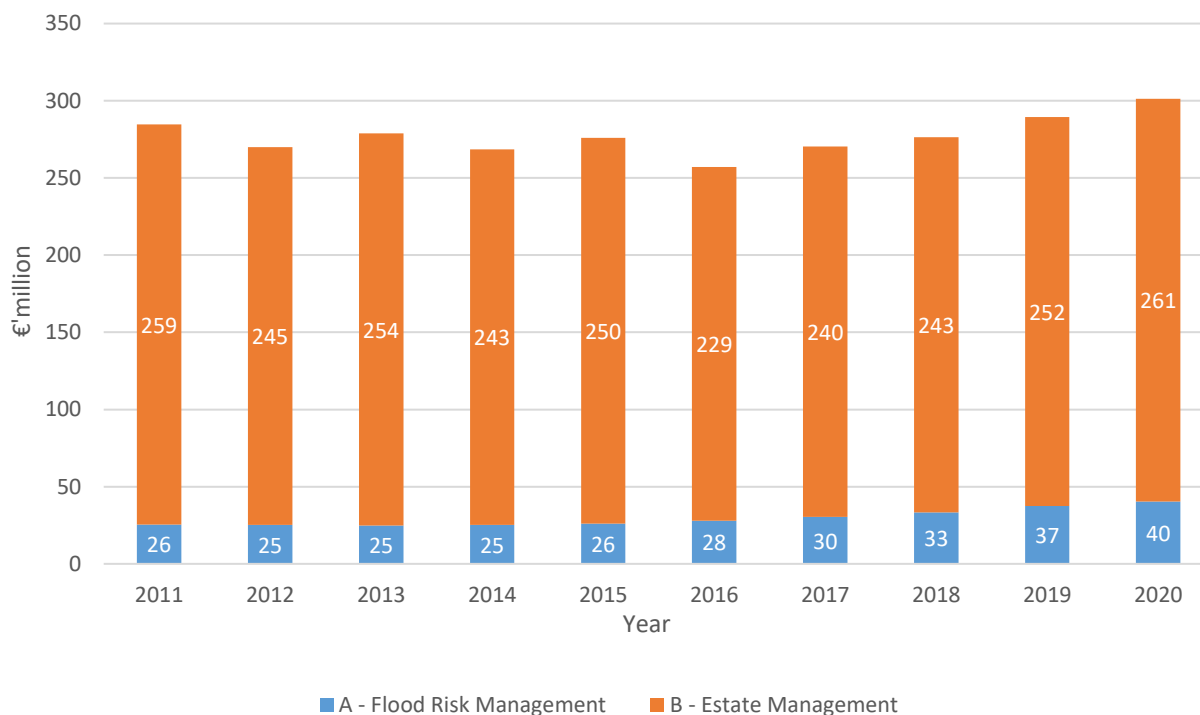
Programme A Flood Risk Management

- Capital Expenditure incurred on programme A relates primarily to spending on major flood relief capital projects with the bulk of such spending arising when projects enter the main construction stage. Secondary expenditure includes the purchase of plant and machinery for flood relief construction work and the ongoing upgrade of OPW fleet in line with current environmental and health and safety regulations.
- The allocation has seen a significant increase owing to the commencement of new projects identified in the Flood Risk Management Plans and through increased activity on numerous schemes at construction stage.
- The average annual capital expenditure over the period 2011-2017 was €46m but this increased significantly over the period 2018-2020 with an average of €65m being invested each year which is a 41% increase.
- The increase can be attributed to an investment of €196m since the start of 2018 underpinning the €1bn commitment of the National Development Plan, which has allowed the investment in work on flood relief schemes to almost treble from 33 schemes to 92 schemes in that time. This additional capacity has in part been facilitated by greater co-operation with Local Authorities in the delivery of flood relief schemes.
- Since 2018 five major capital flood schemes have been completed including Skibbereen and Clonakilty. At the end of 2020 a further nine major capital flood defence schemes were under construction.

Programme B Estate Management

- Capital Expenditure rose by 58%, up from €77m in 2011 to €122m in 2020. Capital Expenditure incurred by Programme B under the Estate Management Programme include new works, unitary payments (National Convention Centre), refurbishment works and the purchase of sites and buildings.
- Capital Expenditure is also incurred by Programme B for Heritage Services which includes major upgrades, new interpretation centres, conservation, refurbishments, visitor facility upgrades and new visitor facilities at a variety of OPW managed heritage sites.

Figure 3: Vote 13 Current Expenditure by programme (€m) (2011-2020)



- Current Expenditure made up on average 67% (€2,779m) of gross OPW Voted Expenditure for the period 2011 to 2020.
- In the above table, the Current expenditure split between Programme A Flood Risk Management was 11% (€297m) and was 89% (€2,482m) to Programme B Estate Management for the period 2011 to 2020.³⁰

Programme A Flood Risk Management

- The total current expenditure on this programme totalled €297m ³¹between 2011 and 2020.
- Current expenditure is made up of non-pay items relating to spending on a planned programme of drainage maintenance (for completed arterial drainage schemes and urban flood relief projects), hydrometric, hydrological operations and associated pay costs.

³⁰ Values in figure 3 may be understated for years 2011/2012/2013 by approx. €7m as previously OPW had a third programme for National Procurement.

³¹ Totals may appear different due to rounding.

- Two thirds of total current expenditure relates to labour costs (€202m) with the average annual pay spend costing €20m.
- Non pay current expenditure has remained consistent between 2011 and 2017. Non pay costs increased in 2018 to €9.7m which is a 10% increase on previous years, and a further 23% increase on the year previous in 2019, followed by a 5% decrease in 2020. The largest portion of non-pay current expenditure within this programme relates to Drainage Maintenance (€64m). This expenditure has increased in recent years as urban schemes completed under the capital programme now require maintenance in order to protect the capital investment.

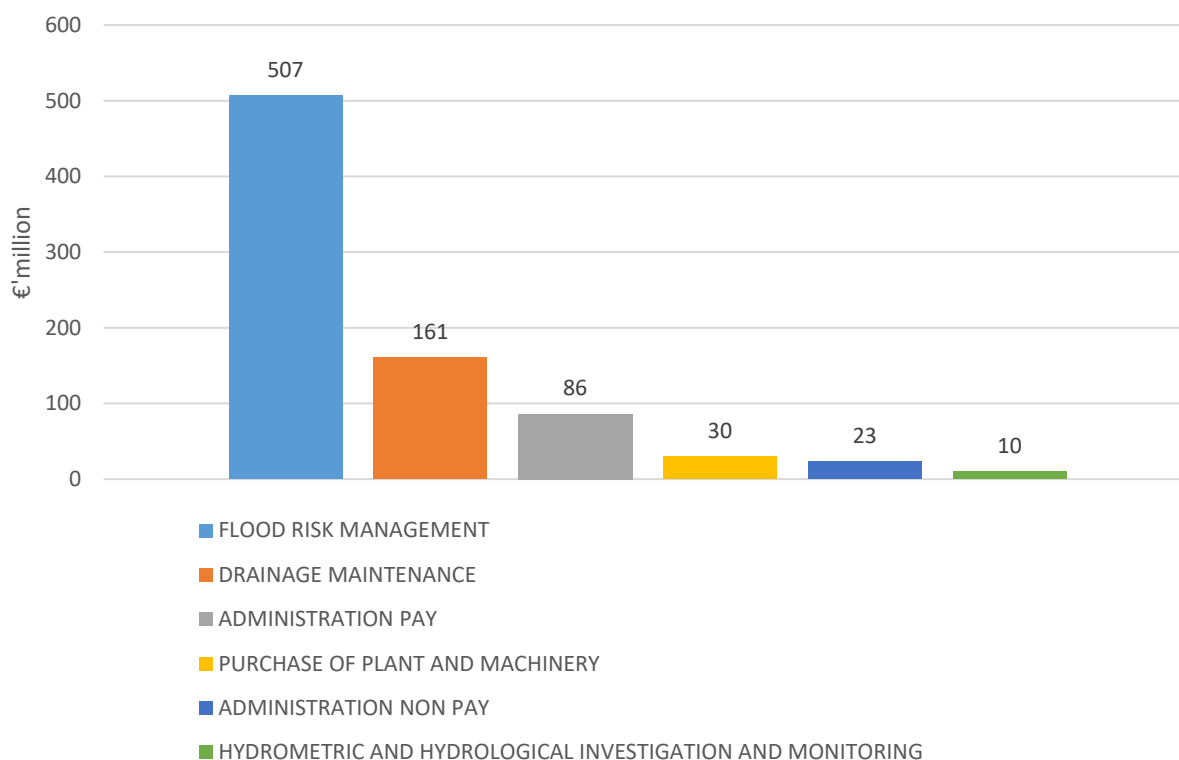
Programme B Estate Management

- The total current expenditure on this programme totalled €2,482m between 2011 and 2020.
- The OPW manages in excess of 2,500 properties on behalf of the State and expenditure provides for the provision of these various estate management accommodation across Government Departments, An Garda Síochána many other Public Bodies. It also covers the operation and maintenance of 800 national monuments and 31 national historic properties.
- The OPW, within its management of the state property, aims to ensure the provision of appropriate and cost effective office accommodation to facilitate the service delivery needs of those organisations. The accommodation requirements of the OPW's clients are primarily for office use and the entire portfolio (leased and owned) has an estimated value of €3.5 billion.
- The largest portion of non-pay current expenditure under this programme relates to rent payments (€968m). Rent payments have fallen from €117.5m in 2011 to €98.4m in 2020. The reduction of 16% is as a result of the office rationalisation programme, and negotiated rent reductions pursued from 2009 onwards.
- Pay related current expenditure attributable to Estate Management made up €720m for the period 2011 to 2020, with the average annual pay spend costing €70m.
- The next largest portion of non-pay current expenditure relates to maintenance services (€385m). OPW are responsible for the operation and maintenance of 800 national monuments and 31 national historic properties nationwide including the provision of extensive visitor services across iconic heritage attractions in addition to the day-to-day staffing, operations and maintenance of sites that are open 365 days a year.

Section 2: Expenditure Drivers

Expenditure Drivers - Flood Risk Management

Figure 4: Vote 13 Flood Risk Management Gross Expenditure (€m) 2011-2020)

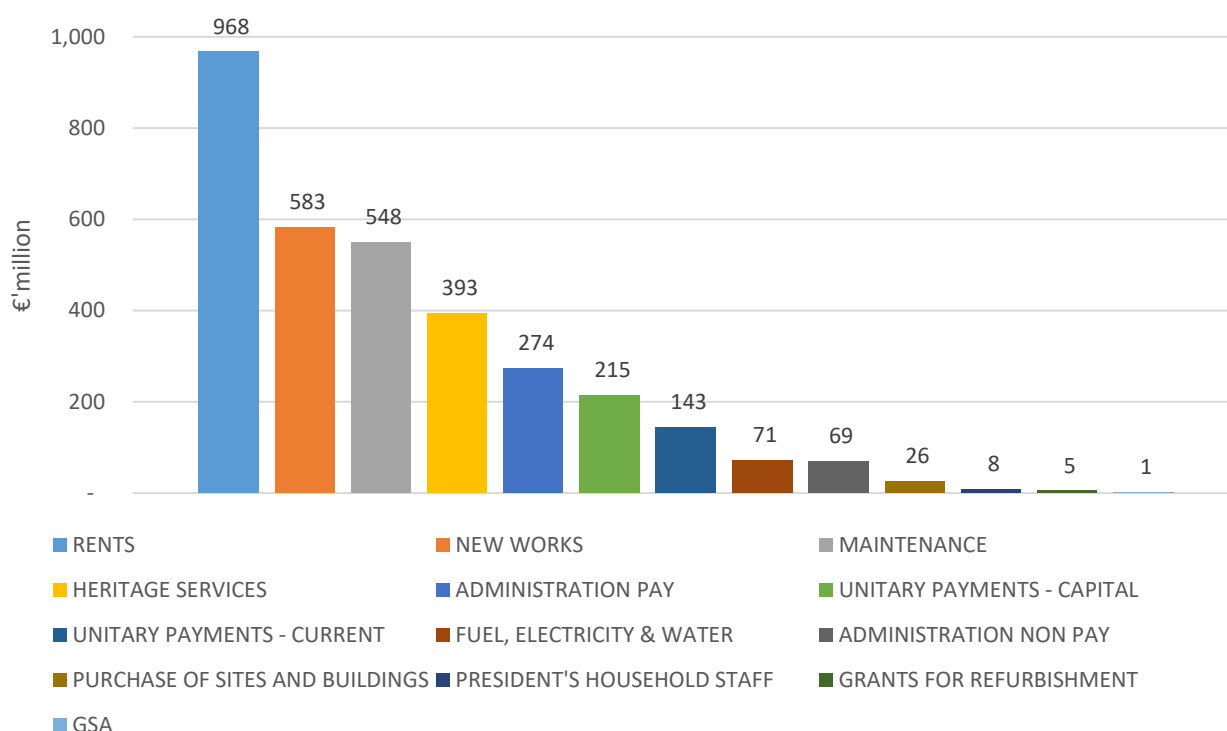


- Investment of €440 million since 1995 has delivered 48 major flood relief schemes around the country, which provide protection to over 10,000 properties and an economic benefit to the State in damage and losses avoided - estimated to be in the region of €1.8 billion.
- The Government has committed €1 billion to flood defences over the lifetime of the National Development Plan from 2018 – 2027. There are currently 92 schemes being progressed, including 61 projects from the first phase of the Flood Risk Management Plans. These 61 new projects were prioritised for implementation on the basis of capacity to deliver the greatest benefit in terms of the greatest number of properties protected on a national and regional basis. 30 of the projects in the first tranche are small in size (<€1m) and will be progressed directly by the relevant Local Authorities with full funding from the OPW.
- In addition to major schemes, the investment programme continues to support the OPW Minor Flood Mitigation Works schemes. To date this scheme has delivered 616 projects directly by Local Authorities nationwide that provide local solutions to prioritised flooding issues. These projects provide flood protection to over 7,300 properties.

- As well as the National Flood Plan, the Programme for Government made commitments regarding national flood forecasting, flood response, and other non-structural responses such as individual property protection and voluntary property relocation.

Expenditure Drivers - Estate Management

Figure 5: Vote 13 Estate Management Gross Expenditure (2011-2020)



- The OPW is in the process of developing an Estate Management Strategy which sets out a long-term vision for the development of the Estate that is aligned with Project Ireland 2040, the Government's overarching policy and planning framework for the future social economic and cultural development of Ireland.
- The Strategy focuses on a framework of the following five key strategic pillars that will shape the direction of the property portfolio and safeguard it for future generations:
 1. Modernising the Office Portfolio
 2. Optimising Space Efficiency
 3. Pro-active Asset Management
 4. Supporting Sustainable Environments
 5. Strengthening Data & Research

- The OPW is responsible for the conservation, maintenance and upkeep of some 800 national monuments and other heritage properties in State care. Guided visitor services are provided at up to 70 OPW managed heritage sites on either a fulltime (26) or seasonal (44) basis.
- The management role also includes the curation and presentation of 30 major historical properties, gardens and arboreta and significant collections of art, historical objects, plants and trees. The Tourism Capital Development Investment Programme 2016 - 2021, jointly managed by the OPW, Fáilte Ireland, and the Department of Tourism, Culture, Arts, heritage and the Gaeltacht, aims to develop visitor-facing infrastructure at heritage sites in State care and to improve certain facilities where they already exist.

Section 3: Future Challenges and Policy Considerations

Delivery of the Flood Risk Management Programme

The scale of the Flood Risk Management programme is unprecedented in the history of the State. Its implementation within the 10-year timescale of the NDP presents considerable challenges. In 2018, the National Catchment-based Flood Risk Assessment and Management (CFRAM) studies, identified 119 new projects for implementation. As part of the first phase, 61 projects are currently being advanced in association with the Local Authorities in parallel with the existing programme of flood relief projects. The process of planning and managing the progression of flood relief projects through the different stages of scheme development is challenging particularly as there are aspects of the process which are not fully within the control of the OPW.

There have been challenges to the progression of schemes partly due to the Covid19 pandemic (and associated restrictions) which have had an impact both in terms of timeline and expenditure on schemes. The construction shutdown in Spring 2020 had the effect of delaying progress on flood relief construction projects due to construction restrictions.

Another challenge to the progression of projects is due to significant delays in the formal planning process. This includes projects submitted for formal Ministerial approval/consent under the Arterial Drainage Acts, to An Bord Pleanála under Part 10 of the Planning and Development Acts and also projects subject to approval under Part 8 of the latter Acts. Even where Planning is Approved there can be impacts due to judicial reviews being submitted. Such delays impact the progression of projects.

COVID- 19

Estate Management capital projects and programmes of work have been impacted by Covid19 and will continue to be impacted until public health restrictions are eased. The impacts are being mitigated where possible but the full impacts will only materialise over time. Challenges include contract delay, site closure delays and new safety operating procedures now required on sites. Other impacts include supply chain pressures, availability of key workforce specialists and additional costs associated with increased welfare/cleaning regimes on-site. All of these factors will inevitably result in public projects, on site in 2020-2021, experiencing potential delayed completion times and additional costs.

COVID 19 Pandemic has also impacted OPW Heritage Services as there has been unprecedented demand for use of parks, gardens and estates, a trend which is likely to continue into the future as the public have developed new ways of engaging with their heritage, exercising, socialising and engaging with the outdoors for health and wellbeing.

Climate Change

This challenge increasingly requires the design and provision of energy efficient buildings to mitigate against the impacts of climate change. The OPW will be contributing to the delivery of Europe's 2030 climate and energy objectives including the Public Sector target of a 50% reduction in CO2 emissions and a 50% improvement in public sector energy efficiency by delivering programmes of work to upgrade the building fabric, eliminate fossil fuel heating and increase the energy efficiency of the OPW's portfolio.

Corporate Bodies Unit

Summary

The Corporate Bodies Unit manages five Votes within the PER Group:

1. State Laboratory
2. Secret Service
3. Public Appointments Service
4. National Shared Services Office (NSSO)
5. Office of the Ombudsman

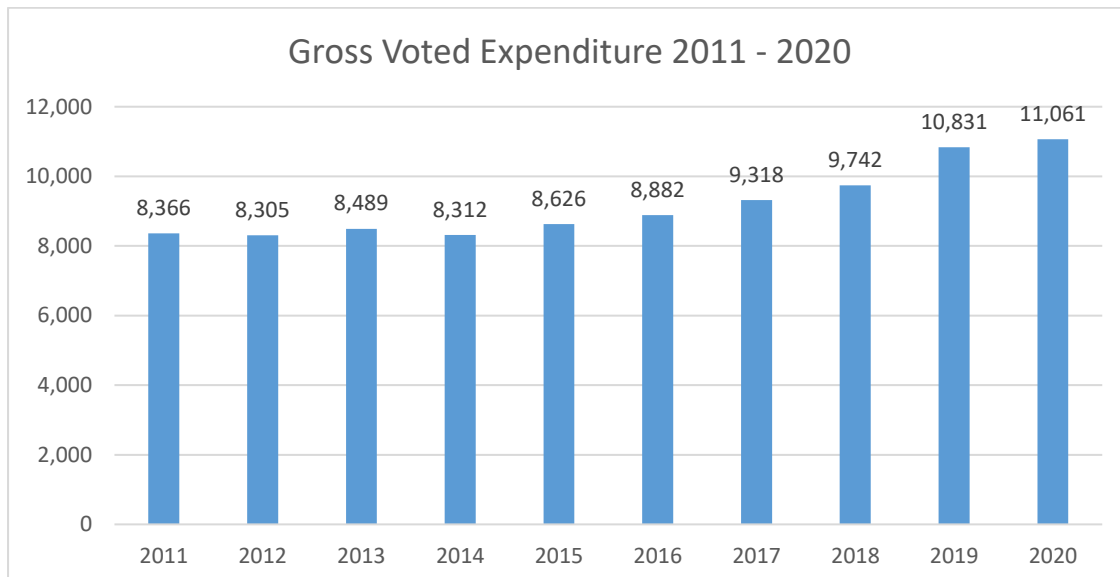
- Most of the Votes listed above provide shared services to clients in the civil and public service, or services to the public. Therefore trends in the public service, e.g. recruitment activity and overall public service numbers, will impact upon demand for services and ultimately expenditure on same.
- The NSSO was established in 2013 and has grown exponentially in recent years as HR Shared Services commenced and was followed by Payroll and Finance Shared Services. Increased recruitment of civil and public servants in recent years has also increased the number of clients and transactions completed by the NSSO.
- Recruitment activity has also increased significantly since the end of the moratorium on public service recruitment in 2015. Assignments through PAS run competitions increased by 350-400% in the years 2011-2020. Consequently PAS' allocation increased by ~120% in this period.
- The services provided by the Office of the Ombudsman have expanded to cover new areas over recent years, e.g. to include those living in Direct Provision and private nursing homes. Legislative developments have also led to more public bodies coming within the scope of Freedom of Information, and changes to the FOI fees structure have led to an exponential increase in FOI requests. This has an impact on

the number of appeals being submitted to the Office of the Information Commissioner (which is funded under the Office of the Ombudsman Vote).

- The State Laboratory is also providing additional output for clients such as the Revenue Commissioners and the Department of Agriculture.
- Accordingly, Gross Voted Expenditure for the Corporate Bodies Votes was €85,213m in 2020, an increase of 270% from 2011 levels.
- The collective 2020 allocation for this group of Votes rose by 8% overall, largely driven by a 10% increase to the NSSO Vote.
- However expenditure rose by just 0.8% in 2020. Some of this lower than anticipated expenditure was due to the impact of COVID-19, however much of it was driven by a significant underspend recorded by the NSSO (23%) which was due to delays incurred by the FMSS Project.

Vote 14 – State Laboratory

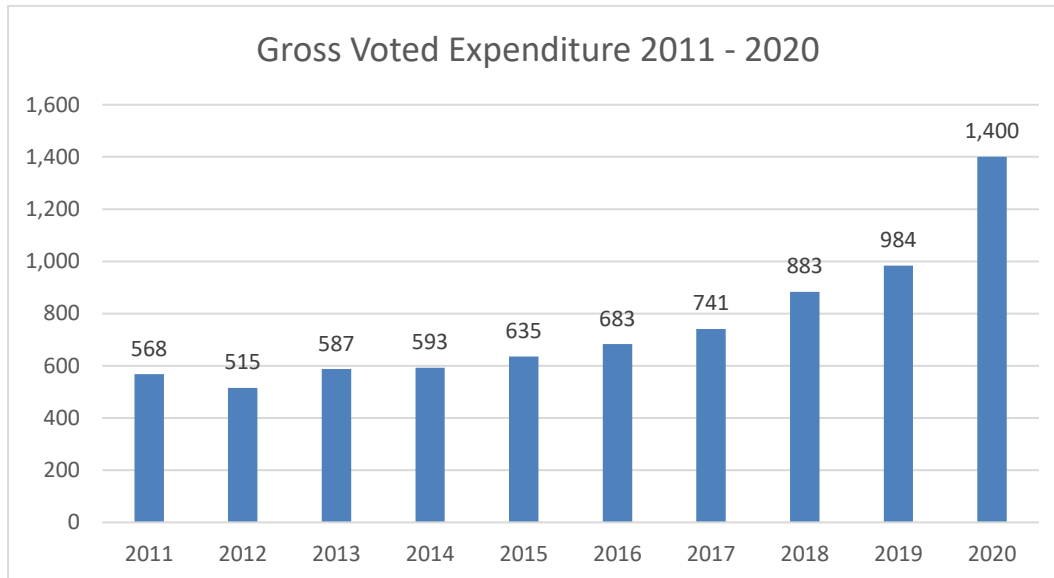
Section 1: Long-Term Trends



- The State Laboratory provide services to clients in the public sector, and main clients include the Department of Agriculture, Food and the Marine, the Office of the Revenue Commissioners, the Coroner's Service and the Health Products Registry Authority.
- Gross Voted Expenditure of €11,061 took place in 2020, which is an increase of 32.21% from the 2011 allocation.
- However 2020 expenditure rose by just 2%, which reflects a position where demand for testing has remained at a quite consistent level over the last 2-3 years.
- Additional 2020 expenditure is largely driven by a small increase in staff numbers, and the additional allocation provided for the PSSA agreement.

Vote 15 – Secret Service

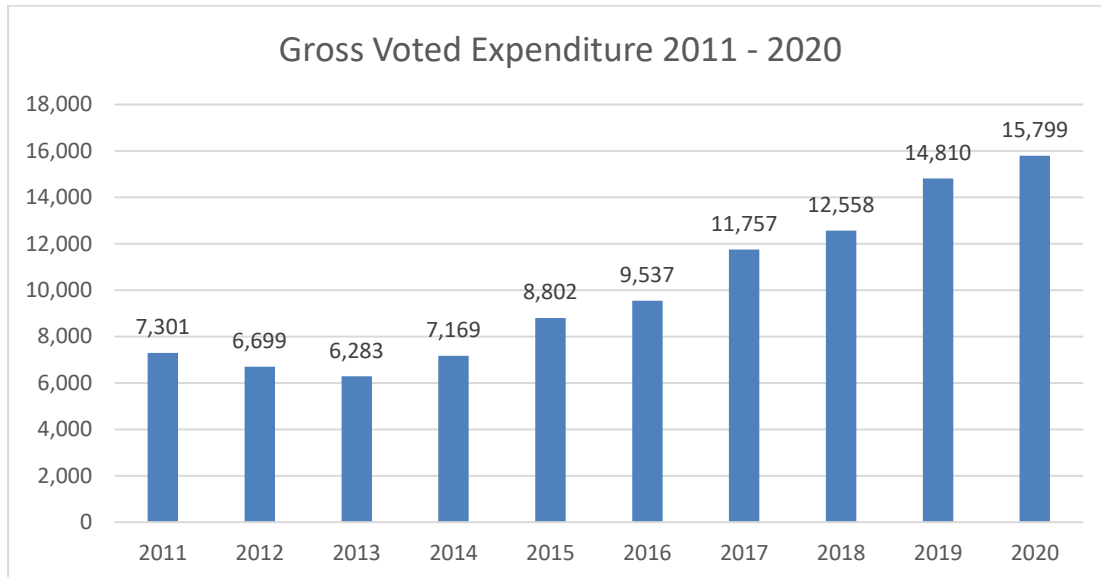
Section 1: Long-Term Trends



- No commentary necessary given the ambit of this Vote.

Vote 17 – Public Appointments Service

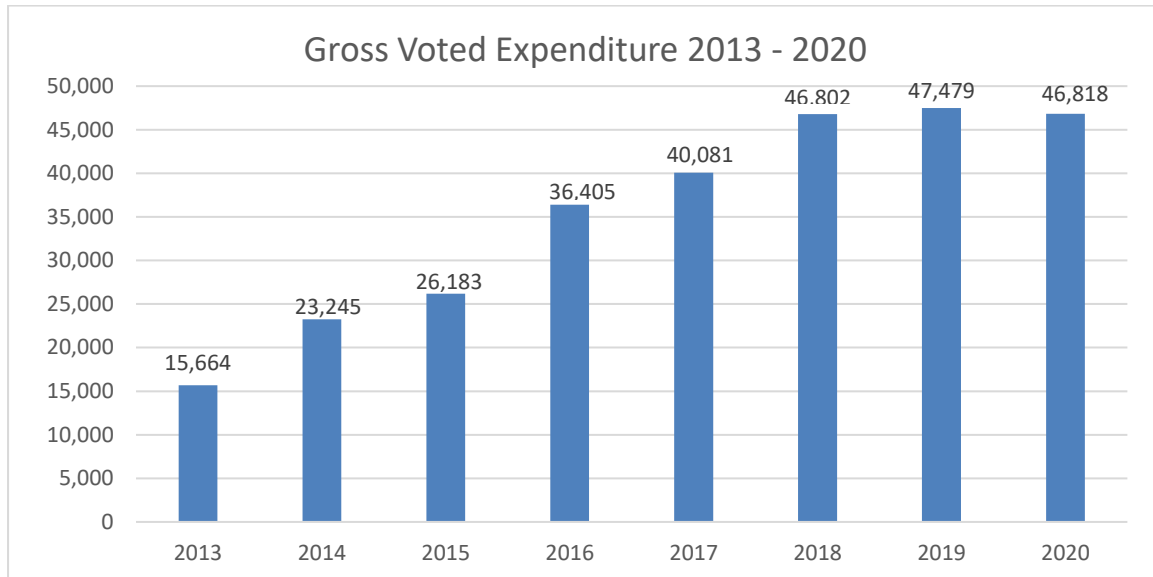
Section 1: Long-Term Trends



- The PAS Gross Voted Expenditure of €15,799m in 2020 was 116.27% higher than 2011 levels. This reflects a significant increase in recruitment activity in recent years, but also the provision of a capital budget to allow for upgrades to office accommodation and IT systems.
- 2020 expenditure rose by 7%, largely reflected in increased salaries expenditure and capital expenditure to deliver improvements to office accommodation.
- The impact of COVID-19 did impact upon expenditure in 2020, and a surplus of 5% was returned to the Exchequer as remote working led to reduced expenditure on interview boards.
- PAS did not have a capital allocation for most of the period 2011-2020, but secured a capital allocation of €0.635m in 2017, which rose to €2m in 2020 – an increase of 214.96%.
- PAS' capital budget is expected to reduce in the coming years once certain office upgrades are completed.

Vote 18 – National Shared Services Office

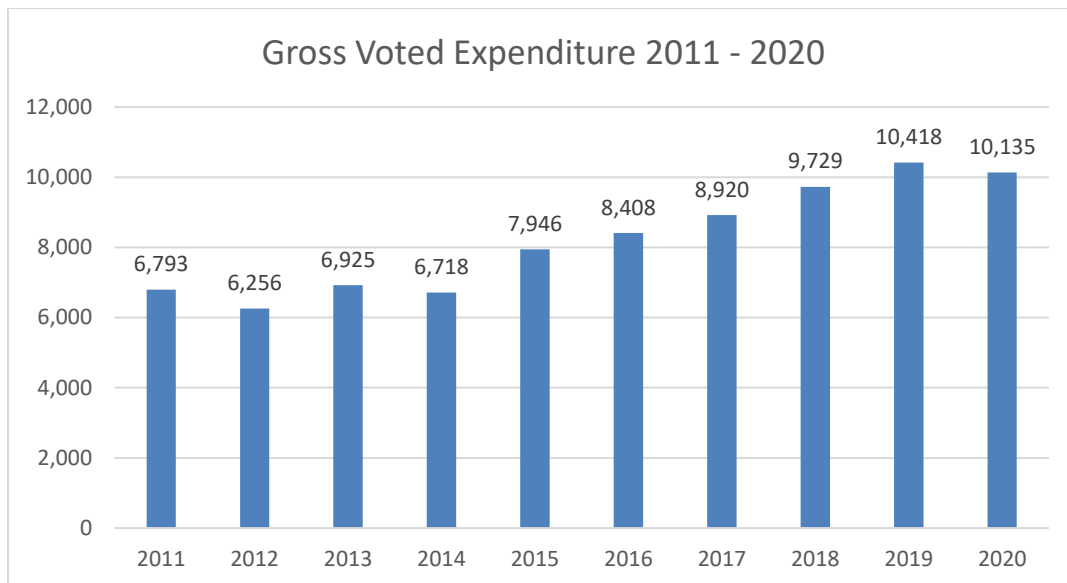
Section 1: Long-Term Trends



- The National Shared Service Office (NSSO) became an independent established office in 2018, but a Vote has existed since 2013.
- Gross Voted Expenditure of €46,818m in 2020 was 198.89% higher than 2013 levels, which reflects the expansion of NSSO's business as the HR Shared Service and the Payroll Shared Service became operational and investment to develop Financial Management Shared Services (FMSS) continued.
- However NSSO expenditure reduced slightly in 2020 despite the allocation increasing by 10%. This reflects a pattern of significant underspending incurred by this Vote which has ranged from 8-43% from year to year during this period.
- This trend of underspending has been reflective of the phased expansion of shared services for the majority of this timeframe, when project delivery has often taken longer than originally envisaged.
- A significant underspend of 24% in 2020 reflected the delayed rollout of the FMSS Project.
- The NSSO have reported approximately €0.5m in COVID related expenditure in 2020, €0.4m of which related to IT costs and €0.1m of which related to facilities costs.

Vote 19 – Office of the Ombudsman

Section 1: Long-Term Trends



- The Office of the Ombudsman Vote incorporates the Office of the Ombudsman but also incorporates the Office of the Information Commissioner, the Standards in Public Office Commission, the Commission for Public Service Appointments and the Commissioner for Environmental Information
- Gross Voted Expenditure of €10,135m in 2020 was 49.2% higher than 2011 levels, however expenditure in 2020 was slightly lower (3%) than 2019 levels.
- Expenditure in 2020 was lower than anticipated due to the impacts of COVID-19, which led to reduced expenditure on learning and development and delayed the rollout of an IT project in the Office.
- However there has been a steady increase for services from the public in recent years due to the expansion of the remit of the Ombudsman to cover additional areas such as private nursing homes and direct provision.
- Changes to FOI legislation has also significantly increased the level of FOI applications, and subsequently the number of appeals being submitted to the Office of the Information Commissioner.
- The Commission for Public Service Appointments (CPSA) was a separate Vote until the end of 2012, after which it became part of the Office of the Ombudsman corporate structure. Prior to this change the CPSA Vote had allocation of 0.8m, which was approximately 8% of the total Ombudsman Vote at that time.

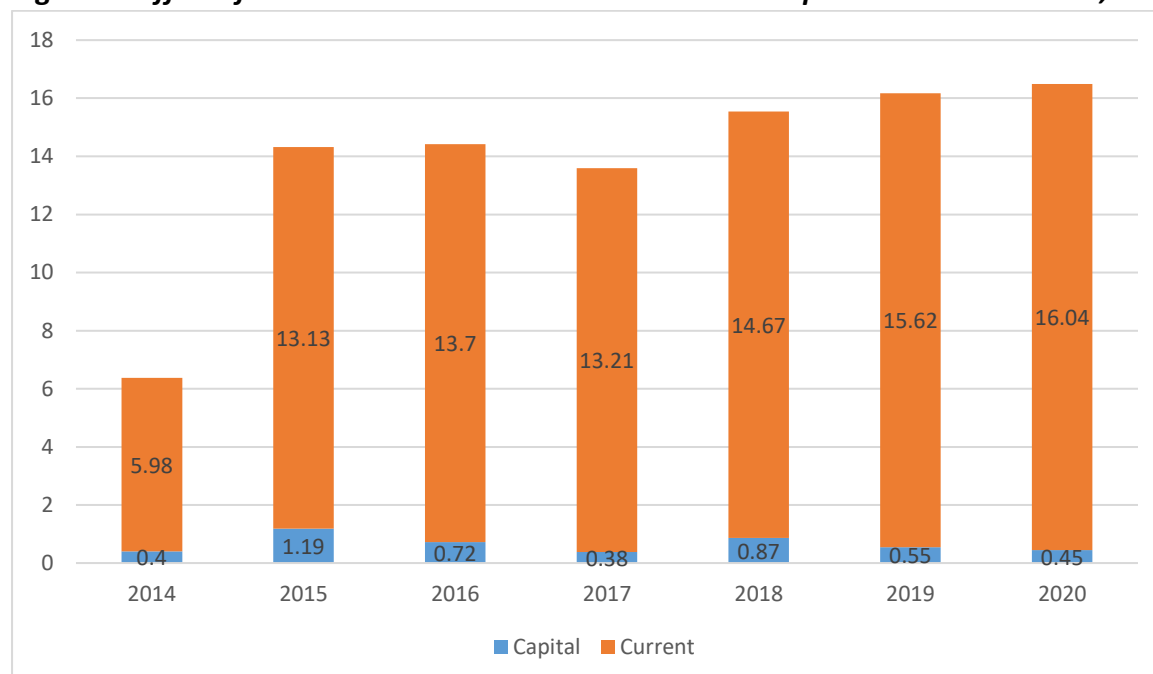
Section 3: Future Challenges and Policy Considerations

- COVID-19 may have a continued impact upon administrative expenditure incurred by all Votes into the future, however the majority of costs in 2020 appear to have involved increased investment in IT to enable working from home.
- COVID-19 has had a significant impact upon the delivery of recruitment campaigns by PAS, e.g. the need for remote assessment and greater utilisation of digital solutions to reflect increased working from home. In addition PAS have responded to requests for additional HSE recruitment and the staff transfer scheme that was organised for public servants to assist the response to COVID-19.
- However increased remote working across the Civil Service may offer future opportunities and positively impact upon productivity, staff attraction and retention.
- The extent to which PAS continue to expand services to clients in the wider public sector may also present challenges in the future. PAS have taken on an increased role in Garda recruitment in recent years, which was facilitated by a funding transfer from the Garda Vote to the PAS Vote, and perhaps this is an example of how services can be expanded by PAS in a sustainable fashion in the future.
- More generally the establishment of demand led service providers as Votes may present a continued challenge for future planning regarding expenditure. Anticipating future demand levels can be challenging, and this has directly contributed towards supplementary estimates in recent years for organisations such as PAS.
- Future consideration may need to be given towards the adoption of alternative funding models for demand led service providers such as PAS and the NSSO, as the Voted expenditure model may not offer sufficient flexibility to allow for spikes in demand which occur during the year.
- The NSSO have also flagged the need for continued investment in IT infrastructure in the future to maintain operational efficiency and to maintain the security of systems. More robust multi-annual capital planning coupled with more ongoing regular investment may help to avoid certain spiked in demand for funding which can occur.

Vote 39 – Office of Government Procurement

Section 1: Long-Term Trends

Figure 1: Office of Government Procurement Gross Voted Expenditure 2014 – 2020, €m



The Government has committed to lead the Procurement Reform Programme (“PRP”) bringing procurement policy and operations together and focusing on building procurement capacity and capability across the public service. The Office of Government Procurement (OGP) has centralised policy, strategy and operations in one body leading to a coherent and consistent approach to public procurement.

Some of the core outputs and services to be provided by OGP in 2021 are:

- To **develop procurement arrangements** for our clients delivering value for money, quality goods and services, and compliance with EU and national law. In 2021, the OGP will complete 50 Framework Agreements for commonly used and systematically important goods/services and commence work on an additional 10. Between 600 and 700 mini-competitions will be delivered from the commercial arrangements currently in place while also supporting one-off strategic projects on behalf of public sector clients.
- To deliver **improved procurement capability** in the public service which will yield financial, performance and risk management benefits to the State
- To further develop, implement and actions **medium term strategy for construction procurement including through the Capital Works Management Framework (CWMF)**
- In support of the National Development Plan (NDP) deliver **Commercial Skills training**, including procurement elements, across the public sector through the OGP’s Commercial Skills Academy

- To further develop the overarching **policy framework** for public procurement in Ireland including promoting social and environmental considerations
- To support **Future Jobs Ireland** and the **Climate Action Plan** through focused initiatives in strategic procurement including the incorporation of social and environmental considerations, in line with the **Programme for Government**
- To continue to enhance the supports to promote **SME access** to public procurement
- To publish and deliver **Schedule of Contracts and Frameworks** giving advance notice to Public Service Bodies (PSB's) and the supply markets of planned tenders
- To create awareness and encourage uptake of procurement frameworks and contracts
- To publish a 2019 **Public Service Spend and Tendering Analysis** report
- To operate a **helpdesk** to support supplier and buyer procurement needs nationally
- To support the development of a new national **eTenders system**

Section 3: Future Challenges and Policy Considerations

- Covid-19 may have a continued impact for the administrative costs for all Votes into the future, however the majority of costs in 2020 have involved IT expenditure to enable working from home.
- OGP published Information Notes on Covid-19 and Public Procurement and continues to provide advice and guidance to public buyers, encouraging a return to normal procurement practice.
- OGP has brought together a group of public sector stakeholders to discuss a range of issues aimed at fostering a coordinated approach to ensure more resilient supplies of goods and services in the medium and long term.
- The OGP published a series of notes aimed at mitigating the impact of the necessary public health measures on the delivery of projects under the National Development Plan.
- Work is also underway in drafting amendments to the public works contracts to bring greater certainty in the event that further shutdowns are necessary.
- OGP carried out extensive stakeholder engagement with public bodies in their preparations for the end of the Brexit Transition period. Detailed Information Notes on Brexit and Public Procurement were provided in the run-up to the departure of the UK from the European Union and have been updated to reflect the operation of the Withdrawal Agreement. The OGP continues to monitor the situation and will issue new guidance as appropriate.
- To incorporate green procurement practices into public sector spending OGP continues to bring a suite of sustainable, affordable procurement solutions into place for use by Contracting Authorities.
- The OGP works with industry to promote the engagement of SME's in public procurement and to ensure that winning government business is done in a fair, transparent and accessible way and to ensure that government procurement policies are business-friendly.

Vote 43- Office of the Government Chief Information Officer

Summary

The OGCIO Vote, for which the DPER Secretary General is also the Accounting Officer, was established in 2020 and serves to drive the digital transformation agenda across Government, providing central leadership on cross Departmental digital initiatives while also providing and developing pan-public ICT infrastructure, cross government applications and more recently citizen facing digital services.

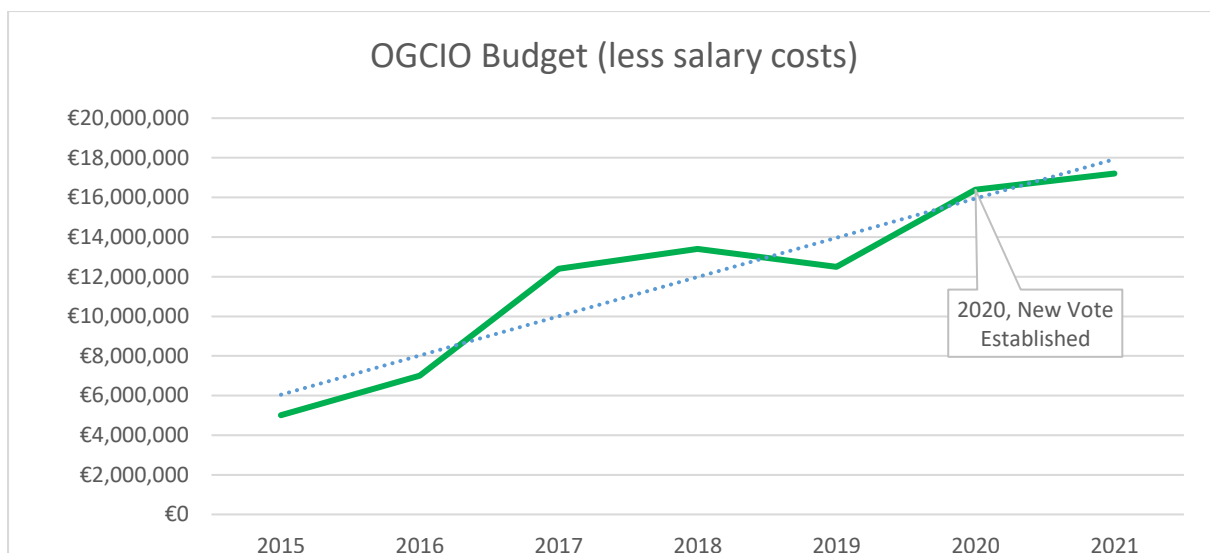
Prior to 2020, the OGCIO was funded through the Department of Public Expenditure and Reform's Vote. The creation of the new OGCIO Vote accounted for a 28% reduction in the Department's own Vote in 2020 as the OGCIO's pay, admin and programme costs were transferred on an exchequer neutral basis from the Department's own Vote and from other Departments and Offices using the OGCIO's services.

Section 1: Long-Term Trends

The long term expenditure trend for the OGCIO Vote will be driven by the number of end users of its services, ongoing capital investment to ensure that the State is reaping the benefits of new technologies in a safe and secure environment, increased specialist ICT recruitment as well as inflation in the ICT sector.

The number of individual end-users of the OGCIO's range of services will continue to grow as additional public service bodies on-board and begin using the services available. This expansions will primarily be funded by exchequer neutral transfers from other Votes at the time of the Budget.

The OGCIO's capital budget is expected to increase up to €6m in 2022 and a further €1m+ in exchequer neutral Vote transfers.



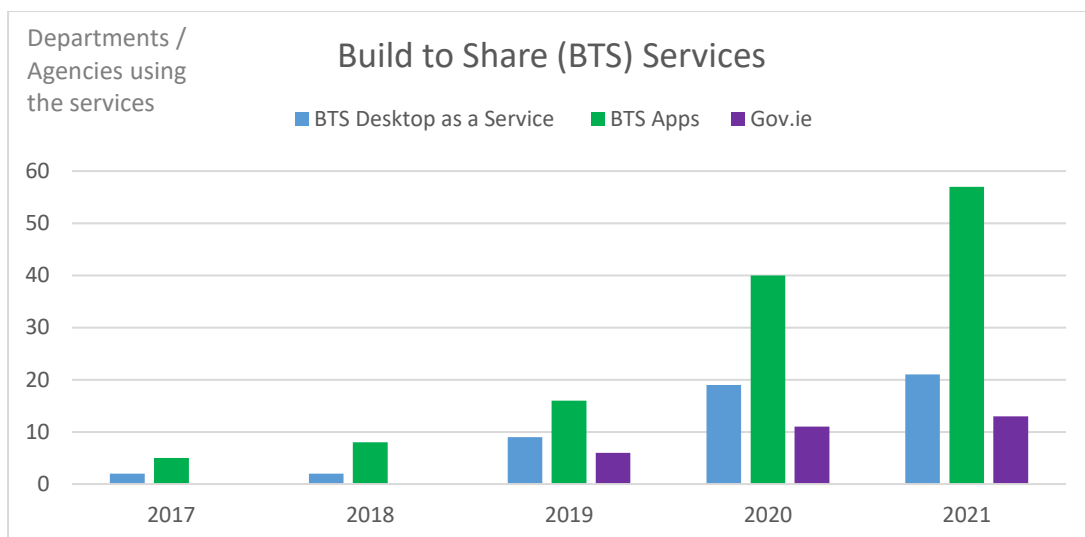
The OGCI0 will continue to invest in new infrastructure, applications and services to streamline processes and introduce efficiencies through consolidation, rationalisation, digitisation, automation and new technologies. Further capital investment will be needed to refresh and replace aged and legacy equipment at set intervals. It is expected that these funds will be drawn from the exchequer.

Section 2: Expenditure Drivers

The OGCI0's expenditure is driven by three of its key core business areas that are in turn, driven not only by user demand but also by continuous investment in innovation in order to enhance Civil Service productivity. This investment will allow OGCI0 to continue to deliver innovative solutions across the Public Sector facilitating a sustained and wider spread adoption of the Build to Share suite of services as set out in the Public Service ICT Strategy and endorsed by the Civil Service Management Board (CSMB). In addition it will also facilitate the continued development, in partnership with other bodies, of citizen facing digital services.

Build to Share (BTS) ICT Service Delivery

OGCI0 implements a range of common services which are available to draw on to Public Service Bodies nationwide.



1. BTS Managed Desktop Service

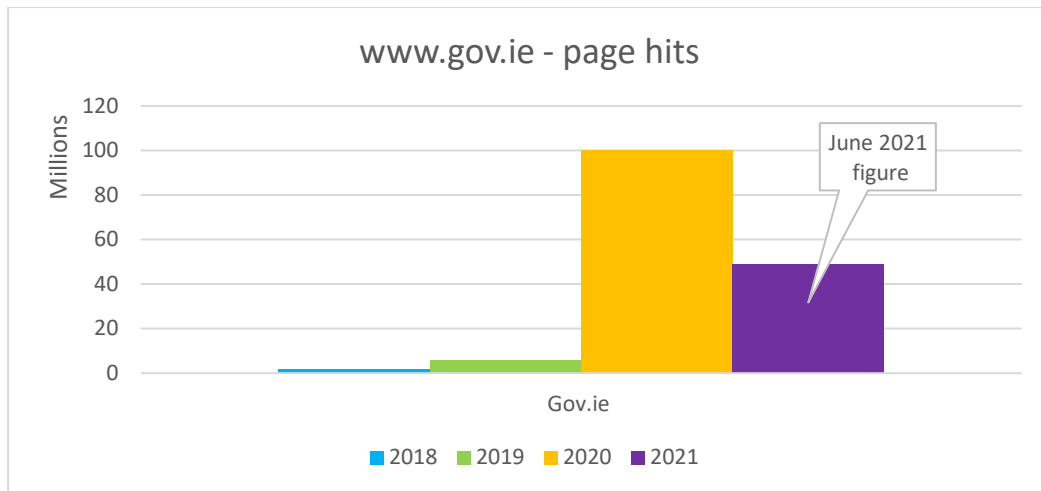
The Managed Desktop service provides a comprehensive range of standard digital office productivity services to over 5,000 end users in 18 organisations in 2021, up from 4,000 users in 12 organisations in 2020. Services include corporate PCs, hybrids, mobiles, office productivity suite, email, telephone and video conferencing and underpinning infrastructures such as internet access and cyber security services. The expansion in the number of users was financed by exchequer neutral transfers from other Votes' ICT budgets.

2. BTS Digital Applications

The costs in the Digital Services Unit are driven by the both the provision and continuous development of a suite of applications common to organisations across government. There are currently 57 organisations and 40,000 users connected to this service and the number of active daily users has risen to 8,000 this year. The suite of cross Government applications currently consists of eSubmissions, ePQ, eDocs, eFOI, eRisk, eList, eCase and eCabinet.

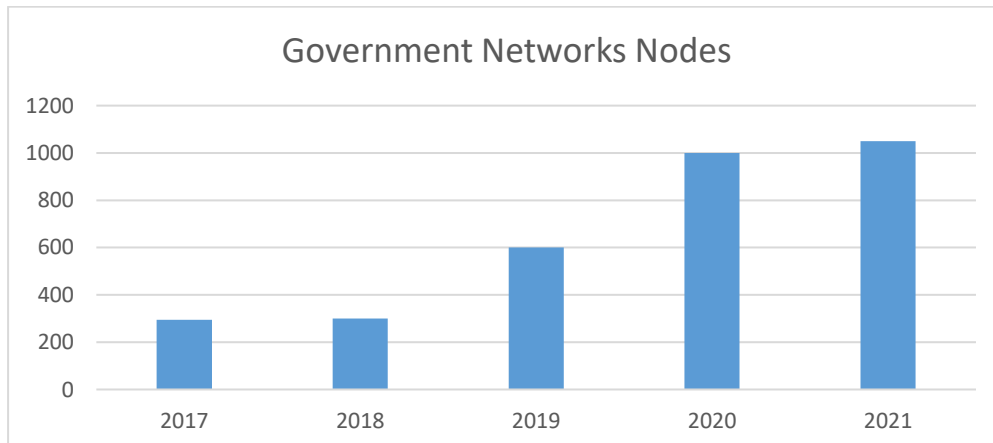
In addition OGCIO is delivering digital services to 4.9 million citizens through gov.ie, MyGovID and other initiatives. The ongoing costs for the provision of the applications are made up of licensing as well as ongoing support and maintenance of the suite.

Gov.ie was established as a one stop shop to assist people in finding information about Government services and has become the authoritative and trusted source of information with enquires to the site increasing year on year.



3. BTS Government Networks

The OGCIO manages the Government Network which is a secure, carrier-grade, resilient, high capacity private network that carries voice, video, data and Wi-Fi network services across over 190 Public Service Bodies nationwide. The main cost driver of the Network are the number of connected sites across the State which has grown exponentially over the last 5 years rising to over 1,000 connections in 2021.



This unit will also be overseeing the €23m roll-out of the EU NRRP financed Government 5G programme in 2022. This will be reflected in the 2022 Revised Estimates.

OGCIO's budget also finances the evaluation and development of new applications and systems as required by public bodies. Each new proposal goes through a rigorous evaluation process at a number of levels including potential breadth of use across the public service, efficiency benefits and security.

Section 3: Future Challenges and Policy Considerations

The OGCIO operates in an increasingly challenging environment and have shown its ability to be innovative, flexible and adaptive in the provision of digital solutions. The agility of the organisation has facilitated among many other things; a rapid response during the Covid pandemic supporting remote working; scaling up of security in response to increased cybersecurity threats; a scaling up of www.gov.ie which became the single authoritative source of Government information on the pandemic response with hits increasing from 6 million the previous year to over a 100 million in 2020; the development of the COVID Tracker App; and more recently leadership and the provision of a technology platform to ensure that Ireland met its obligations in relation to the EU Digit Covid Certificate Regulation.

The competitive nature of the ICT jobs market continues to present recruitment challenges and without the right resources in place OGCIO's ability grow its center of excellence and continually drive digital transformation across the Public Sector may be somewhat curtailed.

The Covid pandemic has accelerated digital transformation and the pace of change is unlikely to abate and OGCIO will be at the forefront of this. The readiness of the Public Service Bodies to provide multichannel services differs with some well advanced in their digital transformation programmes and others who are less mature in the digital space. The EU is focused on digital transformation and has drafted a number of strategies and Regulations with further directives expected. Ireland needs to ensure that its Public Service has the ability to respond to these changes. Policies encouraging all Public Service organisations to avail of the Build to Share suite of services or other centrally provided services will free up valuable resources to deliver innovation solutions tailored to the individual organisation and the needs of their customer. These challenges will be reflected in the new Public Service digital and ICT strategy due in Q3 2021.

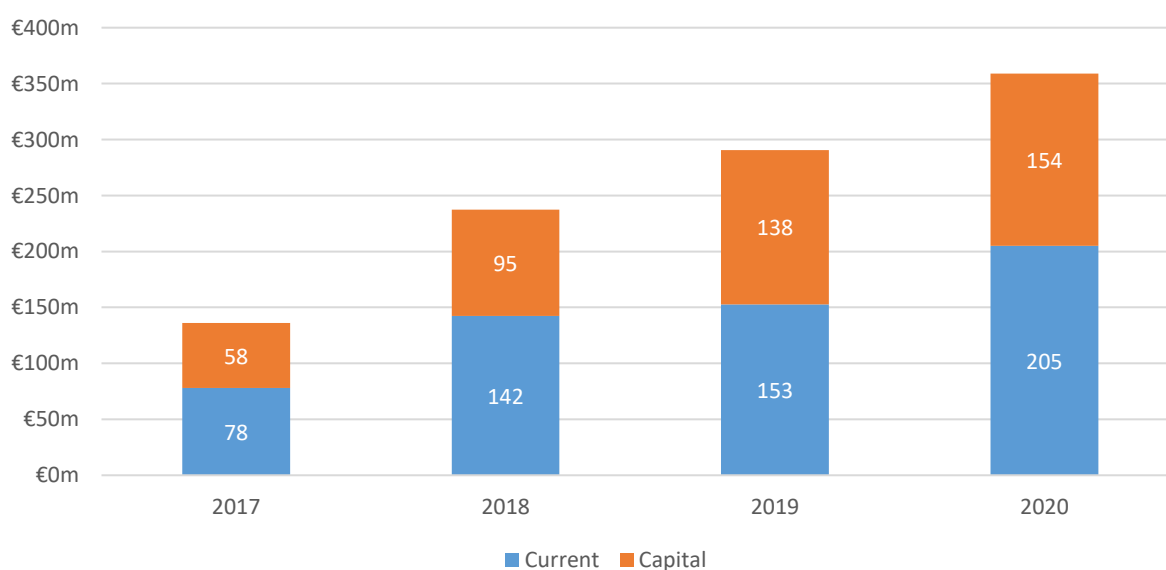
Rural & Community Development

Summary

- The Department of Rural and Community Development was established with effect from 26 July 2017.
- The Department operates across three programme areas – A. Rural Development, Regional Affairs and the Islands; B. Community Development, and; C. Charities Regulatory Authority.
- Programme A mainly consists of capital schemes, whereas the other programmes are predominantly current spending in nature.
- Current and capital combined voted expenditure for the Department of Rural and Community Development increased from €136m in 2017 to €359m in 2020, an increase of 164%.

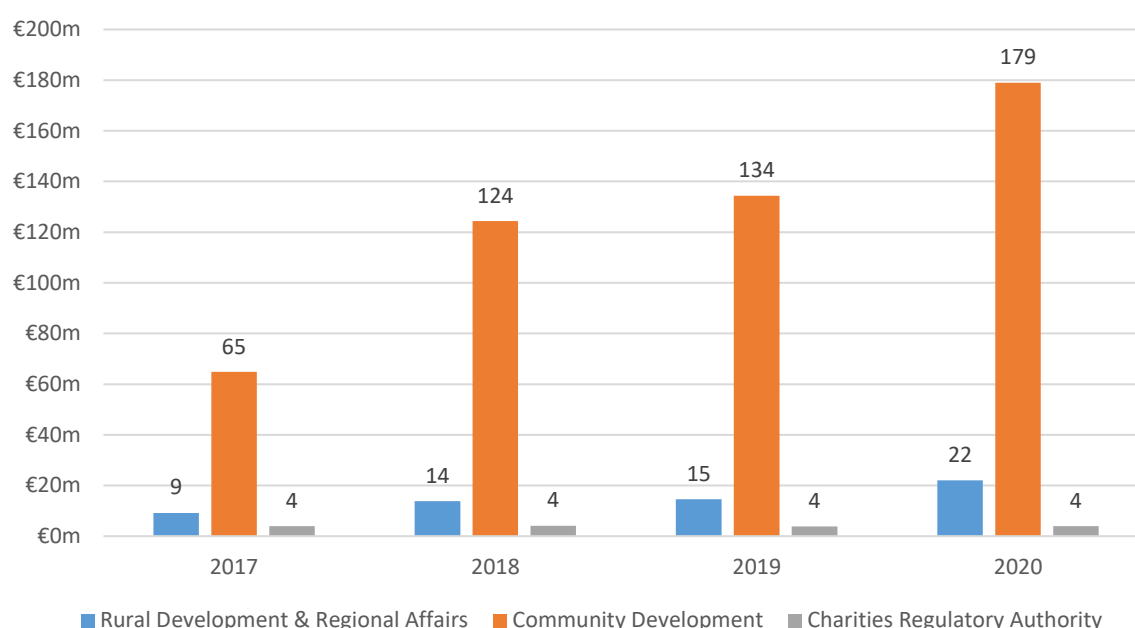
Section 1: Short-Term Trends

Figure 1: Vote 42 Expenditure Trends: Total Expenditure – Current and Capital (2017-2020)



- Total voted expenditure on Rural and Community Development amounted to €1.023bn for the four years from 2017 to 2020³².
- A large proportion of the expenditure on rural and community development is in the form of grants, in many cases to local authorities and through schemes administered by Pobal on behalf of the Department, in particular with regard to community development schemes.

Figure 2: Vote 42 Current Expenditure by Function (2017-2020)



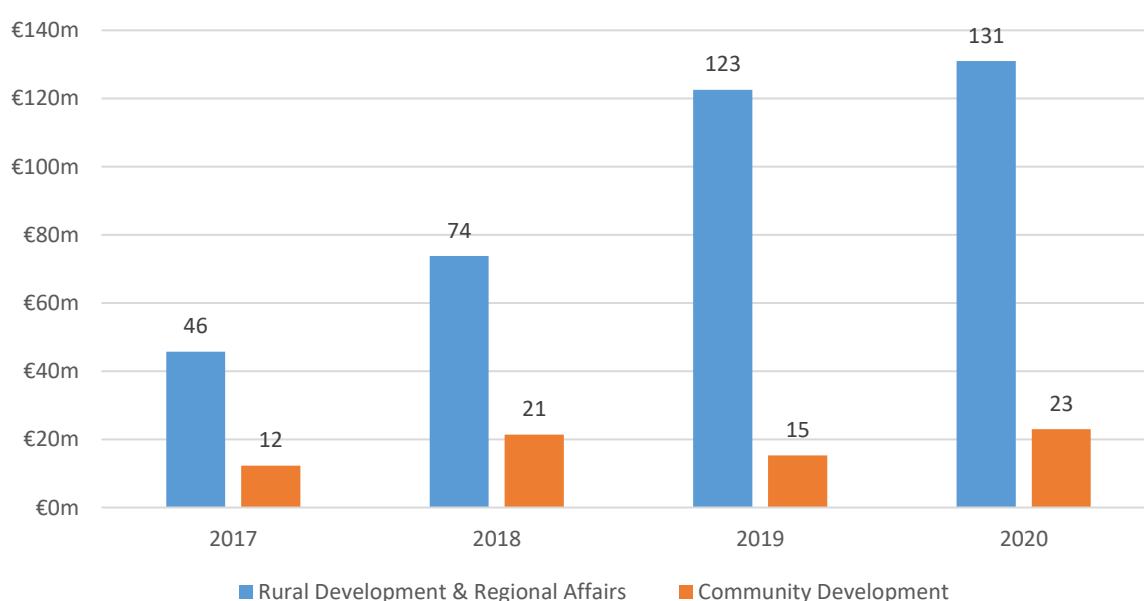
- As seen from the chart current expenditure is dominated by Programme B Community Development. This reflects the nature of the schemes in place which support individuals suffering from economic and/or social disadvantage, organisations which deliver these services, and broader community development objectives across Ireland.
- The increase in funding from 2017 to 2018 relates to the transfer of the Community Services Programme from the Department of Social Protection.
- The main drivers of current spend are the Community Services Programme (€46.9 million expenditure in 2020) and the Social Inclusion and Community Activation Programme area (€44 million expenditure in 2020). The strong increase in current expenditure in 2020 related mainly to additional current funding of €40 million in once of Covid-19 supports.

³² Transfer of responsibility for the development of the offshore Islands to the Department was completed in 2020.

This consisted of €32 million for the Covid-19 Stability Fund (funded through the Dormant Accounts Fund); €5 million for the Innovate Together Fund (also funded through the Dormant Accounts Fund), and; €3 million in match funding for Comic Relief.

- Programme C. Charities Regulatory Authority is entirely current in nature and support the delivery of services by the regulator. Funding for this area has been stable over recent years with around €16 million in expenditure over the 2017-2020 period – an average of €4m per annum.

Figure 3: Vote 42 Capital Expenditure by Function (2017-2020)



- The capital funding increase over recent years mainly relates to the establishment of the Rural Regeneration and Development Fund, which the National Development Plan committed €320 million in funding to for the 2017-22 period.
- Other schemes including LEADER have also seen growth in funding levels over time. The LEADER programme had an outturn of over €45 million in 2020.
- In addition, in 2020 the Department obtained €17 million in July Stimulus capital funding – an additional €10 million for Town and Village Renewal, €5 million additional for the Community Enhancement Programme and, an additional €2m for the Islands.

In terms of combined current and capital spend across the programme areas:

Programme A: Rural Development and Regional Affairs accounts for the second largest component of expenditure on the Vote. The programme spend is majority capital expenditure with a lesser amount of current expenditure. Total spend on the programme amounted to €432m from 2017 to 2020, with €372m of that allocation on capital expenditure of the programme budget and €60m on current expenditure.

Programme B: Community Development is the largest expenditure on the Vote. A total programme spend of €575m occurred from 2017-2020. The current expenditure on this programme totalled €503m and with capital expenditure of €72m from 2017-2020.

Programme C: The Charities Regulatory Authority is the smallest expenditure on the Vote totalling €16m between 2017 and 2020, in current expenditure only, an average of €4m per annum.

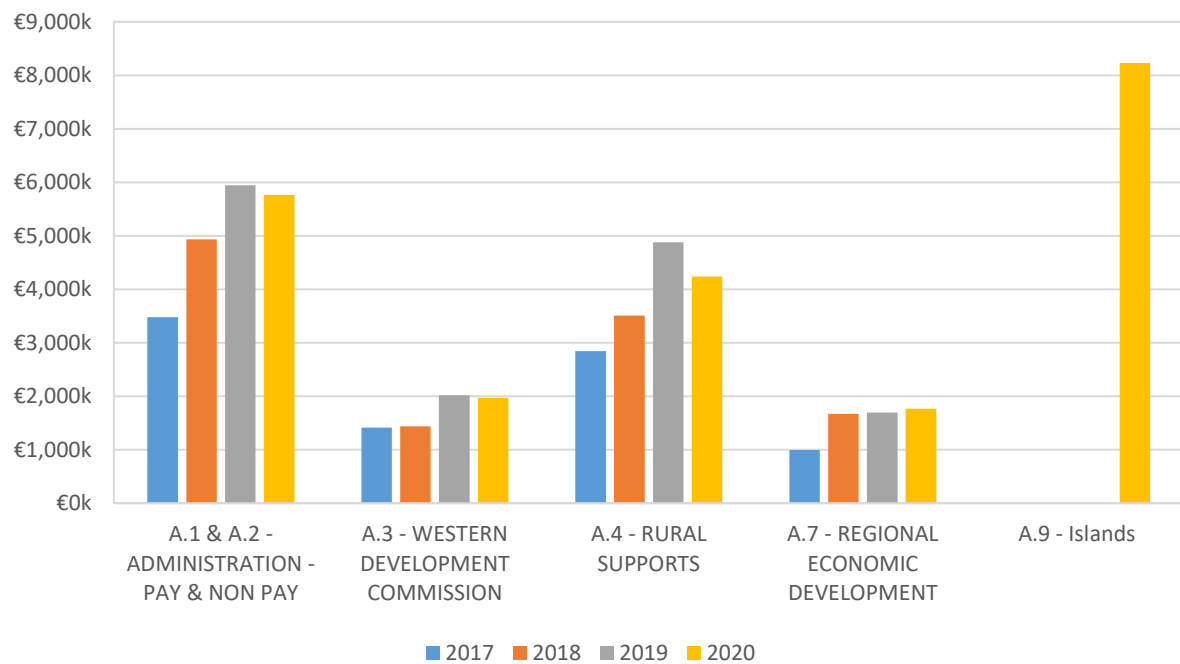
Section 2: Expenditure Drivers

Unlike other areas of expenditure, changes in allocation or actual spend for Rural and Community Development are not primarily driven by demographics or service demand. The key expenditure drivers are Government policy, which include:

- The Programme for Government - Our Shared Future (2020).
- Project Ireland 2040 consisting of the National Planning framework and the National Development Plan.
- EU programmes.
- Our Rural Future: Rural Development Policy 2021-2025.
- Sustainable, Inclusive and Empowered Communities: A Five-Year Strategy to Support the Community and Voluntary Sector in Ireland 2019-2024.

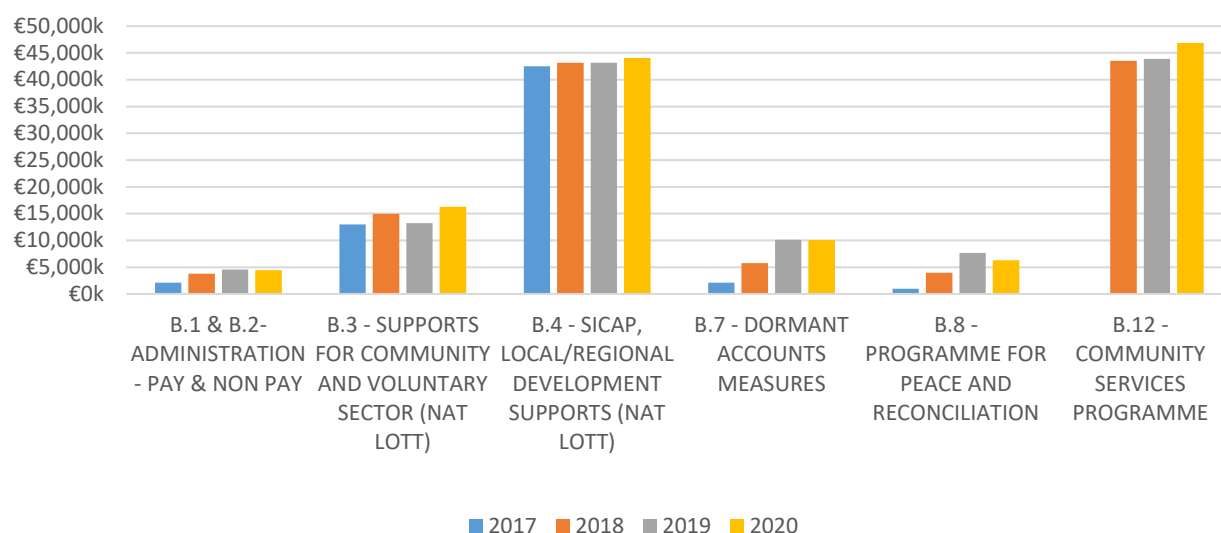
As noted above, the Project Ireland 2040 and the National Development Plan has driven very strong growth in Rural Development Funding, with a commitment to a €1 billion Rural Regeneration and Development Fund (RRDF) over a 10 year period to 2027. The recent publication of both the Community and Voluntary Sector Strategy and Our Rural Future, along with commitments in the Programme for Government, have also support expenditure provision and priorities in the area.

Figure 4: Vote 42 Current Expenditure by Function A Rural Development & Regional Affairs (2017-2020)



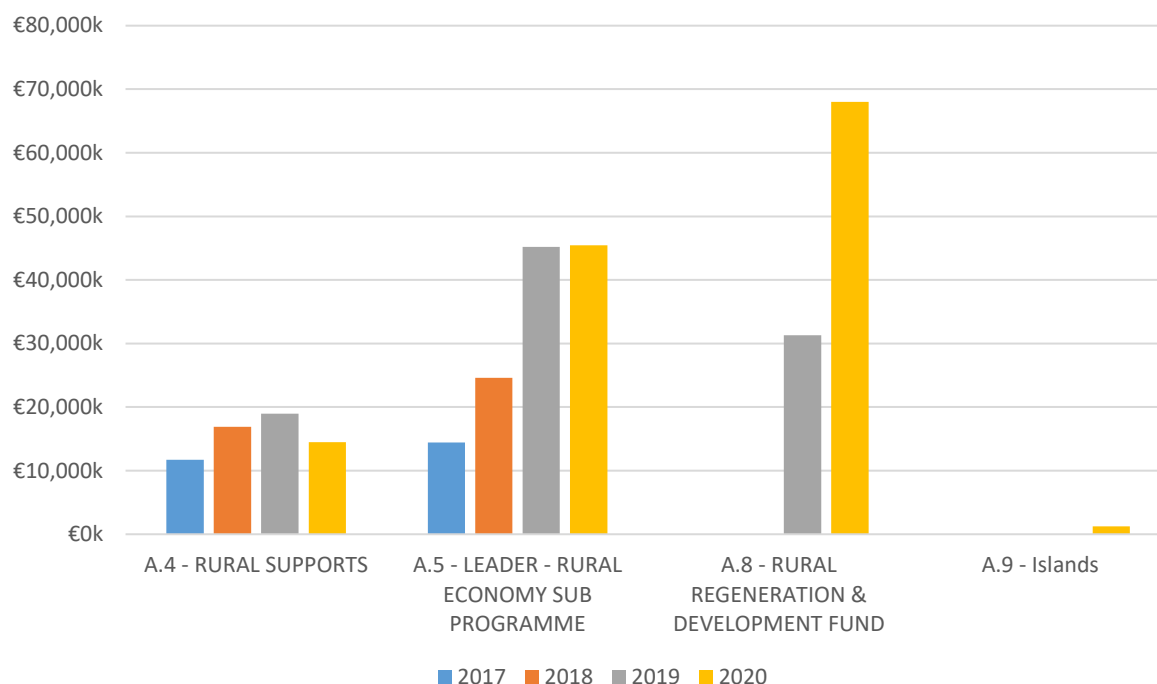
- Current funding for Programme A Rural Development, Regional Affairs and the Islands mainly supports funding for the operations of the Western Development Commission, deliver of the Walks Scheme, current supports for broadband officers in local authorities and funding of lifeline transport services for the Islands. The increase in funding under A.4 Rural Supports in recent years is mainly to facilitate expansion of the walks scheme.

Figure 5: Vote 42 Current Expenditure by Function B Community Development (2017-2020)



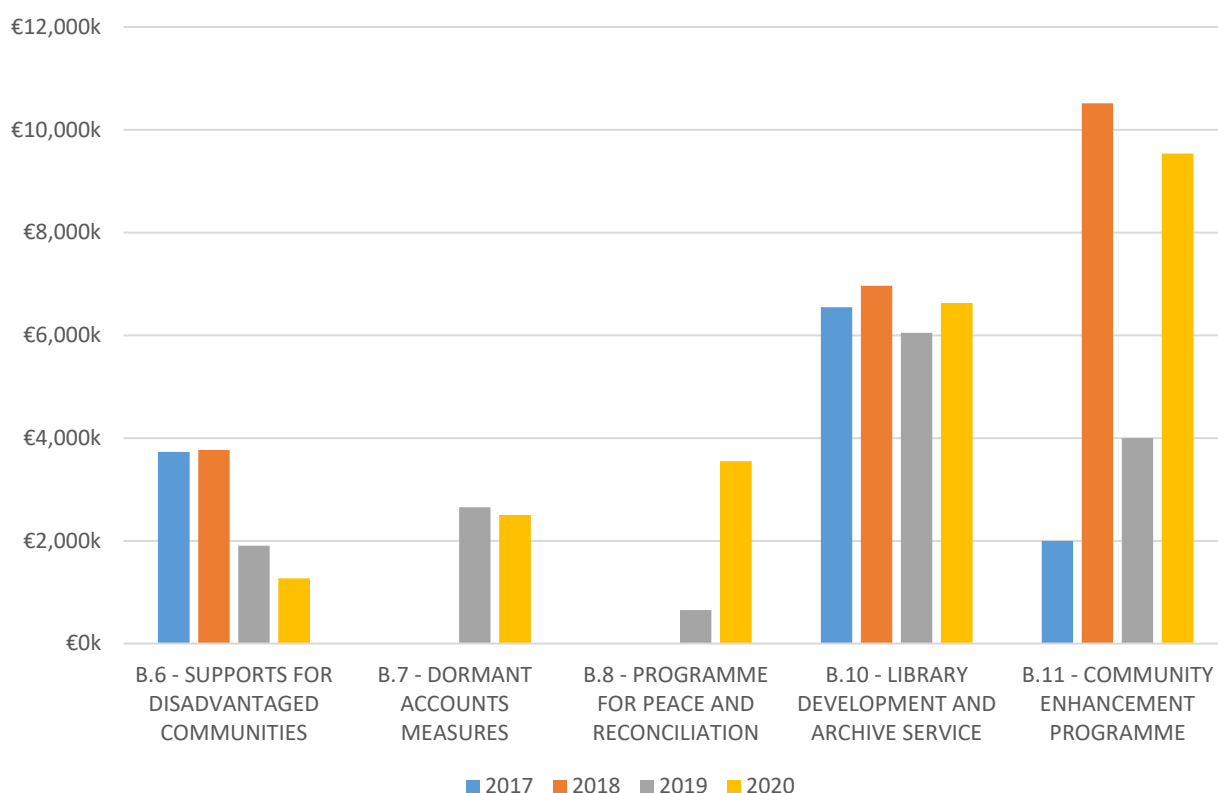
- As previously noted, the Community Services Programme and the Social Inclusion and Community Activation Programme are the most significant funding areas within the community development area.
- Expenditure under the CSP has increased from €43.5 million in 2018 to €46.9 million in 2020. Expenditure under SICAP area increased from €42.5 million in 2017 to €44 million in 2018.
- Schemes funded with B.3 Supports for the C&V sector this include the Senior Alerts Scheme and Supports for Volunteering. Once off Covid-19 supports of €3 million in co-funding for Comic Relief fundraising increased this out-turn in 2020.
- Current Dormant Accounts expenditure in 2020 was €10.7m; this was supplemented on a once off basis by €37m in Covid 19 supports. Given the once off nature, this €37m is not included in the above graph.
- The PEACE programme is demand led, with expenditure levels each year mainly depending on the level of delivery and resultant claims from the Special European Union Programme Body (SEUPB) responsible for programme delivery. Delivery has ramped up from a low of under €1 million in 2017.

Figure 6: Vote 42 Capital Expenditure by Function A Rural Development & Regional Affairs (2017-2020)



- The Rural Regeneration and Development area was the most significant capital expenditure area in 2020 with total expenditure of €68 million. This was incurred across three schemes, the Rural Regeneration and Development Fund, Town and Village Renewal and the Outdoor Recreation Infrastructure Scheme. The Town and Village Renewal Scheme was integrated into this sub-head in 2020, in line with commitments in the National Development Plan.
- The LEADER programme has seen very strong growth in expenditure over recent years. For the second year in a row funding levels were just over €45 million – increasing from €25 million in 2018 and €14 million in 2017.
- Finally, just under €15 million in expenditure was incurred under the Rural Supports Subhead – with €9.8 million in expenditure for the Local Improvement Scheme (which integrated into Rural Supports from 2020) – and the remainder for CLÁR.

Figure 7: Vote 42 Capital Expenditure by Function B Community Development (2017-2020)



- In 2020 the Community Enhancement Programme achieved expenditure of €9.5 million. The original €4.5 million allocation was supplemented by €5 million in July Stimulus funding, which delivered support to community organisations across Ireland to assist them in their response to the Covid-19 pandemic.
- The Libraries development area has seen capital funding of €26 million over the 2017-2021 period, delivering small scale investment right across the libraries network and a small number of large capital projects. The 2020 funding focus was very much on enabling libraries to continue to offer services – including through e-books – throughout the pandemic.

Section 3: Future Challenges and Policy Considerations

Rural Development – Our Rural Future 2021-25

Our Rural Future was published in March 2021 and represents the Irish Government's blueprint for the development of rural Ireland over the next 5 years. It provides the

framework to achieve the vision of transforming quality of life, and opportunity, for people living in rural areas.

Key aspects of the policy include optimising digital connectivity, supporting employment and careers in rural Ireland, revitalising rural towns and village, and enhancing participation and leadership within rural communities. Specific policy interventions include maintaining the existing range of rural development schemes currently in place, implementing a towns' centre first approach in rural towns and villages, and supporting remote working capability to drive rural and regional development. The policy actions seek to deliver on specific commitments within the Programme for Government.

Implementation of this policy, and the measures for which this Department are responsible in particular, will require continued strong investment in the forthcoming National Development Plan.

Covid 19 Recovery and Resilience.

The Department of Rural and Community Development has played an important part in the Government response to the Covid-19 pandemic, in particular in a collaborative response in partnership with the community and voluntary sector. In 2020 the Department was provided with an additional €40 million in current resources, mainly to support this sector in meeting both funding challenges and the increased need for services arising as a result of the pandemic. July Stimulus capital funding of €17 million was also provided to the Department. The Department also repurposed some related current and capital resources to ensure they were put to best use in support recovery and resilience. Key interventions included the Covid-19 Stability Fund (€32m); the Community Enhancement Programme (€9.2m – which included €5 million in additional resource), the Covid-19 Innovate Together Fund (€5m) and investment of over €8m through the Town and Village Renewal Scheme to assist towns and villages in responding to the economic and social challenges of the pandemic.

National Development Plan

Project Ireland 2040 includes a National Strategic Outcome of ensuring “Strengthened rural economies and communities”. As part of this, the current National Development Plan committed to a €1 billion Rural Regeneration and Development Fund over the period 2018-27. The objective of this Fund is to promote rural renewal in order to enable towns, villages and outlying rural areas to grow sustainably and support delivery of the strategic objectives of the National Planning Framework. The NDP also provides funding for the other important rural and community development schemes such as LEADER, the Local Improvement Scheme, CLÁR, libraries development and the PEACE programme.

As noted above, the rural development programme is particularly dependant on capital funding and the review of the National Development Plan is of vital importance to delivery of the ambition in both the Programme for Government and Our Rural Future.

Community Development

A 5 year strategy to support the Community and Voluntary Sector in Ireland, “Sustainable, Inclusive and Empowered Communities 2019-24” was published in August 2019. This document sets out a long term vision for our communities in Ireland which seeks to (i) better involve communities in decision-making; (ii) support people and organisations working with communities; (iii) develop partnership and collaborative approaches to policy and programme development, and (iv) support local government to work with communities.

The strategy recognises the importance of our existing community development interventions such as the Community Services Programme and the Social Inclusion and Community Activation Programme. However, it also recognises the need to incrementally build support over the period of the strategy and beyond. As such, the commitments in the strategy again require a continued focus on ensuring community development resources are put to best use and can be incrementally improved in line with the objectives of the strategy.

EU programmes

Expenditure on programmes part-funded by the EU (LEADER & Programme for Peace and Reconciliation) are dependent both on Ireland's allocation and on the interest of individuals and organisations to apply, as well as the ability of organisations to apply for funding. The current iterations of these schemes have seen strong demand and a €70 million LEADER Transitional programme has been put in place to ensure continuity between the existing EU programme and the next one which will cover the period to 2023-2027. Negotiations on this next LEADER programme are nearing completion and the allocation for future years will depend on this outcome. Similarly the scale of the next PEACE programme, known as PEACE PLUS, will also depend on the outcome of negotiations which are currently ongoing. The scale of these EU programmes can put pressure on the Departments voted allocations given the demand led nature of the schemes and the fact that the timing of payment demands are generally outside the control of the Department.

Social Protection

Summary

The Department of Social Protection (DSP) accounted for the largest share (37%) of voted Government expenditure in 2020. Total Social Protection expenditure is funded through both the Vote and the Social Insurance Fund (SIF)³³.

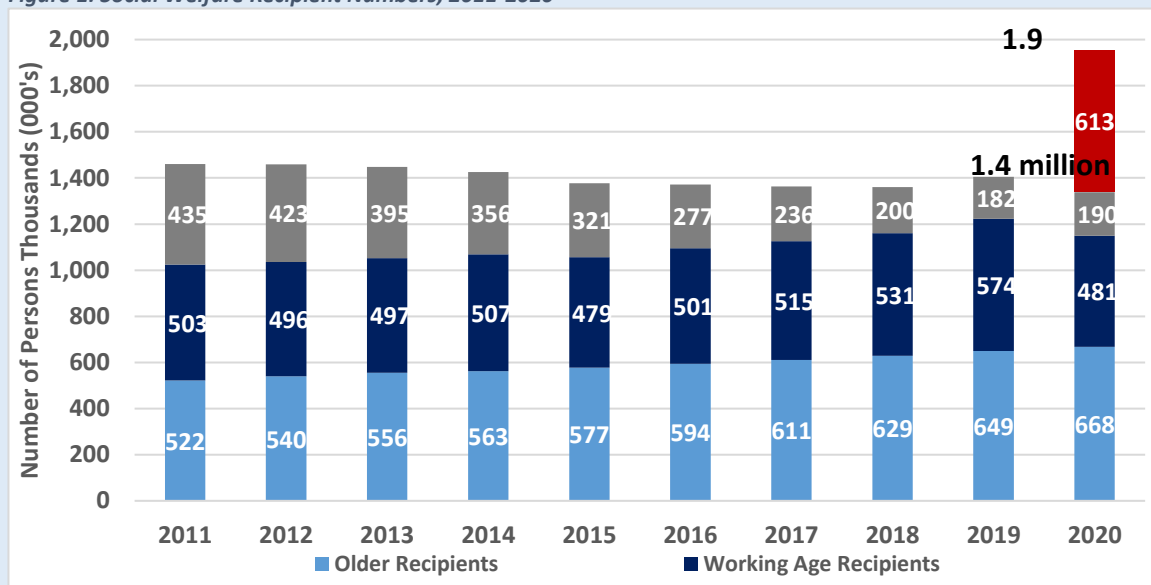
Including temporary COVID-19 related supports, Ireland's social safety net supported over 1.95 million people at the end of 2020, which equates to approximately 49% of the population age 15 years and over.

- From 2011 to 2020, the overall numbers supported by DSP was reducing due to positive labour market conditions which had resulted in fewer working age people receiving income supports.
- The pandemic has resulted in an unprecedented number of individuals being supported by the State. At the end of December 2020, approximately 613,000 recipients were in receipt of a COVID-19 related income support³⁴.
- The number of pension recipients has continued to grow annually, rising from 522,000 recipients in 2011 to 668,000 in 2020. Recent pension rate increases (Budget 2016) and primary social welfare payment increases (Budget 2017-2019), prior to pandemic have been well above inflation. The increase in social welfare rates coupled with rising demographic pressures for old age recipients has been one of the main drivers of expenditure increases in the last decade. See Figure 1 below.

³³ The Social Insurance Fund (SIF) is made up of Pay Related Social Insurance (PRSI) contributions from employers, employees and the self-employed. The SIF provides insurance related payments to people in retirement and to meet certain contingencies, including periods of unemployment, illness and maternity leave.

³⁴ COVID Recipients represent the combined number of recipients for the Pandemic Unemployment Payment (PUP), the Employment Wage Subsidy (EWSS) and COVID Enhanced Illness Benefit (EIB) Schemes. Therefore, the COVID Recipients figure of 613,000 is comprised of: the weekly number of 278,000 PUP recipients as at 28th December, the average weekly number of EIB recipients of 1,800, and the EWSS monthly total of 319,400 employees for December.

Figure 1: Social Welfare Recipient Numbers, 2011-2020

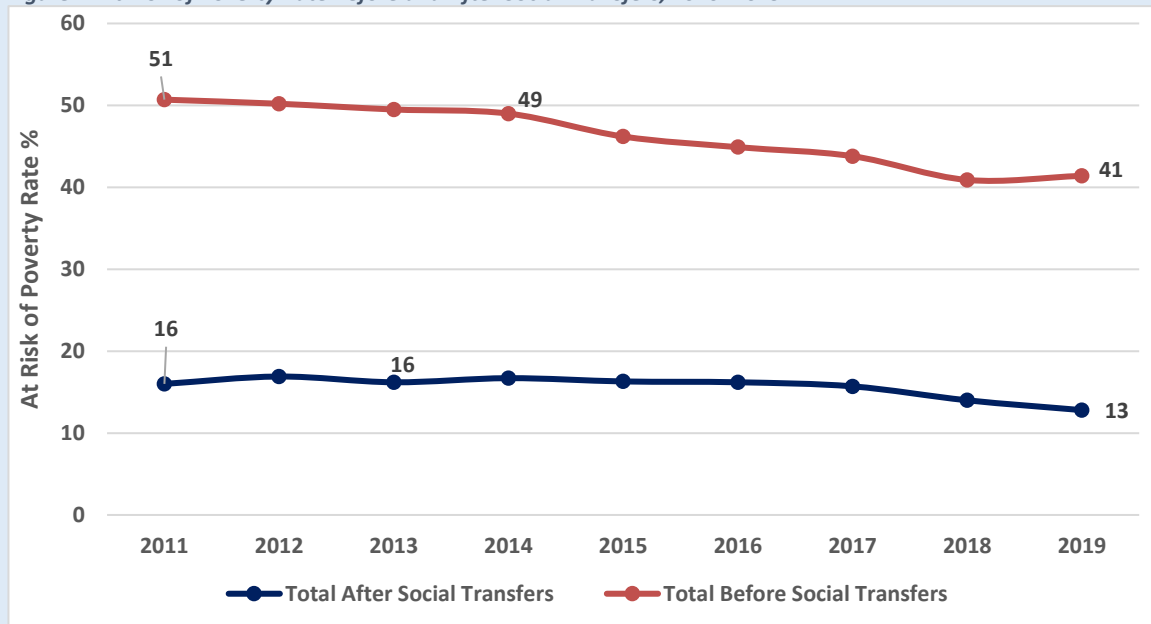


Source: DPER Statbank

Ireland's social transfer system has continued to be effective in reducing the 'at risk of poverty rate'. However, in more recent years the impact of transfers has diminished due to a more positive pre-social transfer position.

- In 2011, Ireland's social transfers system reduced the "at risk of poverty rate" from 51% to 16%, which is a decrease of 35%.
- In 2019, Ireland's social transfers system reduced the "at risk of poverty rate" from 41% to 13%, a decrease of 29%.
- The considerable employment growth observed in recent years is the principle driver behind reductions in the poverty rate before social transfers, which has consequently diminished the impact of social transfers due to a more positive pre-transfer position. See Figure 2.

Figure 2: At Risk of Poverty Rate Before and After Social Transfers, 2010 -2019



Source: Eurostat

Section 1: Long-Term Trends

The financial crisis in 2008 resulted in a 309,000 or a 191% increase in numbers on the Live Register over a three and half year period, before numbers began to decline. Up to 2020, this was the largest increase of unemployment in terms of both scale and speed. However, the unprecedented economic shock caused by the Covid-19 pandemic and the public health response to it, resulted in the largest number of people being supported by the State's in history. The introduction of the Pandemic Unemployment Payment (PUP) and Temporary Wage Subsidy Scheme (TWSS) in March 2020 resulted in hundreds of thousands of people being supported during the various stages of public health restrictions.

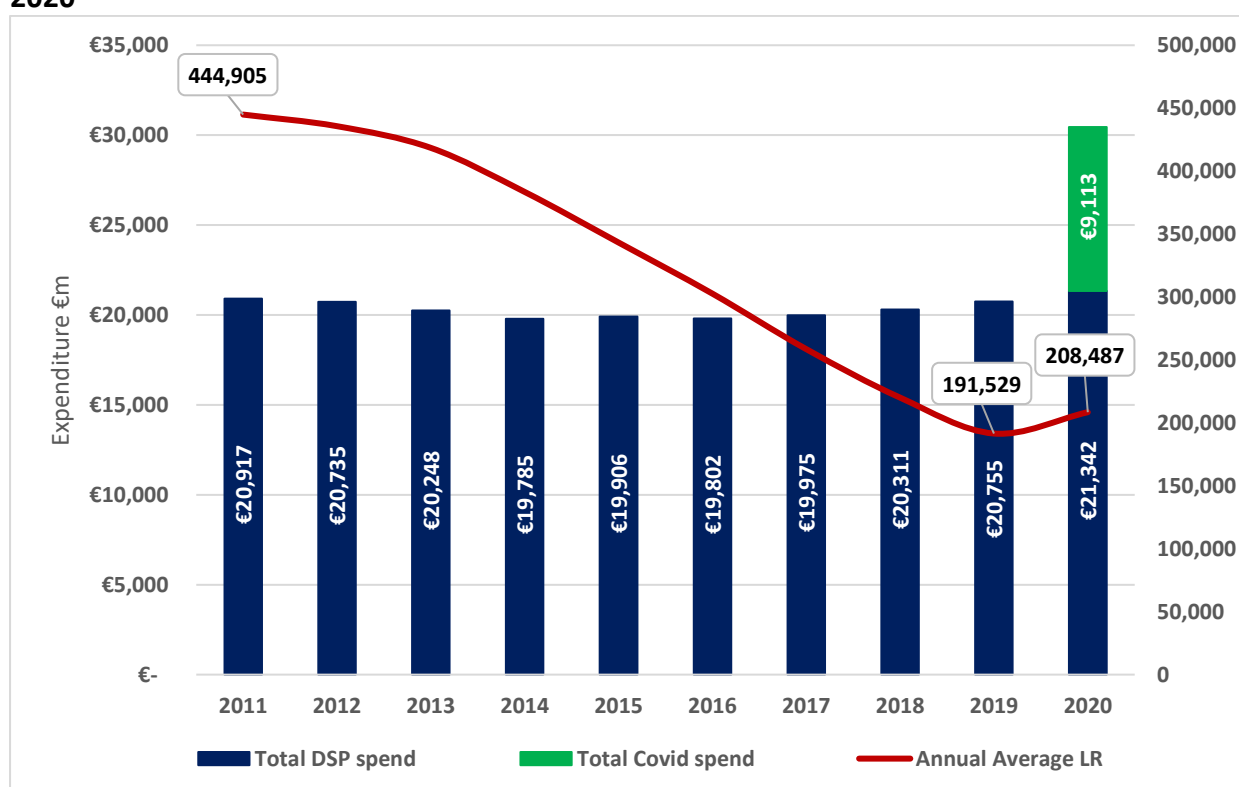
The combined number of LR and PUP recipients reached a peak of around **817,000**³⁵ in May 2020, making it the largest number of working age income recipients subsidised by the State in its history. This represents **33%** of the Labour Force being supported, which does not include the additional **410,000** people that were being supported in employment through the wage subsidy scheme, TWSS. At the peak of the pandemic, a total of over **1.2 million** people were being supported through unemployment payments or through a wage subsidy scheme.

- Over the period 2010 to 2012, changes in DSP expenditure reflected the prevailing labour market conditions and the high number of people on Live Register related schemes.

³⁵ The figure of 817,000 is a combination of around 215,000 Live Register and around 602,000 PUP recipients on May 5th of 2020.

- Rather than being driven by working age income and employment supports, in the period 2014 to 2019, increases in expenditure were driven by a considerable rise in demographic pressures for the Pensions, Illness, Disability, and Carer schemes, in addition to increases in social welfare payment rates and new measures.

Figure 3: Social Protection Expenditure and Annual Average Live Register Number, 2015-2020



Source: DPER Statbank

From 2011 to 2019, total DSP spend had remained relatively stable at around €19bn to €20bn. In 2020, total DSP expenditure increased by approximately 47% or €9.7 billion (from €20.8 billion in 2019 to €30.5 billion in 2020). €9.1bn of this unprecedented growth can be attributed to COVID-19 schemes.³⁶ The COVID-19 crisis has increased unemployment related expenditure pressures, particularly in the short term³⁷. In the medium term it is anticipated that most of these new COVID-19 related recipients will return to pre-crisis employment,

³⁶ COVID spend represents the combined costs for the Pandemic Unemployment Payment (PUP), the Employment Wage Subsidy (EWSS) and COVID Enhanced Illness Benefit (EIB) Schemes.

³⁷ The CSO created the COVID-19 adjusted unemployment rate in recognition of the ambiguity surrounding the labour market status of PUP recipients. The COVID-19 adjusted unemployment rate classifies all PUP recipients as being unemployed, whereas the standard ILO unemployment rate reported by the CSO continues to classify both EWSS and the PUP recipients as employed. It should be stated that neither of these measures represent the true underlying level of unemployment, which is likely to lie somewhere in-between these two estimates. See the CSO monthly unemployment publication for further information:

<https://www.cso.ie/en/releasesandpublications/er/mue/monthlyunemploymentmay2021/>

however, as the crisis goes on there is substantial scope for scarring, particularly as recipients become long-term unemployed³⁸. Live Register expenditure has remained stable at around €2 billion since 2017, however, costs are expected to increase in the long-run as COVID-19 payment recipients transition to more traditional forms of social welfare support, and activation costs are incurred. It is important to note, that after adjusting for scheme transfers to other Votes, the underlying other (Non-COVID Non-LR) expenditure grew by €2.3 billion or 14% over the period 2011 to 2020. See Table 1 below.

Table 1: DSP Expenditure and Underlying Expenditure, 2015 – 2020.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Change 2011-2020	
	€bn	€bn	€bn	€bn	€bn	€bn	€bn	€bn	€bn	€bn	€bn	%
“Other” Non-COVID/Non-LR Underlying spend	17.0	16.9	16.6	16.4	16.8	17.0	17.5	18.1	18.8	19.3	2.3	13%
Live Reg. spend ³⁹ + scheme transfers	3.9	3.8	3.7	3.3	3.1	2.8	2.4	2.2	2.0	2.1	-1.8	-47%
COVID Spend										9.1	9.1	
Total DSP spend	20.9	20.7	20.2	19.8	19.9	19.8	20.0	20.3	20.8	30.5	9.5	+46%

Source: DPER Statbank

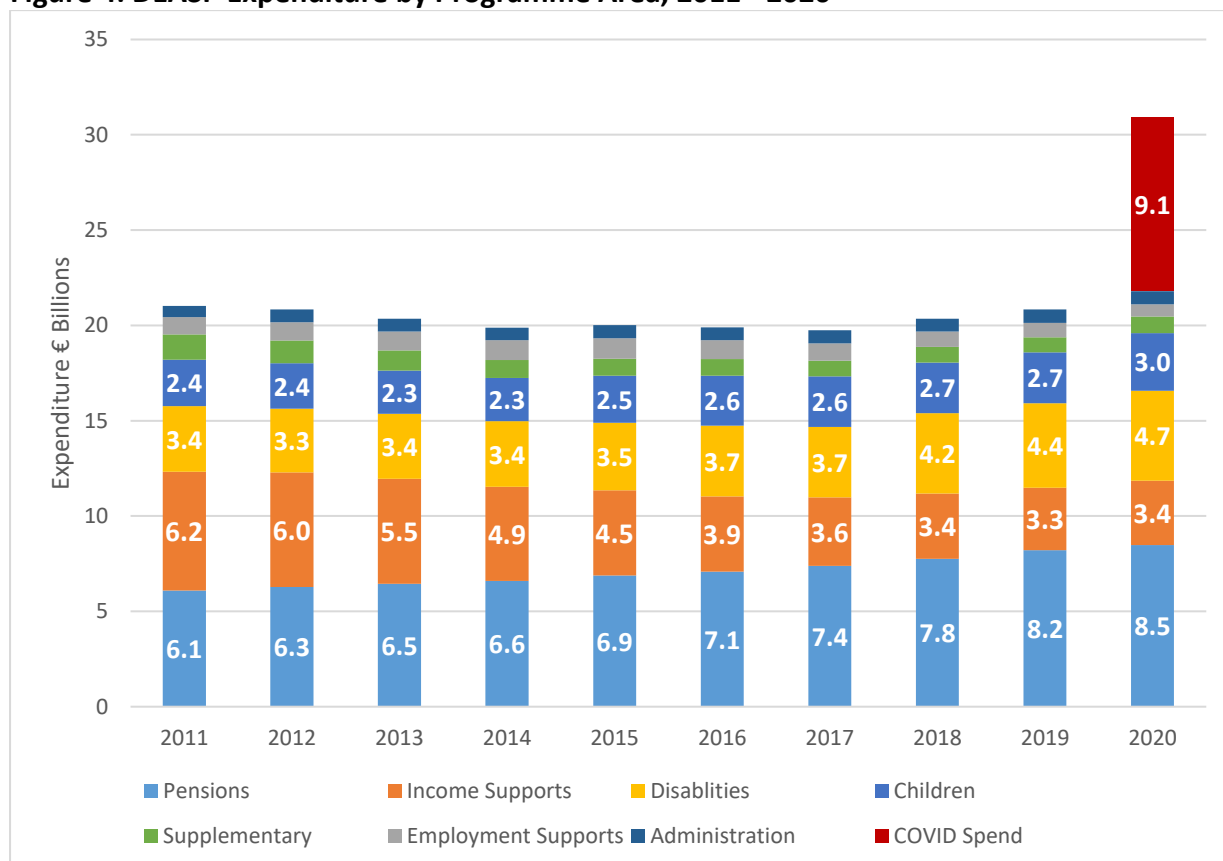
Section 2: Expenditure Drivers

A range of factors have played a role in driving changes in the composition of expenditure over the past decade.

³⁸ As the economy reopens most Covid-19 payment support recipients are expected to transition back to employment. However, a number of these recipients are also likely to transition to the LR and be classified as “long term unemployed”, unemployed for greater than 1 year.

³⁹ Live Register spend represents the cost of supporting the standard Live Register recipients and does not include the cost of COVID scheme recipients. The Live Register is not a measure of unemployment but rather is a count of the number of claims registered for Jobseekers Benefit (JB) Jobseekers Allowance (JA) or credited contributions.

Figure 4: DEASP Expenditure by Programme Area, 2011 - 2020



Source: DPER Statbank

- Firstly, demographic pressures have increased pension recipients, by 145,700 (or 28%) over the last 10 years.** This compares to an overall population rise of an estimated 402,500 or 9% over the same period. The number of children (0-19 years) increased by approximately 69,900 or 6%. Some of the costs resulting from demographic pressures were offset by the significant decreases in expenditure on working age income supports as a result of improvements to the labour market from 2012 onwards.

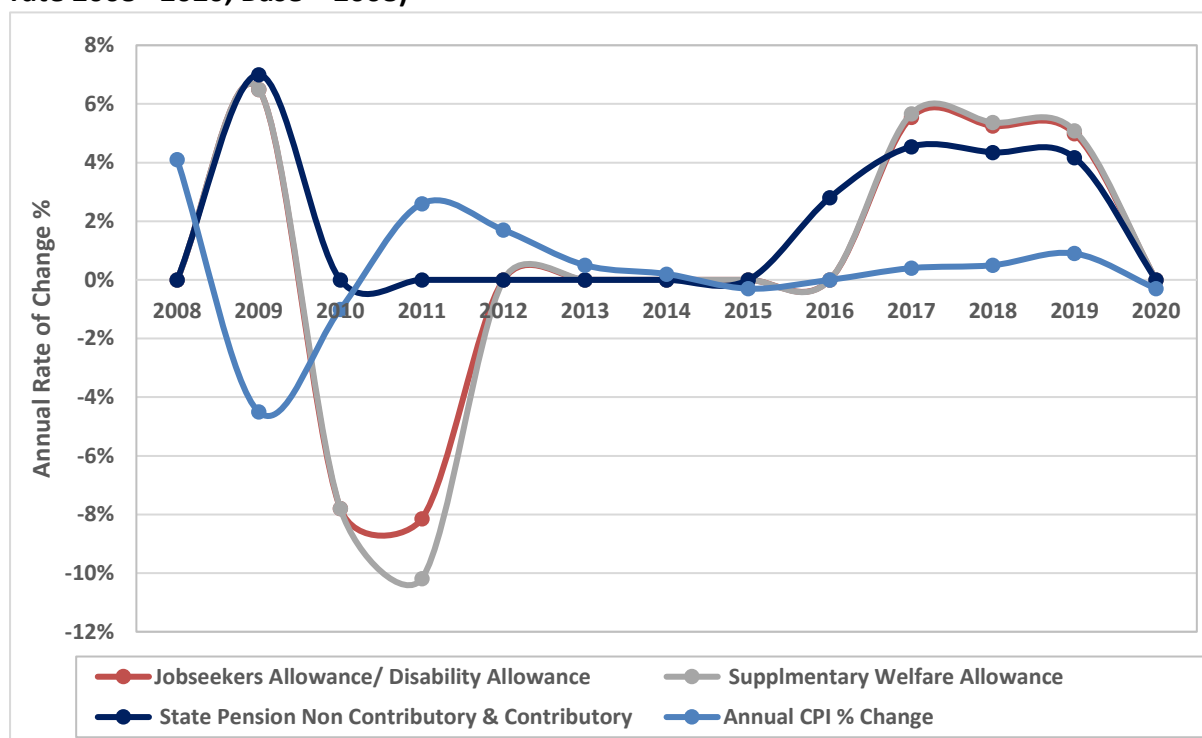
Over a ten year period, pensions' expenditure has increased by €2.39bn or 39%, from €6.1bn in 2011 to €8.5bn in 2020. The main driver of this increase is the rising cost of the contributory state pension (SPC) reflecting the increase in recipient numbers.

- The Illness, Disability & Carer (IDC) expenditure area has experienced a significant increase in spend over the last ten years, increasing by €1.27bn or almost 37%, from €3.4bn in 2011 to €4.7bn in 2020.** This is due to recipients on Illness, Disability and Carer schemes increasing annually, with the number supported by the IDC programme rising by approximately 80,000 or 25% over the period 2011 to 2019. However, despite expenditure increasing, the number of IDC recipients has actually decreased this year from around 400,000 in 2019 to around 354,000 in 2020. This divergence between recipient numbers and expenditure can largely be attributed to Illness Benefit recipients (who are generally short-term, low cost claimants that account for only a small proportion of the total IDC expenditure), either having temporarily lost their jobs due to COVID-19 restrictions and thereby not qualifying for Illness Benefits, or availing of COVID-19 Enhanced Illness Benefit instead.

- **Expenditure on jobseekers payments and employment supports are driven by cyclical conditions.** The number of people on the Live Register rose sharply in 2008 as a result of the economic downturn and peaked at approximately 450,000 in 2011. From 2012, the numbers on the Live Register reduced significantly, falling by approximately 241,000 or 57% to reach 189,900 by end of 2020 (note: the Live Register excludes PUP recipients). These reductions have resulted in significant savings in the working age income supports programme of over €1.8bn or 47% between 2011 and 2020. However, when factoring in the 788,500 cumulative PUP recipients into the Live Register, the Live Register's 2020 spend rose by €4.9bn to reach €7bn⁴⁰.
- **The three budgets between 2017 and 2019 provided substantial social welfare packages averaging €475m and have been a key driver of expenditure since 2017.** Following the reductions in rates implemented during the downturn, the state pension rate was increased in Budget 2016, with all primary social welfare payments subsequently being increased in Budgets 2017-2019. The changes in payment rates introduced over this period have contributed to the increase in spending over the period. These increases were above changes in the inflation rate measured by Consumer Price Index (CPI). See Figure 5.
- While standard social welfare rates have still remained largely unchanged in 2020, the introduction of pandemic support schemes at more generous social welfare rates has served to cushion the impact of COVID-19 on the majority of the population's incomes, and protect those most vulnerable to job losses. Since September 2020 the maximum payment rate for the PUP has remained €350, which is €147 or 72% above the maximum Jobseekers payment rate of €203.

⁴⁰ The 788,525 cumulative number of PUP recipients is the total number of PUP recipients supported as at 25th December 2020 and is taken from the CSO's dataset LRW17 on the "Cumulative Number of Persons receiving the PUP ,TWSS or EWSS" see: <https://data.cso.ie/table/LRW17>

Figure 5: Rate of changes to Weekly Social Welfare payments year on year Vs Annual CPI rate 2008– 2020, Base = 2008)



Source: DPER Statbank

Temporary Supports in Response to COVID-19 Pandemic

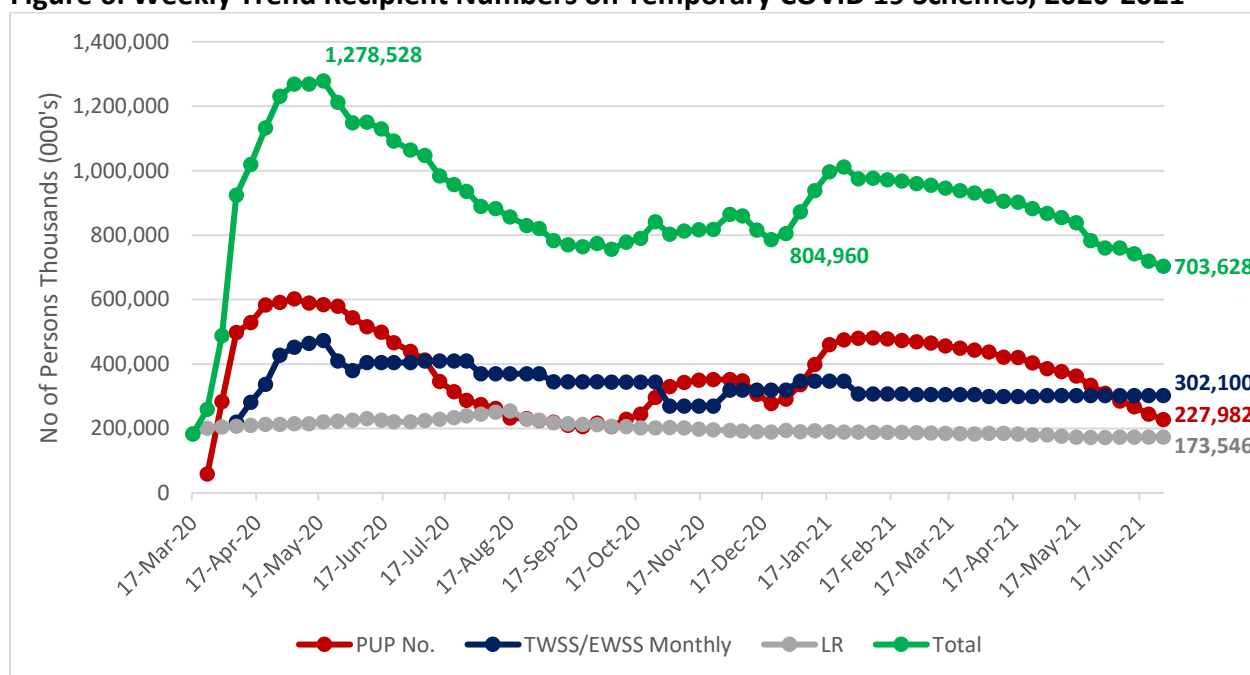
Ireland reacted quickly to the economic challenges posed by COVID-19, putting in place a number of temporary supports in response to the health and economic impact of the crisis. The response during the emergency phase of the COVID-19 crisis was to support those impacted by the restrictions on economic activity. The Temporary Wage Subsidy Scheme (TWSS), now superseded by the Employment Wage Subsidy Scheme (EWSS), and the Pandemic Unemployment Payment (PUP) were introduced as temporary measures to support individuals and businesses.

During the peak of the COVID crisis in early May, there was over 1.2 million people being supported by the Department of Social Protection (DSP), with a weekly cost of approximately €430m. At the end of December 2020 a total of 801,000 people were being supported by a DSP income support/wage subsidy⁴¹, which equated to approximately 20% of the population aged 15 and over.

⁴¹ The total number supported of 801,000 is as at the 28th of December 2020.

- As at the 28th of December 2020, the number of persons on PUP decreased to approximately 292,000, representing a decrease of about 60,000 or 17% since the end of the previous Level 5 restrictions in November⁴².
- For EWSS, around 32,900 employers received a payment in respect of 319,400 employees. Total EWSS expenditure in December was €410m.
- The total number of Live Register recipients on the 25th of December 2020 were 189,700, which was a year to date increase of 7,700 or 4.2% compared to 182,000 for the same week in 2019.

Figure 6: Weekly Trend Recipient Numbers on Temporary COVID 19 Schemes, 2020-2021



Source: DPER Statbank

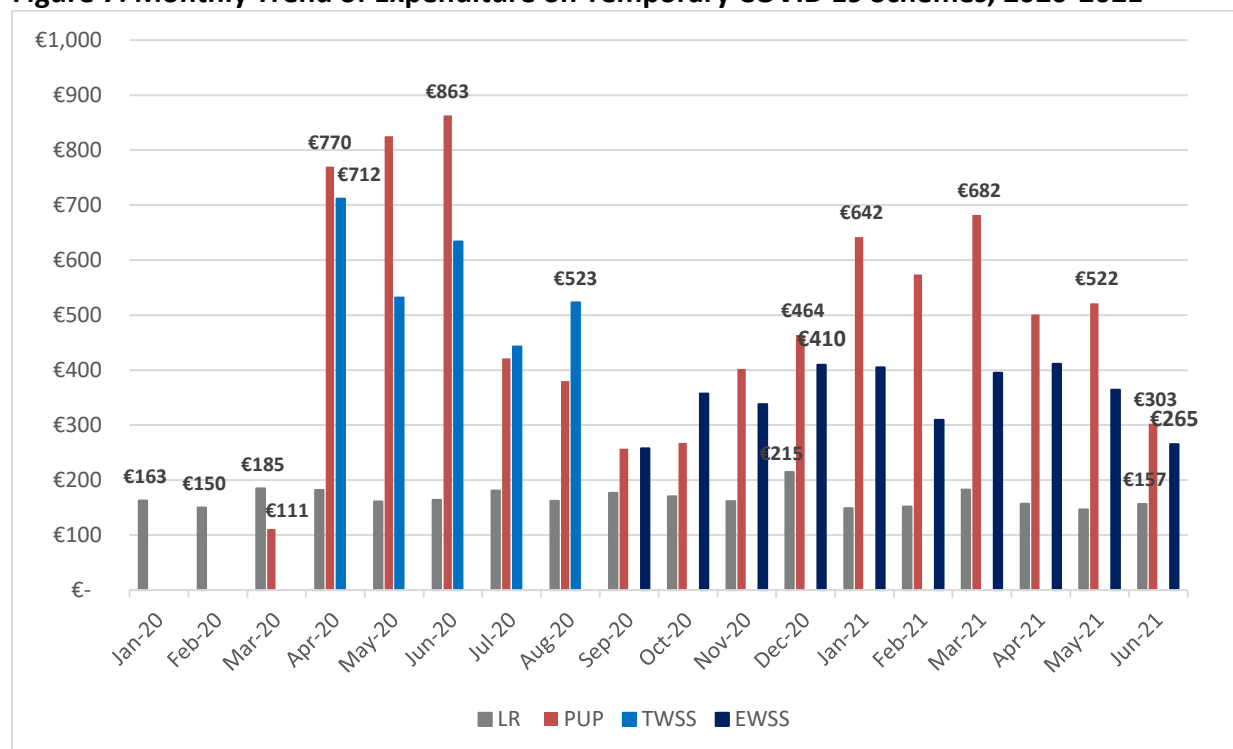
At the end of 2020, over 9.1 billion in expenditure was spent on the PUP, TWSS and EWSS COVID-19 schemes, of which €4.9bn was spent on PUP, €2.8bn spent on TWSS scheme, and €1.4bn spent on the EWSS scheme, and a further €56.8m was spent on the COVID Illness Benefit scheme.

While at its peak, the PUP was costing €863m per month, monthly costs had fallen to €464m in December, however this was still an increase €62m or 15% from the previous month, despite the change to Level 3 restrictions at the time. This was partially driven by the additional payments of €390m made as part of the Christmas Bonus.

⁴² The total number of PUP recipients on November 26th was 352,078.

In April 2020, monthly TWSS expenditure reached a peak of €712m before gradually declining to a monthly expenditure of €523m in August 2020, its final month of operation. This decline is likely due to the decline in numbers supported of approximately 50,000. The EWSS scheme had monthly expenditure of €257m for its first month of operation in September 2020⁴³. In December 2020, monthly expenditure for the EWSS peaked at €410m reflecting both the movement to Level 3 restrictions and more people availing of the new higher EWSS rates.

Figure 7: Monthly Trend of Expenditure on Temporary COVID 19 Schemes, 2020-2021



Source: DPER Statbank

Rapid progress in the vaccination programme and reductions in the level of infection rates in Q2 2021, has allowed for the phased re-opening of the economy, and has resulted in significant reductions in expenditure for pandemic support schemes. Over the course of June and July 2021, additional sectors are expected to re-open in line with the Economic Recovery Plan guidelines⁴⁴.

As of June 28th 2021, around 704,000 people are currently being supported by a DSP income support/wage subsidy at a total weekly cost of €209m.

- The number of persons on PUP has decreased to around 228,000, a reduction of 38% since the PUP's peak in May of 2020.

⁴³ The initial lower monthly expenditure for EWSS compared to TWSS reflects the lower payment value for the flat rate EWSS subsidy that was in place until October 20th.

⁴⁴ See: <https://www.gov.ie/en/publication/49b23-overview-of-economic-recovery-plan-2021/>

- This week the total PUP spend was €67m, which is a year to date decrease of €87m or 56% when compared to the figure for same week last year of €154m.
- In May of 2021 around 34,900 employers received a payment in respect of 302,100 at a total most cost of €364m. As of June 28th 2021, 27,300 employers received a payment for 279,600 employees on EWSS with total payments to date in June amounting to €265m.
- The Live Register (as at June 18th) now stands at approximately 174,000, which is a year to date decrease of 47,000 or 21% from the figure for the same week last year of about 221,000.

To ensure the avoidance of cliff edges from the phasing out of COVID supports, while also aiding in the economic recovery and removing disincentives to work as part Economic Recovery plan⁴⁵, the Government has committed to the following measures that will involve gradually tapering off pandemic supports:

- I. The Employment Wage Subsidy Scheme (EWSS) will be extended beyond June 30th until December 31st 2021. The current enhanced payment rates⁴⁶ and turnover thresholds⁴⁷ will be maintained for Quarter 3 (July, August, and September) of 2021⁴⁸.
- II. The Pandemic Unemployment Payment (PUP) will be extended in full for existing claimants beyond June 30th 2021 until February 8th 2022. The scheme will close to new applicants from July 1st 2021. The current weekly rates of support⁴⁹ will be gradually reduced over three phases by €50 increments.
- III. The COVID-19 enhanced illness payment will remain available and the special arrangements put in place to provide enhanced access to rent supplement, including for victims of domestic abuse, will remain in place until the end of the year. The special Enterprise Support Grant of €1,000 for self-employed people returning to work will also be continued to assist self-employed sole traders, leaving PUP, to meet restart costs.

⁴⁵ Pillar 2 of the plan commits to Helping People Back into Work: <https://www.gov.ie/en/publication/90e59-pillar-2-helping-people-back-into-work/>

⁴⁶ The EWSS subsidy amount paid to employers depends on the gross income of each employee. The EWSS currently provides a flat rate subsidy for eligible employees of either €151.50, €203, €300, or €400 per week.

⁴⁷ For EWSS employers impacted by COVID-19 whose turnover has fallen 30% compared to their previous turnover in 2019.

⁴⁸ For employers the time period for assessment will be broadened from the current 6 month period of assessment to a full 12 month period. In addition, for Quarter 4, the question of an employer contribution to employee wages under the scheme will be considered.

⁴⁹ Under the current payment rates PUP recipients receive a flat rate payment of either €203, €250, €300, or €350 per week.

Section 3: Future Challenges and Policy Considerations

While progress on the vaccination programme continues at pace, the ongoing threat of COVID-19 variants presents a risk of prolonging the significant impact of the pandemic on social welfare spending. There is a high degree of uncertainty about the impact that this may have moving forward.

Notwithstanding the above uncertainty, in the short to medium term, the primary challenge will be to deal with the aftermath of the pandemic and labour market scarring and drifts to long term unemployment. The focus will be on supporting people to get back into employment as per pillar two of the Economic Recovery Plan and Pathways to Work. A core aspect to this will be in ensuring resources are directed towards the most appropriate supports that help to effectively achieve these aims.

Demographic pressures will continue to drive up recipient numbers and costs, particularly in relation to pensions. Analysis ⁵⁰published in 2019 estimated the average annual cost of demographic change on the Social Protection budget at €179m between 2020 and 2030. Demographics will also contribute to upward pressures on disability and carer related supports. Other structural issues will also pose a challenge into the future. Disability income support expenditure has increased significantly over the past 20 years, with growth in the numbers supported increasing at an annual average growth rate of 5% in the number of recipients since 2012. The labour market challenges presented by COVID-19 may speed up longer term trends which were already underway relating to automation and digitisation. Labour Market Activation and upskilling is a key policy tool to support and promote a recovery to sustainable employment where there may be permanent job losses resulting from COVID-19. Pathways to Work 2021-2025 sets out the Governments strategy in this area. In the medium to longer term, a well-managed transition to the post Covid-19 labour market will be required to ensure the sustainability of expenditure and positive employment outcomes.

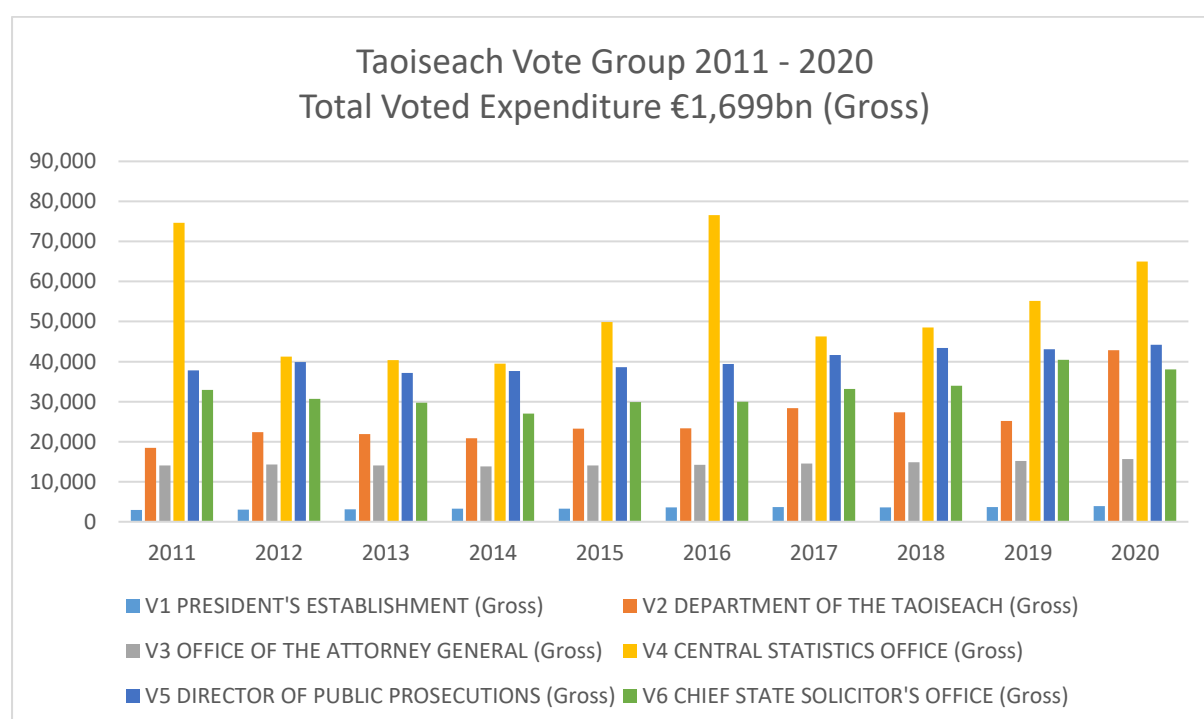
⁵⁰ Connors, Moran and Ivory; Budgetary Impact of Changing Demographics 2020 – 2030; IGEES, 2019. The future estimates in this paper have factored in increases of the pension age to 67 in 2021 and to 68 in 2028.

Taoiseach

The Taoiseach Group of Votes consists of the following votes:

- Vote 1 – President’s Establishment
- Vote 2 – Department of the Taoiseach
- Vote 3 – Office of the Attorney General
- Vote 4 – Central Statistics Office
- Vote 5 – Office of the Director of Public Prosecutions
- Vote 6 – Office of the Chief State Solicitor

Figure 1 – Total Voted Taoiseach Group Expenditure, 2011 – 2020



Summary

Total voted expenditure for this Departmental Group 2011 - 2020 is €1,699bn (Gross). This review focusses on the expenditure of the Department of the Taoiseach and the Central Statistics Office (CSO).

The primary function of the **Department of the Taoiseach** is to support the Taoiseach and Government to ensure a sustainable economy and a successful society, while also implementing the Programme for Government to build a better future for Ireland and all

her citizens. Approximately 30% of the non-pay portion of the Taoiseach Vote funds independent entities, which, of necessity, have been established outside of any individual Department or Agency.

The **CSO** is an independent office under the aegis of the Department of the Taoiseach. The CSO is Ireland's national statistical institute and is responsible for the production and oversight of all official statistics for Ireland. The functions of the CSO, as set out in the Statistics Act 1993, include *"the collection, compilation, extraction and dissemination for statistical purposes of information relating to economic, social and general activities and conditions in the State"*. The European Statistical System (ESS) has a significant impact on the CSO's work programme, which comprises approximately 60% of the statistics produced annually, and which are legally required under European legislation.

The CSO provides independent, accurate, verifiable data to citizens and policy makers alike on a broad range of topics including social, economic and environmental issues. It is on that basis, notwithstanding the volume and nature of data now accessible and the technological and analytical capacity available, which positions the CSO as impartial compilers of information contextualising what is happening in our societies and economies, identifying drivers of change and pinpointing challenges.

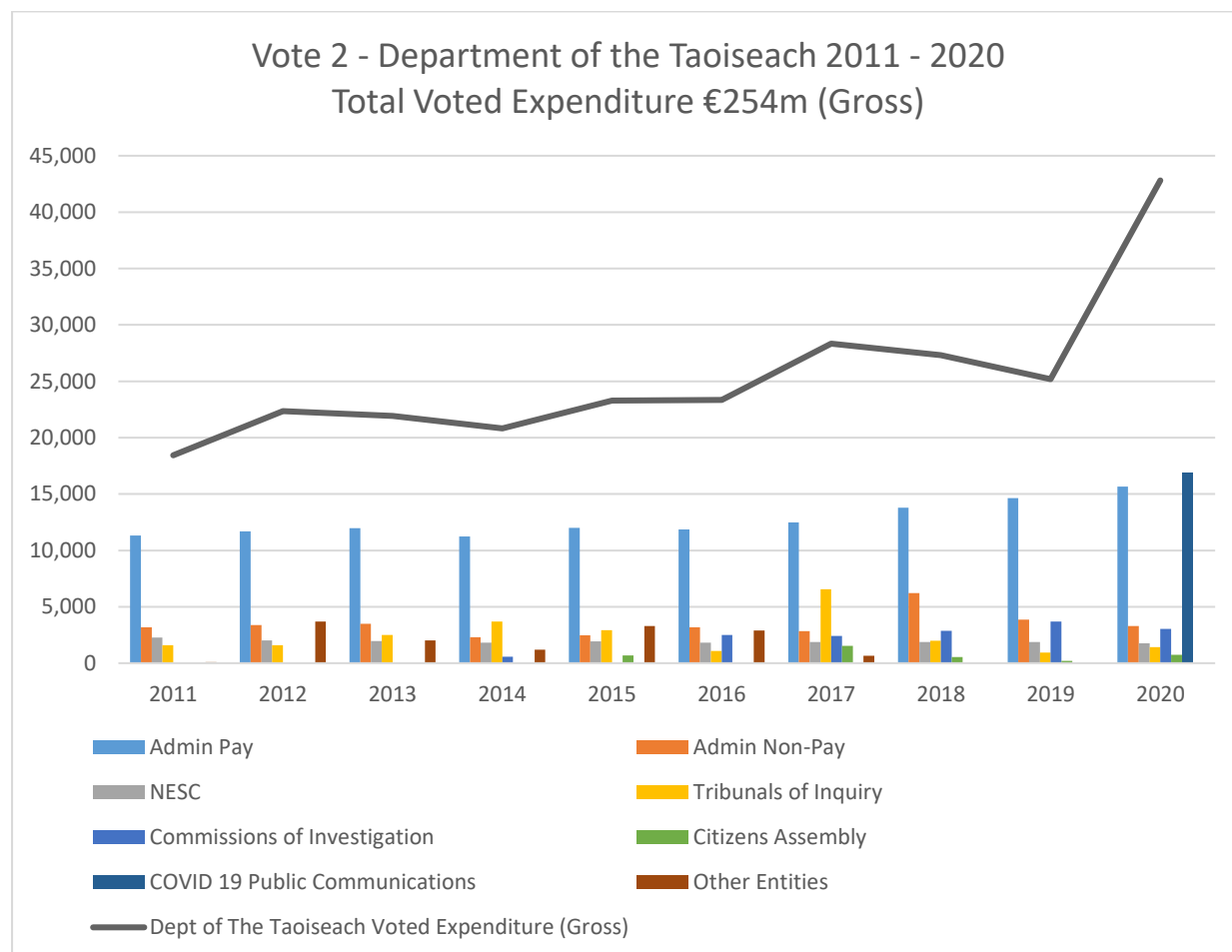
Confidence in the quality and independence of official statistics is crucial as this information serves as an objective input to policy development, oversight and governance at national and international levels.

In 2020, salaries, wages and allowances accounted for 70% of the Gross Total Expenditure on Vote 4 – CSO.

Section 1: Long-Term Trends

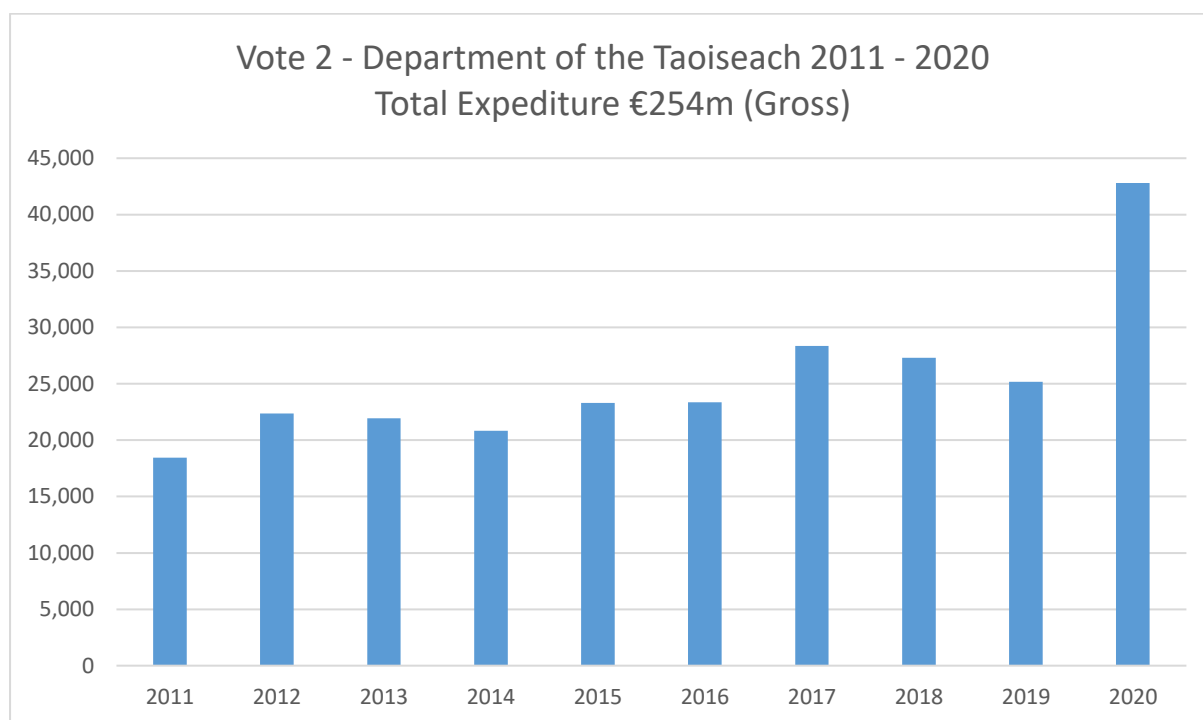
Department of the Taoiseach

Figure 2 – Expenditure on the Department of the Taoiseach, 2011 - 2020



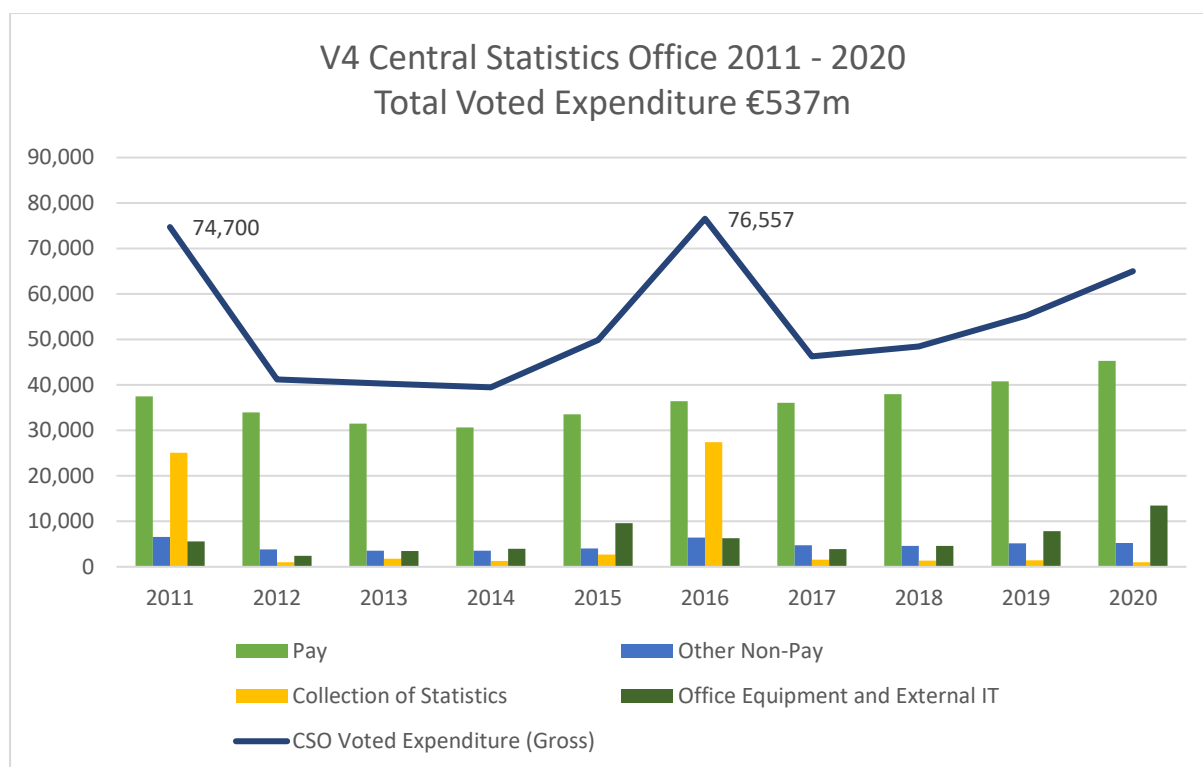
Total Voted Expenditure on the Department of the Taoiseach Vote equalled €254m within the period 2011 - 2020. With the exception of 2017 and 2020, pay accounts for over half of the total voted expenditure within the period reflected in the above graph. Following a Government Decision in May 2020, an additional €20m was allocated to Department of The Taoiseach in 2020 to co-ordinate and manage the whole-of-government COVID-19 communications campaign. Expenditure on COVID-19 Public Communications accounts for 37% of the total expenditure for 2020.

Figure 3 – Expenditure on the Department of the Taoiseach, 2011 – 2020



The graph above illustrates the Gross Total Expenditure for Vote 2 – Department of the Taoiseach from 2011 – 2020. The increase in expenditure in 2020 was driven by an additional €20m allocated to the Department of the Taoiseach, following a Government decision in May 2020, to co-ordinate and manage the whole-of-government COVID-19 communications campaign. The focus of the Government’s communications campaign was to, amongst other things, build public awareness and understanding of Government information related to the COVID-19 as quickly and efficiently as possible.

Figure 4 – Expenditure on the Central Statistics Office, 2011 – 2020



Total Voted Expenditure on the Central Statistics Office equalled €537m within the period 2011 -2020. Figure 4 above shows the cyclical nature of the CSO allocation, peaking each Census year (2011 and 2016) within the 10 year period.

Section 2: Expenditure Drivers

Expenditure requirements remain broadly constant year on year. However, the **Department of the Taoiseach** must remain responsive to the changing social, political and economic landscape.

A unique feature of the **Department of the Taoiseach** Voted Expenditure is the fact that approximately 30% of the non-pay portion of the Vote is monies utilised to run independent entities, which, of necessity, have been established outside of any individual Department or agency. These are entities established by the Government and the Houses of the Oireachtas, such as the National Economic and Social Development Office, Tribunals of Inquiry, Commissions of Investigation or Citizen Assembly-type entities which are each independent.

On the basis of a Government Decision in May 2020, €15m which accounts for 50% of the non-pay portion of the Vote, was allocated to Department of the Taoiseach to co-ordinate and manage the whole-of-government COVID-19 communications campaign for 2021.

The demand for **CSO** products and services is continuously increasing both nationally and internationally. The volume and nature of data (i.e. environmental, energy, labour market, equality, migration, etc.) now accessible and the technological and analytical capacity available positions the CSO to act as impartial compilers of information contextualising and providing insight into what is happening in our societies and economies, identifying drivers of change, pinpointing challenges and informing policy makers, the business community and society as a whole.

The European Statistical System (ESS) has a significant impact on the CSO's work programme, as outputs legally required under European legislation comprises approximately 60% of the statistics produced annually.

The CSO is increasingly providing and facilitating data analysis (COVID-19 response) and new survey work (i.e. Sexual Violence Survey) while incorporating existing studies into its programme of official statistics (i.e. Growing Up in Ireland survey).

Following a Government Decision in September 2020, the Census of Population 2021 was deferred from April 2021 to April 2022. In light of the COVID-19 pandemic, foremost in the decision making process was the need to ensure the safety of the general public and CSO field officers coupled with the need to deliver a Census of Population that is inclusive, comprehensive and achieves the highest possible response rate across all facets of Irish Society. In addition, the Census of Population is a significant logistical operation and COVID-19 restrictions has impacted planning activities.

Section 3: Future Challenges and Policy Considerations

The need for **CSO's** statistical and analytical expertise was made clear during the course of COVID-19 when the CSO provided data analysis to inform Government's response to the pandemic. The CSO continues to produce a wide range of products designed to provide additional insight into the impact of the pandemic for Irish society and policy makers. These new products focus on the business and social impact of COVID-19, the numbers of cases and deaths, the impact on the labour force, amongst other topics. This work moved the CSO closer to real time data and the post COVID-19 requirements for real time data is likely to continue to inform society and decision makers.

The work above included developing a C19 Data Research Hub to support the analysis of health data sources in a safe and secure environment, the development of an information dashboard for the Department of the Taoiseach to track real time critical data and the development, with others, of a National COVID-19 Data Hub on the GeoHive platform to allow for geospatial visualisation.

The CSO is improving the quality of administrative data by developing standards, rules and guidelines to govern the classification, storage and management of data across the Civil and Public Service and by driving the use of the National Data Infrastructure (NDI). Continuing to build the NDI across the Civil and Public Service is a key component to delivering on the quality necessary for the creation of Official Statistics and to deliver the broader data framework to serve the needs of the State. The delivery of support to improve data holdings in the Irish Statistical System and across the Civil and Public Sector will have a significant impact on CSO work programme going forward.

The CSO will continue to use technology to ensure access to high quality, accurate and secure data, to reduce respondent burden, and to make its outputs accessible and user-friendly and to advance the Office's position as a leading national statistical institute.

The impact of COVID-19 continues to have far reaching impacts for every part of society, and the **Department of the Taoiseach** continues to support the Government response to COVID-19 recognising not just the public health issues and vaccine roll-out associated with the pandemic but also the wider economic and social impacts, including co-ordinating effective communications channels. A co-ordinated public communications campaign plays an important role to ensure maximum clarity for citizens, businesses, and the wider community.

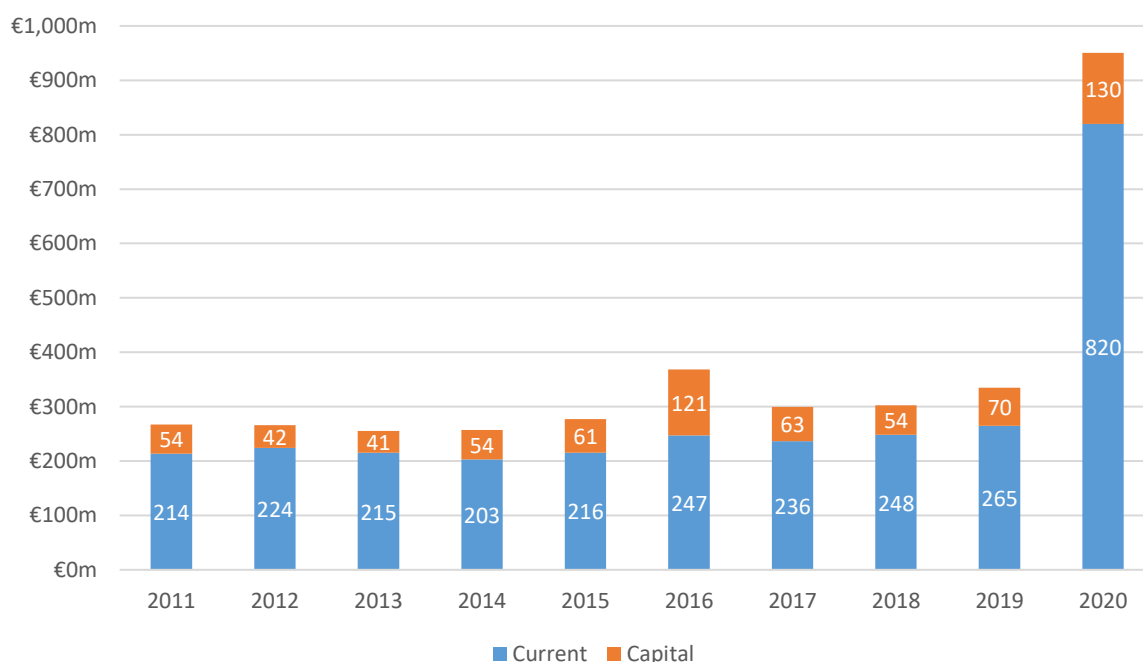
Tourism, Culture, Arts, Gaeltacht, Sport and Media

Summary

- Vote 33 is currently comprised of five programme areas - Tourism, Arts & Culture, Gaeltacht, Sport and Broadcasting. Total gross expenditure for Vote 33 during the period 2011-2020 amounted to €3,578m.
- 27% of this expenditure (€950.7m) related to 2020 and is reflective of the significant transfer of functions that took place in 2020 and additional expenditure on foot of the Covid-19 pandemic.
- During the last 10 years, Vote 33 may be variously attributed to the Department of Tourism, Culture and Sport (2011); the Department of Arts, Heritage and the Gaeltacht (2011-2016); the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs (2016-2017); the Department of Culture, Heritage and the Gaeltacht (2016-2020) and the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media (2020 to date).

Section 1: Long-Term Trends

Figure 1: Vote 33 Long Term Trends – Current and Capital Spend 2011-2020



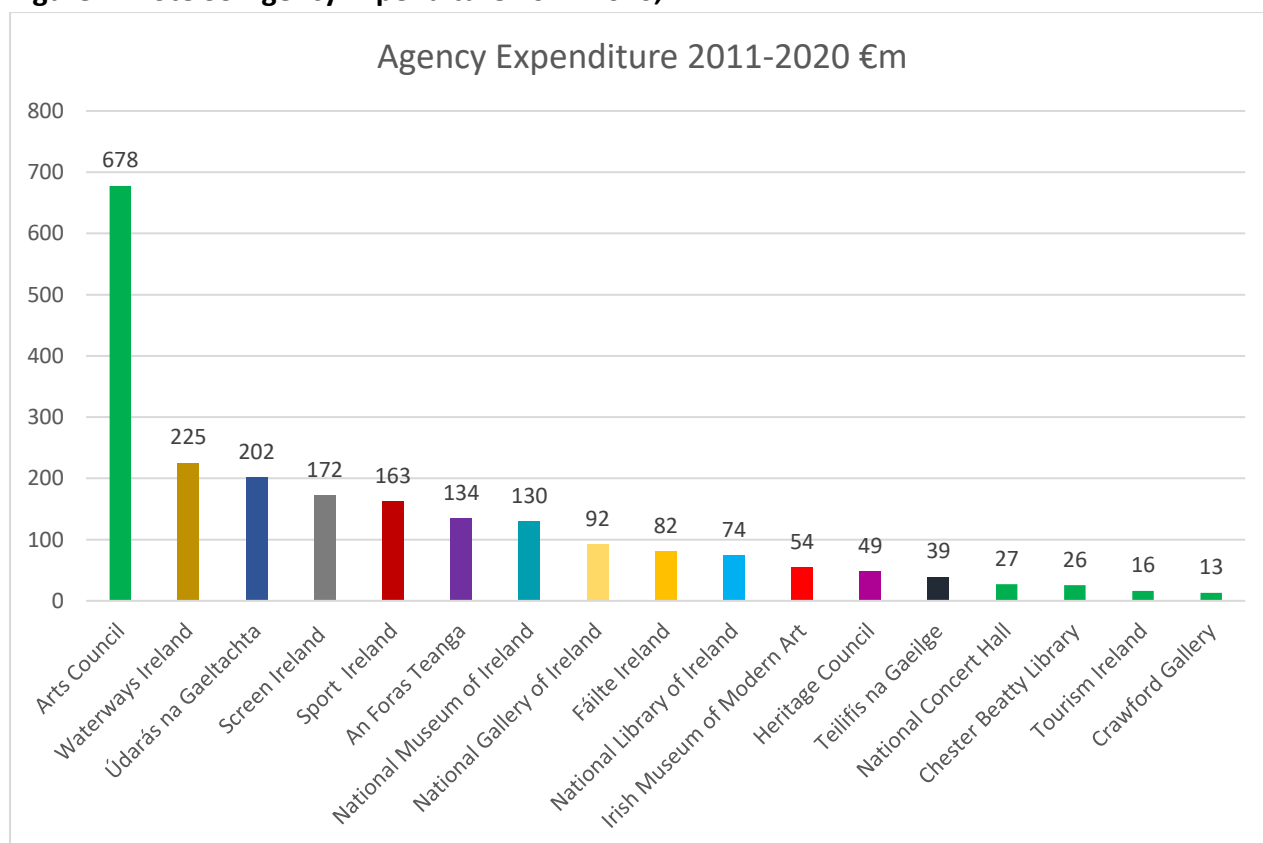
- The sectors for which the Department now has responsibility are amongst the hardest hit by the impact of Covid-19 – they were amongst the first to close on foot of health restrictions and will be amongst the last to recover as we begin to emerge from the pandemic. The increased expenditure in 2020 includes expenditure in respect of a suite of initiatives and measures put in place by the Department to mitigate Covid impacts.
- In the period up to and including 2019, the Culture programme was the largest component of spending across the Vote with an annual average spend of €154.8m. This annual expenditure increased to €239m in 2020
- The largest component of gross expenditure in 2020 was €271m in respect of the Broadcasting programme. TV Licence Fee revenues are treated as an Appropriation in Aid by the Department and typically represent over 80% of Broadcasting Current Expenditure (83% in 2020).

Agency Expenditure

- There are 15 agencies under the aegis of the Department in its current configuration as the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media.
- Total agency expenditure on Vote 33 during the period from 2011-2020 was €2,175m. In 2020, the total expenditure on Agencies amounted to €516.7m.

- Prior to the transfer of functions in 2020, the Arts Council incurred the largest agency spend on the vote totalling €573m from 2011-2019. Total expenditure by the Arts Council in 2020 amounted to just over €105m. In 2020, Sport Ireland incurred the largest agency spend of €163m.

Figure 2: Vote 33 Agency Expenditure 2011-2020, ⁵¹



⁵¹ The configuration of the Department has changed a number of times during the period 2011 to 2020 and the agencies shown reflect the various iterations e.g. expenditure for the Heritage Council relates to the period 2011 to 2019 when the Heritage programme areas was part of Vote 33 whereas Fáilte Ireland expenditure relates to 2020 only as it was not part of the Vote from 2011 to 2019 etc.

Figure 3: Vote 33 Agency Expenditure 2011-2020

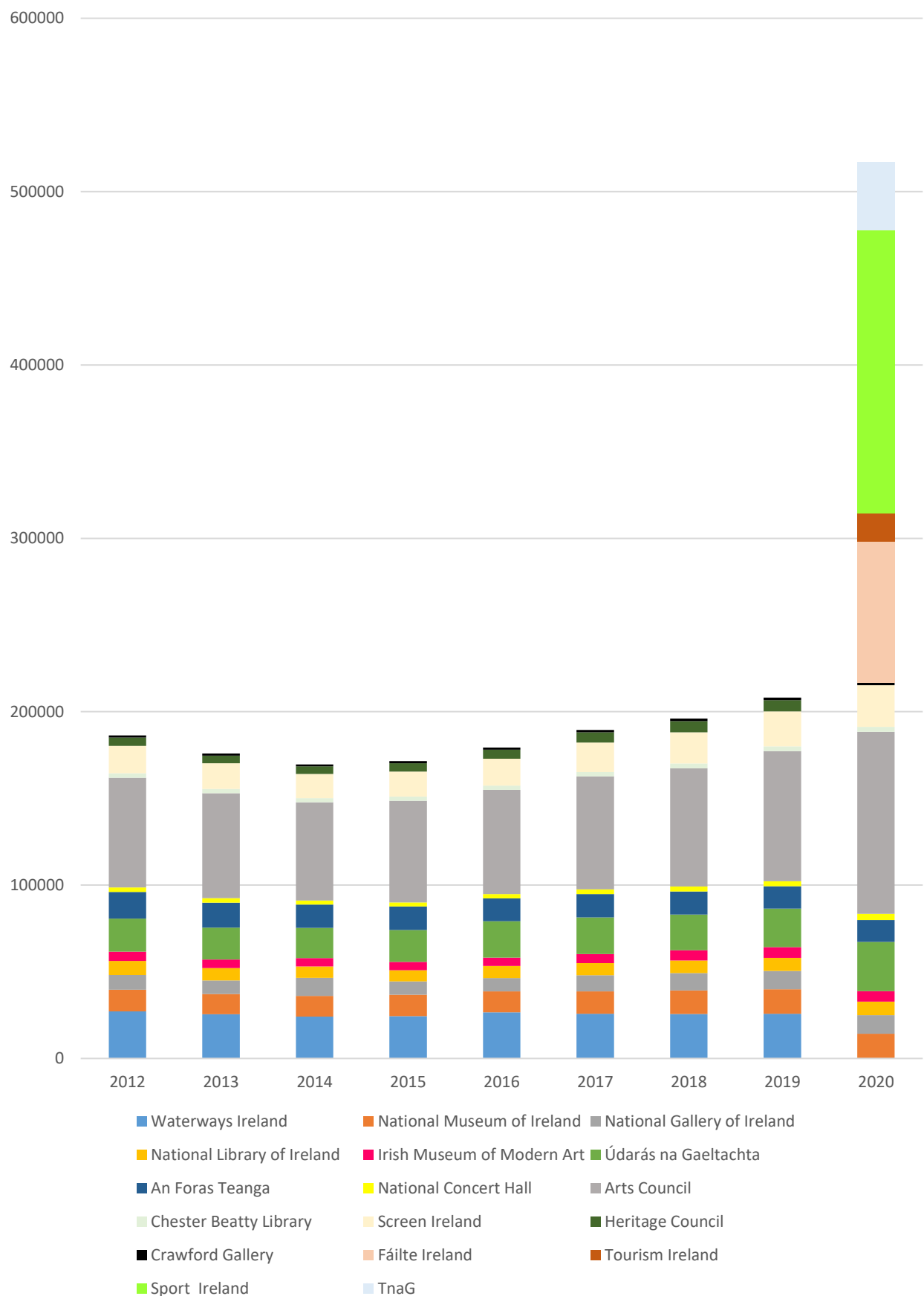
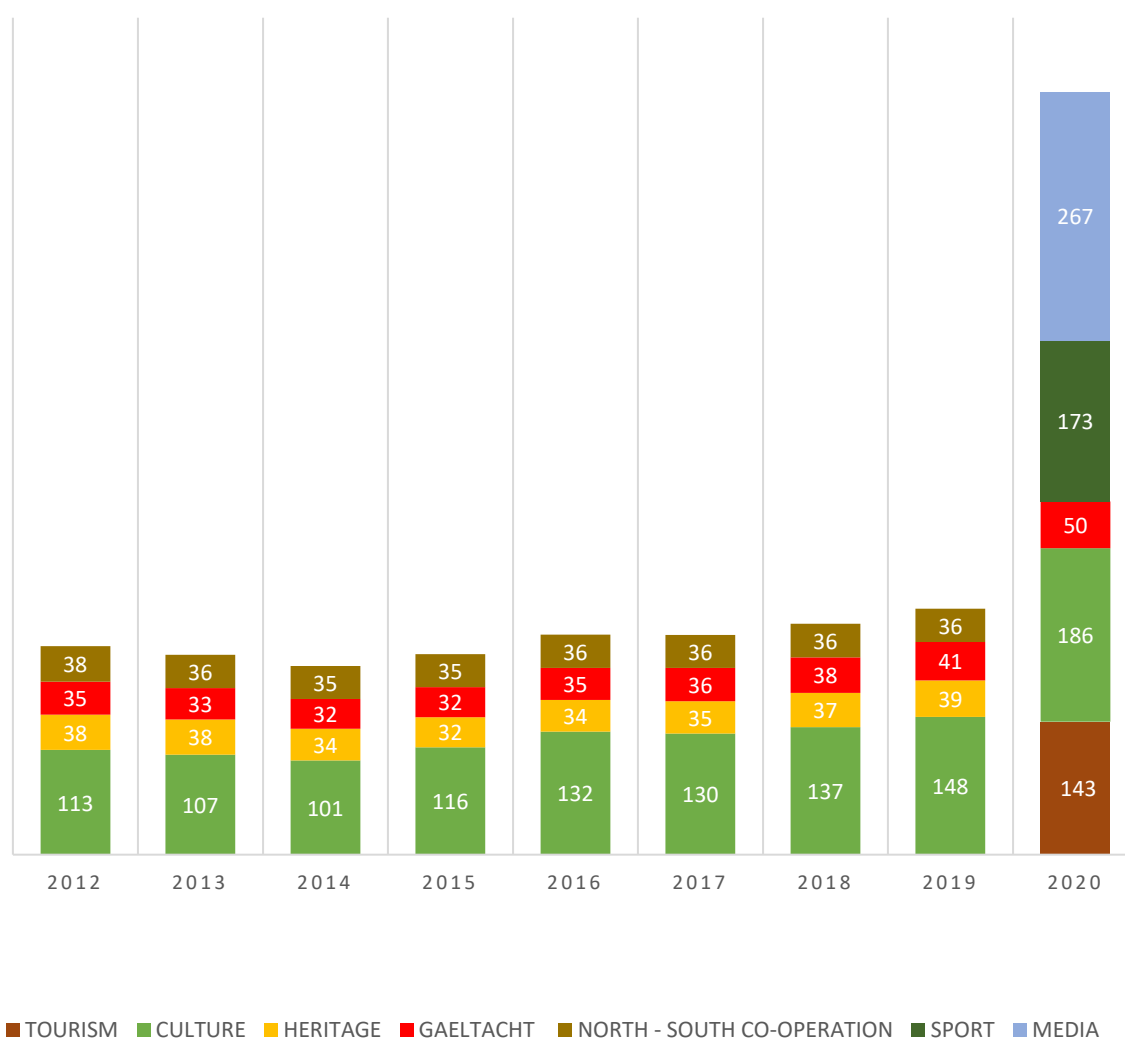


Figure 4: Vote 33 Current Expenditure by Function 2012-2020 ⁵²

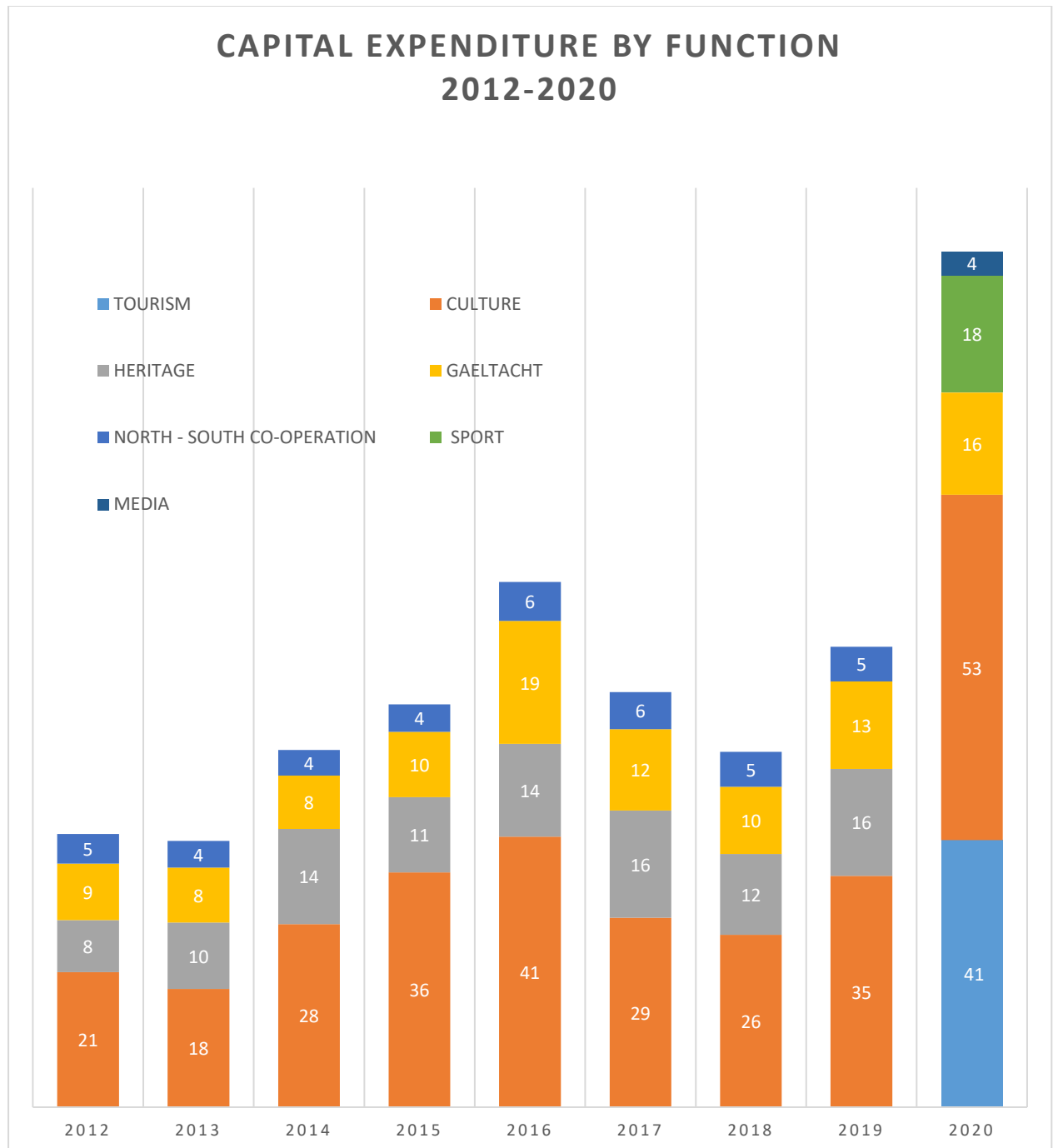


- The highest current expenditure by programme area in 2020 was in respect of Media / Broadcasting.
- TV Licence Fee revenues typically represent over 80% of Broadcasting Current Expenditure, with the remainder comprised primarily of grant funding to TnaG and a small proportion on Departmental administration.
- TV Licence fee receipts are treated as an Appropriation in Aid by the Department and this component of Broadcasting expenditure can therefore be considered Exchequer neutral.

⁵² Note: Due to a reconfiguration of programme spending in 2011, expenditure trends are shown from 2012 onward only

- Broadcasting aside, the Arts & Culture programme continues to be the prime current spend for 2020, in like manner to previous years.

Figure 5: Vote 33 Capital Expenditure 2012-2020



- Over the period 2012-2020, Arts & Culture consistently accounted for the largest portion of Capital expenditure across the Vote.

- Capital expenditure in 2020 was negatively impacted by the health restrictions necessitated on foot of the Covid 19 pandemic, particularly across the Sport programme area.

Section 2: Expenditure Drivers

COVID-19 pandemic

Over the period of the COVID-19 pandemic, the Department has worked in parallel with the horizontal supports of the CRSS, PUP and EWSS to provide additional sectoral supports. These supports were targeted and were designed to augment rather than duplicate the national suite of measures. Some of the key measures introduced during 2020 and to date in 2021 to help support the tourism, arts, culture and sports sectors include:

- €26m in total for the Business Adaptation Fund
- €17m Outdoor Dining Enhancement Scheme 2021
- €10m for a 2020 Business Continuity Fund for Coach Tour operators
- €55m Tourism Business Continuity Scheme 2021
- €5m for a 2020 Fund to support artists and performers
- €1.7m for a Music Industry Stimulus Package
- €5m for a 2020 Live Performance Support Pilot Scheme
- €5m for a Production Continuation Fund (PCF) 2020
- €25m new Live Performance Support Scheme (LPSS) 2021
- €14m Music and Entertainment Business Assistance Scheme (MEBAS)
- €5m to local authorities for outdoor live performances
- €5m capital supports for live entertainment sector
- €1m to St. Patrick's Festival
- €85 million funding package was provided in 2020 for the Irish sport sector as follows:
 - €2.5m Swimming Pool Support Scheme
 - €55m for field sports (IRFU, GAA, FAI)
 - €6m National Governing bodies
 - €22m Sports Resilience & Restart
- €230,000 for Minding Creative Minds Support Service for the Creative Sector
- Additional funding for Sport Ireland in 2021
- Waiver of broadcasting levy for independent radio sector for first half 2020
- COVID-19-related round of Sound and Vision Scheme for commercial radio sector and for community radio.

Project Ireland 2040 / National Development Plan

The National Development Plan includes *Culture, Heritage and Sport* as one of the ten Strategic Investment Priorities, and recognises that investing in enhanced amenity and

heritage underpins social cohesion and supports strong, sustainable economic growth. The NDP also sets out that the Department's strategic investments such as developing the sustainable tourism potential of our culture infrastructure, investing in enhanced arts and culture infrastructure throughout the country, and improving Ireland's recreational infrastructure, can play a very important role in improving amenities and the attractiveness and liveability of different areas, whether in cities, other urban areas, small towns and rural areas.

The NDP also includes rural development as a strategic investment priority, as a means of strengthening rural economies and communities. The Department's capital investment also contributes to the achievement of this outcome through a strong regional focus in relation to investment in regional arts and culture facilities; capital investment in the Tourism industry which accounts for over a quarter of a million jobs, 70% of which are outside Dublin; the work of Údarás na Gaeltachta in supporting Gaeltacht communities; and investment sporting infrastructure and equipment across Ireland.

Creative Ireland (2017-2022)

Launched in 2017, the Creative Ireland Programme is the main implementation vehicle for the priorities identified in *Culture 2025 - Éire Ildánach*, Ireland's first Framework National Cultural Policy. It is a five year initiative to put creativity at the centre of public policy and support and enable participation in creative activities. An all-of-government programme, it seeks to deploy creativity as a strategy for wellbeing, social cohesion and economic success.

Audio Visual Action Plan

- The extension of Section 481 Film tax relief until 2024, along with changes to improve the administration of the relief.
- The introduction of the Regional Film Development Uplift, which offers additional tax reliefs to incentivise film production in the regions.
- Increased funding of feature films and TV drama. This was given added impetus in the July Stimulus with additional funding of €3m for TV drama.
- Improved training and skills development
- Signature of the revised Council of Europe Convention on Cinematographic Co-production in 2019, facilitating partnerships on co-productions with other European countries.

20 Year Strategy for the Irish Language 2010-2030

Policy in this area is to increase, on an incremental basis, the use and knowledge of Irish as a community language. It commits to the development of a bilingual society, while recognizing the policy focus of maintaining the linguistic identity of the Gaeltacht community.

Programme A: Tourism is served by two main sub-programmes:

1. Fáilte Ireland supports the tourism industry to sustain Ireland as a high-quality and competitive tourism destination. They provide a range of practical business supports to help tourism businesses better manage, market and sell their products and services. 2020 funding for Fáilte Ireland covered a number of specific Covid response measures such as the Business Adaptation Fund and Business Continuity Fund for Coach Tour operators.
2. Tourism Ireland is responsible for marketing the island of Ireland overseas as a holiday and business tourism destination.

Programme B: Arts & Culture is the largest component of the Department's expenditure totalling €1,632m during the period 2011 to 2020.

Programme expenditure includes cultural infrastructure and development, general expenses of all of the National Cultural Institutions and the National Archives and Advisory Council, the Arts Council, Screen Ireland, regional museums, galleries and cultural centres and the Decade of Centenaries. In 2020, it also included funding for a suite of specific Covid response measures including a pilot Live Performance Support Scheme (LPSS), a Fund to support artists and performers, Music Industry Stimulus Package, Productions Continuation Fund (PCF) and an extension of the Minding Creative Minds Support Service for the Creative Sector.

Programme C: Expenditure on the **Gaeltacht** programme accounted for €476m during the period 2011-2020.

Programme expenditure includes grants through Údarás na Gaeltachta, Irish language support schemes, Gaeltacht support schemes, and the 20 Year Strategy for the Irish Language 2010-2030. Responsibility for Islands transferred to the Department of Rural and Community Development in 2020 but figures for Programme C up to and including 2019 include expenditure on supports for Island communities.

Programme D: Sports and Recreation Services is served by two main sub-programmes:

1. Capital Grants for sporting bodies which comprise the Sports Capital Programme (SCP) and the Large Scale Sports Infrastructure Fund (LSSIF). 2020 Expenditure under both programmes was negatively impacted by the health restrictions necessitated by the Covid crisis.
2. Expenditure by Sport Ireland amounted to €163m in 2020 representing 75% of the overall allocation for the Sports programme. This level of expenditure reflects the significant additional funding secured in respect of a Covid funding package for the Irish sport sector to cover all field sports and a Resilience Fund for Clubs and National Governing bodies etc.

Programme E: Broadcasting represents the biggest individual programme component of Vote 33 in 2020.

Total 2020 expenditure amounted to €271m and included funding for RTÉ, Teilifís na Gaeilge (TnaG) and the Broadcasting Fund. RTÉ expenditure is generally funded from TV licence receipts which are received as an appropriation in Aid by the Department. An Post also receive funding from the TV licence receipts in respect of the collection of the Licence fees.

Section 3: Future Challenges and Policy Considerations

Changes in allocation and expenditure in the area of Tourism, Arts and Culture, Gaeltacht, Sport and Media are driven by Government policy rather than by demographics or service demand. The key policies are as follows:

1. COVID-19 pandemic

As we emerge from the COVID-19 pandemic, the National Economic Recovery Plan provides a comprehensive framework for economic recovery, paying particular attention to those sectors most hit by the pandemic.

For Tourism, the Government has decided to extend the 9% VAT rate to September 2022. This will continue to act as a stimulus for the sector as it moves towards recovery. Additionally, the Fáilte Ireland Business Continuity Scheme continues to offer supports for the broad range of businesses not currently covered by the CRSS and assist them in their recovery. A Tourism Recovery Taskforce was appointed last year to prepare a Plan which includes recommendations on how the Irish Tourism sector can adapt and recover in a changed tourism environment as a result of the COVID-19. The Taskforce completed its work and presented the Tourism Recovery Plan 2020 – 2023 last year. A Recovery Oversight Group was appointed in December 2020 with the purpose of overseeing the implementation of the Recovery. In terms of economic impact, tourism is undoubtedly amongst Ireland's most important indigenous economic sectors. It is a significant employer, supporting 260,000 jobs prior to the onset of the Covid-19 pandemic in early 2020. Fáilte Ireland estimate that some 40% of tourism businesses have closed and a considered and robust approach to the recovery of the tourism sector post-COVID is therefore essential.

For the events industry, the Live Performance Support Scheme and Music Entertainment Business Assistance Scheme will continue to support the sector over the medium term as we prepare for the reopening of this sector, in parallel with the Department's work to develop pilot events over the summer, which will inform any reopening plan for sporting, cultural and live entertainment events. The Economic Recovery Plan also introduces a new scheme to support the events industry including conferencing businesses, providing support for larger SME's in the events sector which aren't eligible for the CRSS and for whom MEBAS and the Small Business Assistance Scheme for COVID-19 will not make a significant contribution to fixed costs relative to the level of support that that would be available under CRSS, had such SMEs been eligible for that support.

Reflecting that engagement in creativity can result in positive implications for individual and societal wellbeing, the Creative Ireland Programme will continue to support priorities to address pressures arising from the pandemic in communities through its work with local authorities, and initiatives in the area of health & wellbeing, a key area for the Programme. Covid-19 remains a challenge for sport, both from a financial perspective and in terms of the levels of active and social participation in sport post the pandemic. Sporting organisations are beginning to see reductions in club memberships with a fall in social participation visible in all age groups and both genders. If the sector is to remain viable in the long term National Governing Bodies of Sport and sports clubs must be in a position to support and retain this invaluable aspect of Irish sport. The pandemic has shown the important role that sport and physical activity plays in society, benefitting our physical health and mental wellbeing. As sport emerges from this very difficult period, it will be important to continue to support the sector and to ensure that funding is in place to develop programmes to encourage increased active and social participation across the population.

2. Programme for Government – Our Shared Future (2020)

The Programme for Government (2020) contains a broad range of commitments across the areas of arts and culture, creativity and the audio-visual sector, the Irish language and Gaeltacht communities, sport, tourism including sustainable tourism, and media and online safety. It also includes cross-Government commitments to which the Department will contribute through its work including town centres first and regeneration, gender equality, and north-south relations, among others. The range of commitments spans current and capital expenditure.

3. National Economic Recovery Plan

The plan includes a broad range of sectoral supports which target sectors under the Department's aegis; LPSS, MEBAS, Events industry support scheme, Fáilte Ireland Business Continuity Scheme etc. The plan also recognises the programmes of Údarás na Gaeltachta, Screen Ireland and other Departmental agencies in the delivery of the plan for recovery.

4. Delivery on Project Ireland 2040 – the National Development Plan

The National Development Plan is currently under review, with revised capital allocations for Departments expected later this year. The scale of the funding to be made available under Project Ireland 2040, through the NDP, will influence the Department's capability to deliver planned major capital projects like the National Cultural Institutions Investment Programme, large-scale sporting infrastructure, and sustainable tourism infrastructure. The Department's capital investment priorities may be re-evaluated in the context of new capital allocations, and any emerging priorities in the revised NDP. In particular, this may include:

- The need to meet additional Programme for Government commitments including in respect of supporting the tourism industry to pivot to a new sustainable model under the forthcoming sustainability-focused National Tourism Policy.

- The importance of alignment with the National Planning Framework and Regional Spatial and Economic Strategies (RSES) and population targets contained therein.
- An increased focus on climate considerations as part of capital investment appraisal

The revised NDP will also feed into the Department's ability to achieve its broader policy ambitions for the sectors that fall within its remit which are centred around economic recovery and resilience, well-being and social cohesion, and sustainability and guardianship.

5. Broadcasting and Media

The Programme for Government provided for the establishment of an independent group of experts, the Future of Media Commission, which is due to report in July 2021 and will make a range of funding recommendations to support the sustainability of the broadcast, online and print media.

In addition, the Online Safety and Media Regulation Bill, which it is expected will be enacted by end 2021, provides for the establishment of a new regulator, the Media Commission.

6. National Sports Policy 2018-2027

The cornerstones of the National Sports Policy 2018-2027 relate to increasing participation in sport from 43% to 50% (increased to 60% in the PfG); reducing the barriers to entry for all citizens to engage in sport and physical activity and improving High Performance standards.

The Policy sets out a vision for sport and contains 57 actions to transform our sporting landscape over the decade to 2027. A Sports Action Plan 2021-2023 (to be published in 2021) will prioritise actions for implementation over the next three years. The Policy also strives to contribute to a healthier and more active society by promoting sports participation, by supporting high performance and through the provision of sport facilities.

7. Our Rural Future

The Department has a number of commitments under the recently launched *Our Rural Future*. These include the development of a sustainable tourism policy, developing brands like the Wild Atlantic Way and Gaeltacht branding, actions under Culture 2025, support for the creative industries, and the implementation of the 5-year action plan for the Irish language. The work of Departmental agencies including Údarás na Gaeltachta is also central to the plan.

Transport

Summary

- Total gross expenditure by the Department of Transport, Tourism and Sport increased by €690 million from €2,379 million in 2010 to €3,429 million in 2020 (29%).
- A significant increase in Capital of €10bn has been provided to DTTAS under the new National Development Plan (NDP) 2018-2027.
- The Department operates across five programme areas - Aviation, Land Transport, Maritime, Tourism and Sport, with 83% of expenditure allocated to Land Transport (covering Roads and Public Transport).
- The primary drivers of expenditure are economic growth, leading to pressures on the existing roads and public transport system, policy commitments in relation to roads, regional airports and sport and the transition to more sustainable transport systems.
- At the end 2020 the Department of Transport Tourism and Sport following the Transfer of Function has lost the Tourism and Sport programmes to the Department Tourism, Culture, Arts, Gaeltacht, Sport and Media but held onto the Greenways and received Electric Vehicle grant scheme from the Department of Environment, Climate and Communication and this will be reflected in the 2011-2021 trends analysis.

Section 1: Long-Term Trends

The Department of Transport, Tourism and Sport was established in 2011. In the 2002 to 2011 period, the Department operated as the Department of Transport and prior to that, was known as the Department of Public Enterprise. The Department of Transport, Tourism and Sport operates across 5 main programme areas:

- **Aviation:** to maximise air transport connectivity with a safe, competitive, cost effective and sustainable aviation sector
- **Land Transport :** to best serve the needs of society and the economy through safe, sustainable and competitive transport networks and services
- **Maritime:** to facilitate safe and sustainable maritime transport and the delivery of emergency management services.
- **Sport:** to contribute to a healthier and more active society by promoting sports participation and by supporting high performance and the provision of sport facilities.
- **Tourism:** to support the tourism industry to grow in a sustainable way.

Over the period 2010 to 2020, gross expenditure (current and capital) increased from €2,739 million in 2010 to **€3,429** million in 2020, an increase of €690 million or 25%. Figure 1 sets out the breakdown between current and capital expenditure for that period. Figures 2 and 3 set out the breakdown by programme area between current and capital respectively. NOTE: The Department of Transport only became responsible for Tourism and Sport in 2011. It should also be noted that Land Transport is responsible for almost 94% of Capital Expenditure and 83% of Total Expenditure in 2020.

Figure 1: Total Gross Expenditure 2010-2020

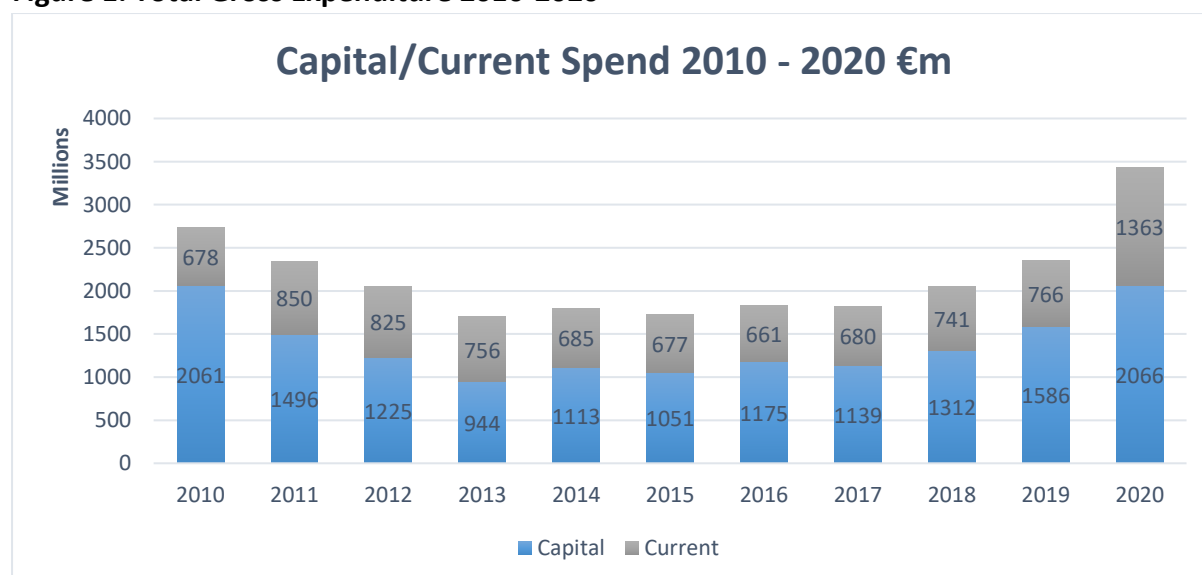


Figure 2: Current Expenditure by Programme Area 2010-2020

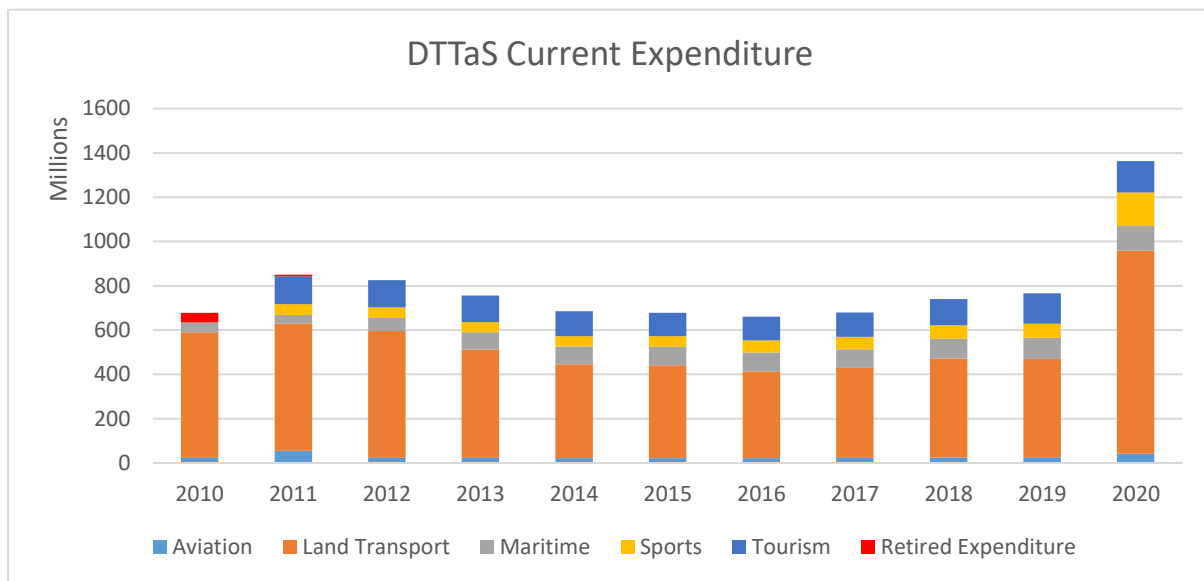


Figure 3: Capital Expenditure by Programme Area 2010-2020

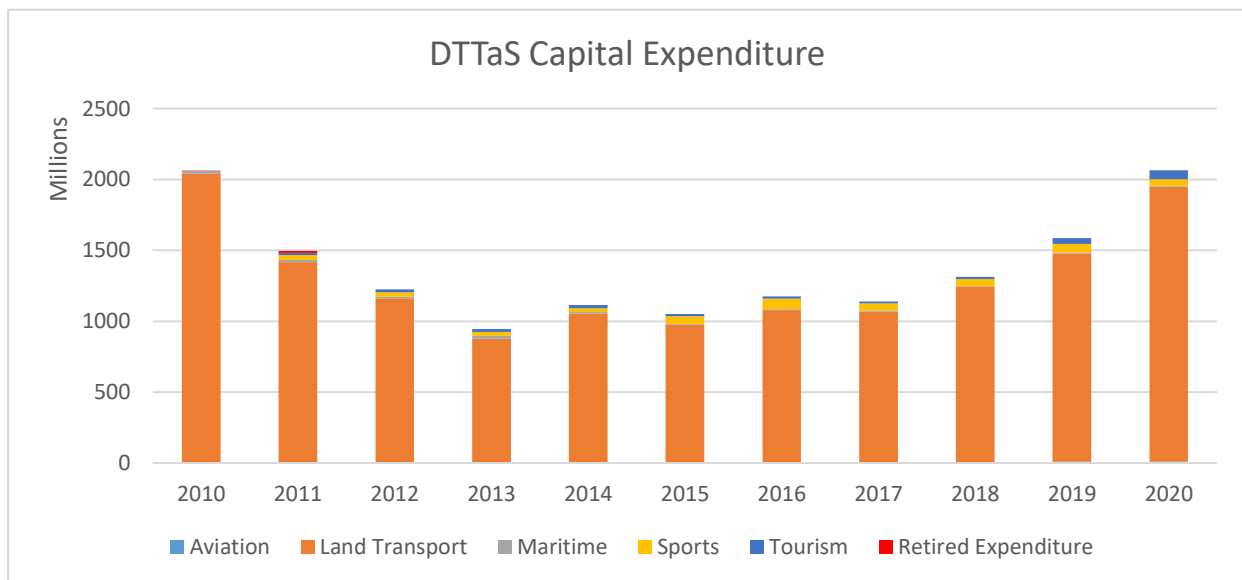


Table 1 - Gross Expenditure 2010-2020 by Programme Areas

Programmes		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total €m
A – Aviation	Current	23	55	24	23	23	23	22	23	24	26	42	308
	Capital	1	5	4	4	3	2	4	2	4	11	11	51
	Total	24	60	28	27	26	25	26	25	28	37	53	359
B – Land Transport	Current	566	574	571	489	422	418	393	407	448	444	917	5,649
	Capital	2,040	1,413	1,158	873	1050	974	1,073	1,068	1,242	1,467	1,940	14,298
	Total	2,606	1,987	1,729	1,362	1,472	1,392	1,466	1,475	1,690	1,911	2,857	19,947
C – Maritime & Safety	Current	45	39	60	77	82	85	84	83	88	95	111	849
	Capital	20	16	11	20	12	5	7	4	2	8	7	112
	Total	65	55	71	97	94	90	91	87	90	103	118	961
D - Sports	Current	-	48	48	47	47	48	55	57	62	65	153	630
	Capital	-	34	31	27	26	54	74	51	50	61	43	451
	Total	-	82	79	74	73	102	129	108	112	126	196	1,081
E - Tourism	Current	-	126	122	119	112	104	107	110	119	136	141	1,196
	Capital	-	16	21	20	22	16	16	13	15	39	65	243
	Total	-	142	143	139	134	120	123	123	134	175	206	1,439
Total €m	Total Current	634	842	825	755	686	678	661	680	741	766	1364	8,632
	Total Capital	2,061	1,484	1,225	944	1,113	1,051	1,174	1,138	1,313	1,586	2,066	15,155
	Retired Exp.	44	21										
	Overall Total	2,739	2,347	2,050	1,699	1,799	1,729	1,835	1,818	2,054	2,352	3,430	23,852

Section 2: Expenditure Drivers

The demand for Transport in Ireland is closely linked to the size and distribution of the population. The ESRI estimates that our population will increase by 900,000 between 2018 and 2040 and this will lead to increased demand.

In addition, other drivers of expenditure are the growth in the economy, policy direction, Project Ireland 2040, the Programme for Government and the Climate Action Plan.

Roads

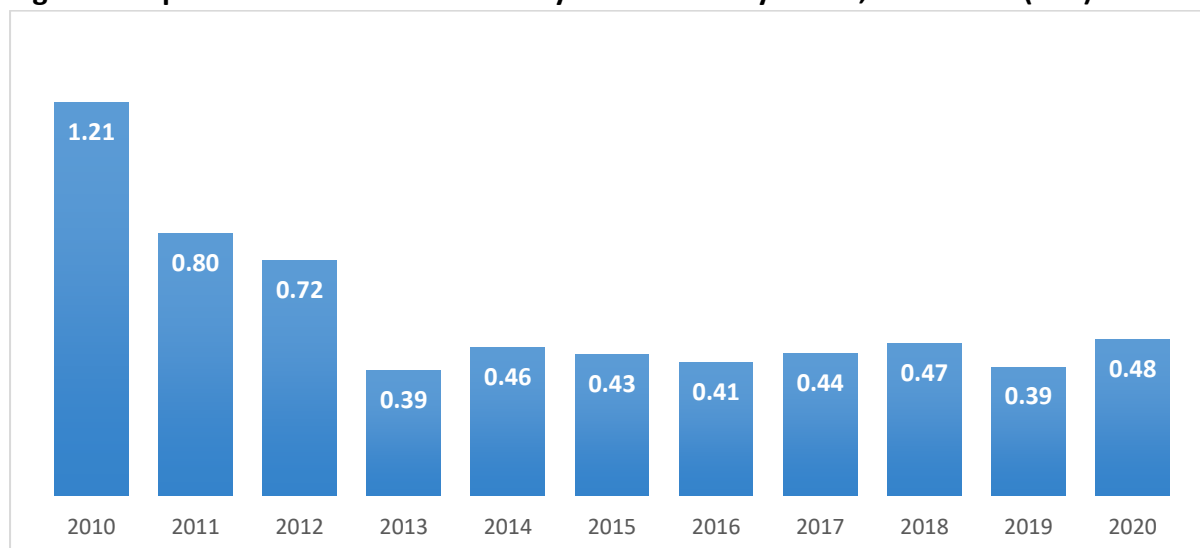
The road network in Ireland covers approximately 98,500km and accounts for 36% of gross expenditure. National Roads cover 5% of the road network and carry 45% of traffic.

- Motorways 1,224km
- National Primary Roads 1,515km
- National Secondary Roads 2,676km
- Regional & Local Roads 93,000km

Regional and Local Roads cover 95% of the road network and carry 55% of traffic.

National Roads development and maintenance expenditure and PPPs are managed by grants to Transport Infrastructure Ireland (TII). This sub-programme areas has seen a reduction of €729 million (60%) over the 2010-2020 period, as illustrated in Figure 4. The IMF programme meant capital budgets reduced from 2011-2016 before starting to recover in 2017.

Figure 4: Expenditure on National Primary and Secondary Roads, 2010-2020 (€bn)

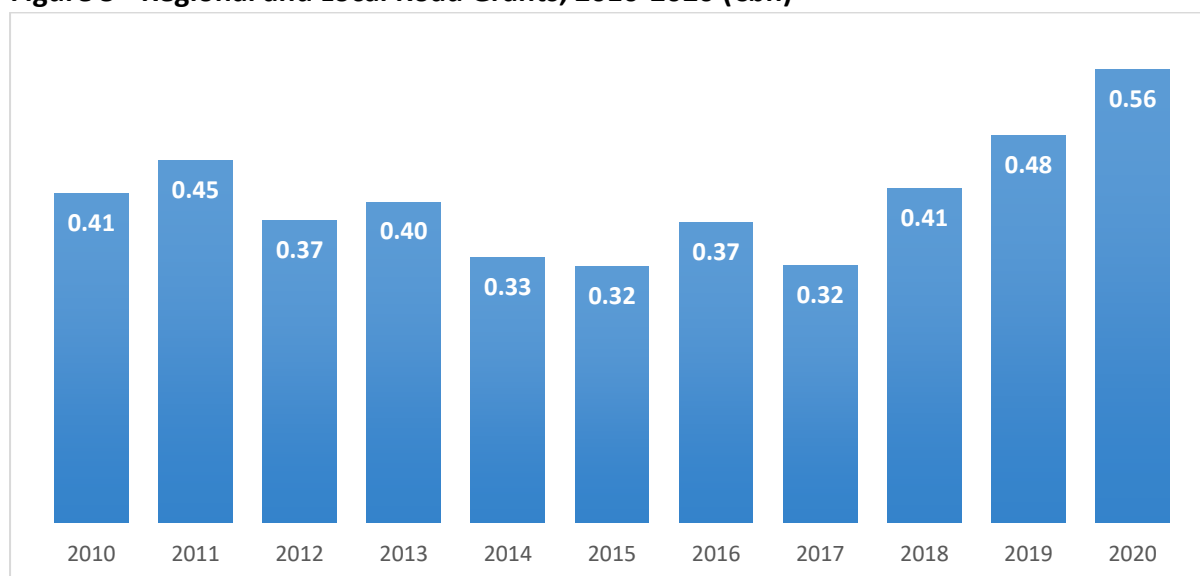


Regional and Local Roads (Local Government Funded)

Regional and Local Roads accounts for 94% of the roads network and the primary responsibility for improvement and maintenance of regional and local roads rests with local authorities. Funding from the Department of Transport Tourism and Sport is intended to supplement contributions by local authorities from their own resources. Expenditure in this sub-programme area has increased by €154 million (37%) over the 2010-2020 period, as set out in Figure 5.

Up to 2018, funding for these roads came from the Local Government Fund, managed by the Department of Housing, Planning, Community and Local Government. From 2018 this funding is provided by the Department of Transport, Tourism and Sport and increased each year at Budget stage.

Figure 5 - Regional and Local Road Grants, 2010-2020 (€bn)

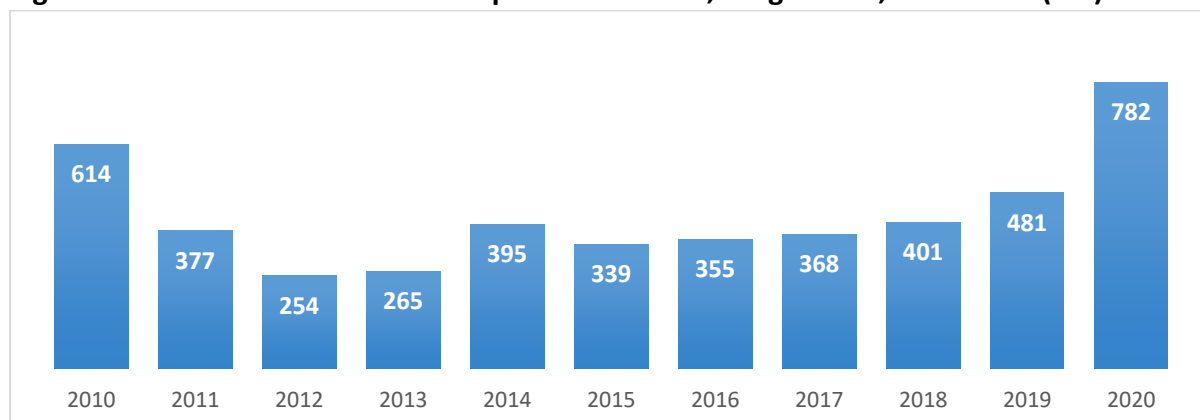


Public and Sustainable Transport

Public and Sustainable Transport, as represented in Figure 6, is a sub-programme of the Land Transport programme, representing around 27% of gross expenditure. It provides funding for the development of public transport infrastructure and the improvement of railway safety.

The National Transport Authority (NTA) has responsibility for public transport infrastructure in the Greater Dublin Area. The Authority also administers the Regional Cities and Accessibility Grants Programmes on behalf of the Department, Accessibility; Regional Cities (Public Transport) Programme; Technical Assistance; heavy rail network maintenance and renewal; Luas/Metro; buses nationally; integration measures including Leap Card, RTPI and National Journey Planner in the Greater Dublin Area and regional cities. This subhead has increased by €168 million (27%) in 2020 compared to the 2010 allocation.

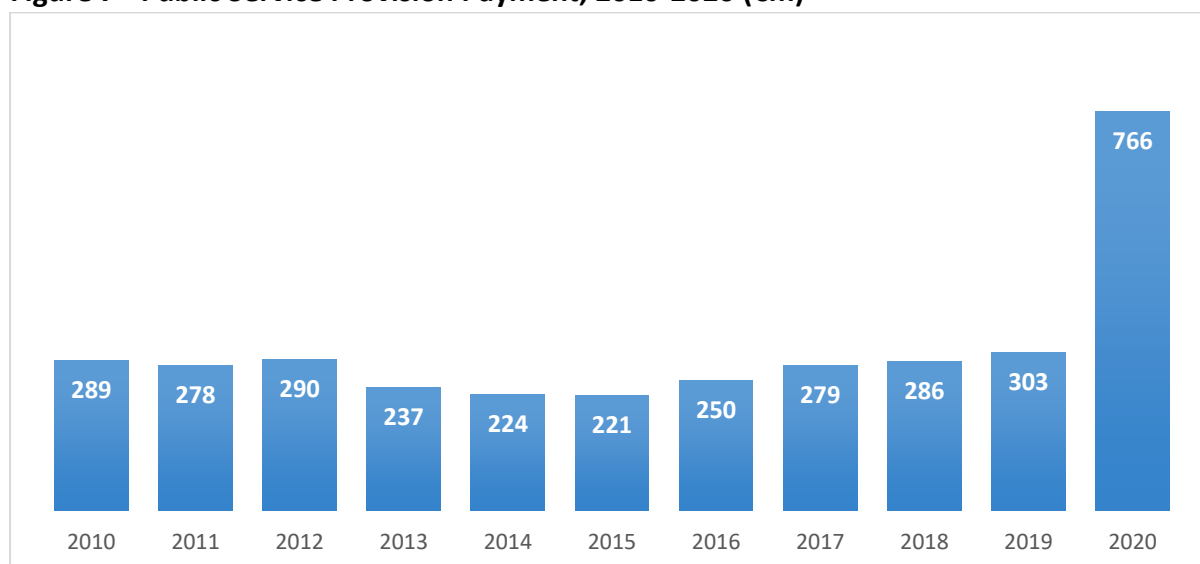
Figure 6 - Public & Sustainable Transport Investment, Programme, 2010-2020 (€m)



Public Service Provision Payments.

Public Service Provision payments, a sub-programme of the Land Transport programme accounts for around 27% Gross Expenditure. Public Service Provision payments provides funding to two areas (1) Public Service Obligation (PSO) (2) Rural Transport, with over 95% of the funding to the Public Service Obligation (PSO). This funding is managed by National Transport Authority (NTA) who in turn provides funding to Dublin Bus, Bus Éireann, Iarnród Éireann and M&A Coaches Ltd. These four companies are tasked with providing socially necessary but financially unviable public transport services. As illustrated by Figure 7 below, this expenditure has increased by €477 million (165%) in the period 2010-2020. The 2020 PSO figure of €766m was driven by the Government decision to maintain full public transport services at reduced capacity levels during the pandemic and compensate operators for loss of fare revenue. It is hoped that normal levels of PSO subvention will return soon.

Figure 7 - Public Service Provision Payment, 2010-2020 (€m)



Sports and Recreation Services programme

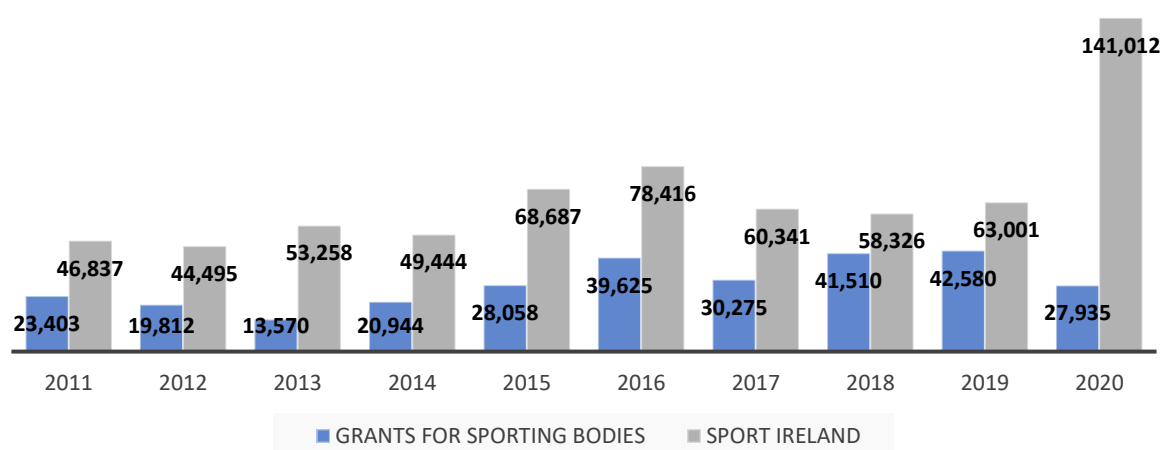
The two main sub-programmes in the Sports and Recreation Services Programme are:

- 1) Grants for sporting bodies which, since 2011, has an average spend of around 32% of the main programme. This provides grants for sports facilities to sports clubs and organisations and to voluntary and community organisations. Figure 8 shows an increase in grants for sporting bodies in 2016-2018 reflecting the allocation of the Páirc Úi Chaoimh grant award of €30 million at €10 million per year 2016-2018.
- 2) Sports Ireland average spend, since 2011, is around 68% of the main programme, providing grants to National Governing Bodies of Sport; Local Sports Partnerships; International Carding Scheme; and support for other sporting bodies and institutions (Institute of Sport, Olympic Council of Ireland, etc.) It also provides support for specific Sport Ireland programmes such as High Performance Strategy; Anti-Doping Programme; Buntús Programme; Women in Sport Initiative; Go for Life; Irish Trails Strategy; Code of Ethics; and Research. It includes a subsidy to a subsidiary of Sport

Ireland – National Sports Campus Development Authority NSCDA (Operations) Limited. The subsidiary is responsible for the day-to-day management and operation of the National Sports Campus sporting facilities. It also provides building management services for the office accommodation provided to NGBs on Campus. There was a decrease in the allocation from 2016 to 2017 (see Figure 8), as the National Indoor Arena (NIA) Phase I was completed in 2016. However, the NIA Phase II commenced in late 2017 and this has resulted in an increase in 2018.

There is also a sub-programme for swimming pools, with funding for grant aiding the provision of new and the refurbishment of local authority swimming pools.

Figure 8 - Sports and Recreation Services Programme, 2011-2020 (€000)



Tourism Services Programme

The two main sub-programmes under the Tourism Service programme:

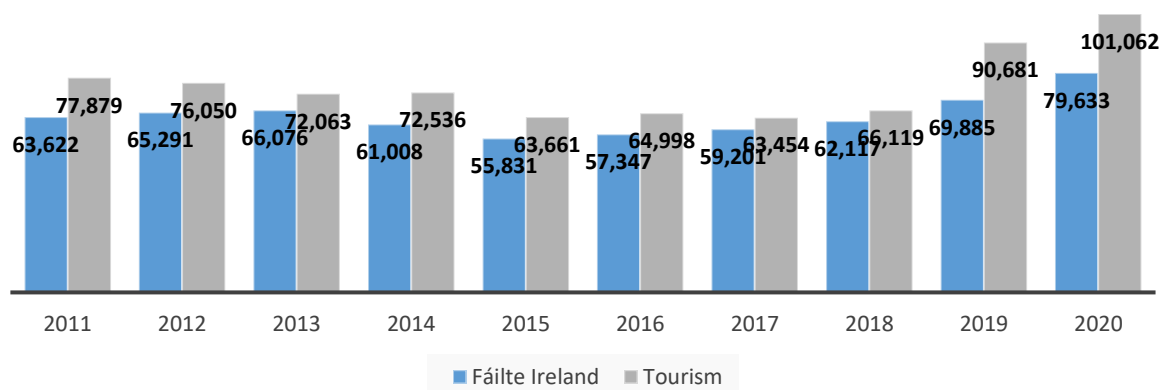
Fáilte Ireland

Fáilte Ireland, the National Tourism Development Authority, supports the tourism industry to sustain Ireland as a high-quality and competitive tourism destination. They provide a range of practical business supports to help tourism businesses better manage, market and sell their products and services and to develop experiences in line with Fáilte Ireland's new experience brands (Wild Atlantic Way, Ireland's Ancient East and Dublin). They also work with other state agencies and representative bodies, at local and national levels, to implement and champion positive and practical strategies that will benefit Irish tourism and the Irish economy. They promote Ireland as a holiday destination through their domestic marketing campaign (DiscoverIreland.ie) and through the experience brands and also manage a network of nationwide tourist information centres that provide help and advice for visitors to Ireland. Fáilte Ireland receives around 42% of the total Tourism Service programme. Fáilte Ireland funding has increased by €16 million (25%) in the 2011 to 2020 period.

Tourism Ireland

Tourism Ireland is responsible for marketing the island of Ireland overseas as a holiday and business tourism destination. It was established as one of the “twelve areas of co-operation” under the framework of the Belfast Agreement of Good Friday 1998, to increase tourism to the island of Ireland and to support Northern Ireland to realise its tourism potential. Operating under the auspices of the North/South Ministerial Council through the Department for the Economy in Northern Ireland and the Department of Transport, Tourism and Sport in Ireland, they work closely with the two tourist boards, Fáilte Ireland and Tourism NI, and with their partners in the tourism industry. Tourism Ireland, Tourism Marketing Fund and Tourism Product Development receives around 49% of the total Tourism Service programme and has had a €23 million (29%) increase in funding in the 2011-2020 period, see Figure 9 below.

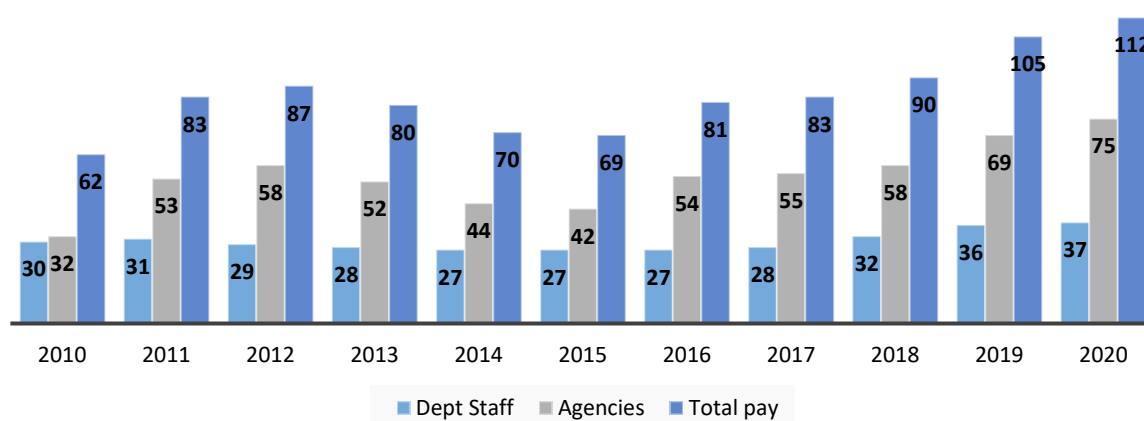
Figure 9 - Fáilte Ireland and Tourism, 2011-2020 (€000)



Pay: Transport Tourism and Sport 2010-2020

Figure 10. The Department of Transport Tourism and Sport’s overall gross pay has increased by €50m (80%). During the 2010 -2020 period the departmental pay budget increased by €7 million (23%). Pay for Non-commercial State Agencies in 2020 increased by €43 million, mainly as a result of the increase in staff in the Road safety Authority (RSA), the National Transport Authority (NTA) and Sports Ireland based on sanction given in 2018 for those agencies.

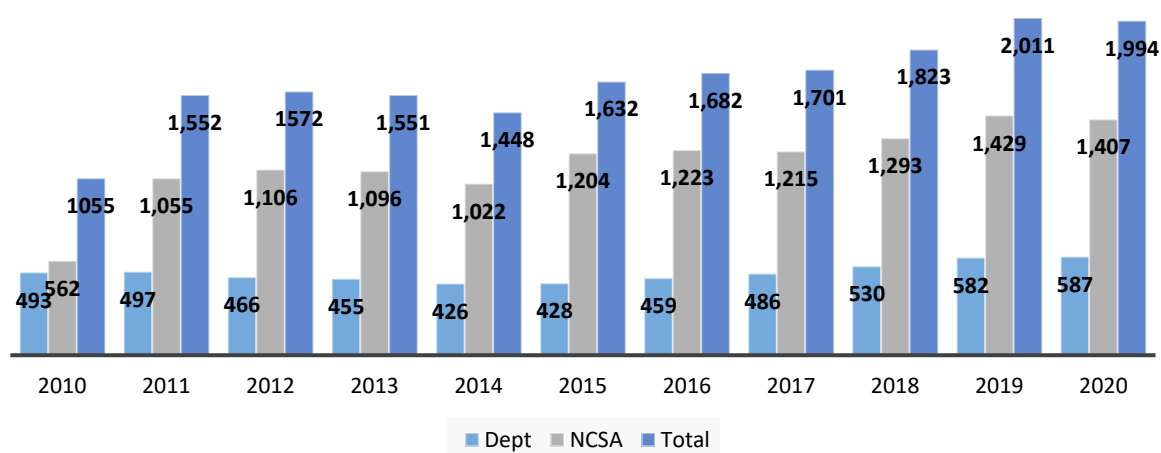
Figure 10 - Gross Departmental and Agency Pay, 2010-2020 (€m)



Staff

Figure 11 below details staff numbers for both the Department and Agencies between 2010 and 2020. The overall Full Time Equivalent staffing numbers increased from 1,055 in 2010 to 1,994 by 2020, an increase of 939 or 89%. Departmental staff increased from 493 in 2010 to 587 in 2020, an increase of 94 or 19%, while the Agencies staff increased from 562 in 2010 to 1,407 in 2020, an increase of 845 or 150%.

Figure 11 - DTTaS and Agencies Staff Analysis Numbers, 2010-2020



Section 3: Outcomes and Performance Indicators

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
State Airport Passenger Numbers	22.6m	22.7m	22.8m	23.8m	25.5m	28.8m	31.8m	33.6m	35.7m	35.5m	7.4m
Number of overseas visitors	6m	6.5m	6.5m	7m	7.6m	8.6m	9.5m	9.9m	10.6m	11.2m	4.2m
Maritime Investigation of Vessels		780	1,130	1,130	1,500	1,130	1,011	1,204	1,293	1,500	
Irish Coast Guard Helicopter Tasked	470	553	532	808	914	1,013	898	1,073	1,246	770	781
Taxi Complaints	433	346	377	742	952	928	998	1,146	1,310	1,383	
Road traffic accident deaths	212	186	161	190	193	165	187	158	141	142	148
Road traffic accident injuries	8,270	7,235	7,942	6,880	8,079	7,840	7,710				
Number of privately owned cars	1.8m	1.8m	1.8m	1.9m	1.9m	1.9m	2m	2m	2.1m	2.2m	
No of medals won at elite level	31	59	53	70	52	79	54	72	85		

Section 4: Future Challenges and Policy Considerations

1. Public Service Obligation Programme (PSO)

Continuing funding will be needed for Public Service Obligation (PSO) services which provide socially necessary but financially unviable services provided by State operators and some private operators under contract by the National Transport Authority. However, the demand for extra exchequer funding has reduced in the 2017-2019 years due to the increase in passenger numbers and fares. The reduction in capacity on Public Transport in 2020 and 2021 due to Public Health advice has caused a loss in fare revenue and Government stepped in to support CIE to deliver services at pre-Covid levels. Depending on

the evolution of health advice in the coming months, a formula for reducing the PSO intervention to pre Covid levels must be prepared. New services planned under Bus Connects may mean increased PSO.

2. Public Transport

With the ever increasing demand for Public Transport, funding will be required for enhanced services by bus, rail and tram. Projects will be evaluated and selected in line with the Public Spending Code and consistent with Project Ireland 2040, the Programme for Government and the Climate Action Plan and delivered as funds are allocated.

3. Roads

Ongoing funding will be required for the Roads Improvement Maintenance Programme to continue to provide grant support for the National, Regional and Local Road network. This includes funding for programmes to reseal roads and strengthen roads across the network. Continuing funding will also be required for drainage works and for Community Involvement Schemes. In addition bridge rehabilitation and safety improvement works will be required annually.

4. Emissions-related challenge

Through enhancing the capacity and quality of public transport, we must ensure that increased transport demand is met by greener public transport.

Initiatives include the transition of a regional city bus fleet or potentially a bus fleet based at a specific bus depot to a Compressed Natural Gas (CNG)/Biogas fuelled fleet, through a collaboration with the NTA. This pilot fleet would both fulfil a leadership and real-world demonstration role as well as serving to examine the functioning of such technology in Ireland. Furthermore, it offers air quality benefits especially where older buses are being replaced and a reduction of carbon emissions of approximately 20% can also be expected. Importantly, CNG offers a pathway for the market development of a renewable, indigenous and sustainable biogas.

The Green Public Transport Fund will be used to fund the differential costs between the conventionally and alternatively fuelled vehicles and also to support the supporting charging/refuelling infrastructure.

The NTA intend to supply Low Emission Bus Vehicles. The amount of funding to be used for this purpose will be determined by the size of the fleet to be transitioned and that determination is still ongoing.

In relation to the national bus fleet, Dept of Transport will no longer purchase diesel-only buses for the urban public bus fleet from July 2019.

5. Covid -19

An examination of all Covid supports is needed ahead of Budget 2020 to ensure that Exchequer funds are directed to supports for those in the greatest need, subject to public health advice.

As a result of the Covid-19 pandemic outbreaks in 2020 Ireland was forced into business closures, lockdowns and other containment measures as well as temporary limiting of capital outflows. But it was vital that certain services such as Transport were keep running for essential personnel in the emergency and Health services. Following Government decisions in 2020 the Dept of Transport Tourism and Sport received €560m Covid funding to support the economy. The Breakdown of this emergency funding was as follows, in **Aviation**, €15m was allocated to guarantee credit notes given by travel agents rather than paying cash refunds. The **Land Transport Division** received €460m as Public transport was designated as an essential service during the Covid-19 public health emergency and that continuation of services has been critical to facilitate necessary journeys, especially travel to work by essential workers over the period. The **Maritime Division** received €15m for 5 shipping routes as Public Service Obligation's for 3 months. The **Sports Division** received €70m to support National Governing Bodies of Sport and sports clubs arising from the significant impact of COVID-19 restrictions on the sport sector by Sport Ireland. The Land Transport Division Covid-19 funding for transport's essential service will continue into 2021.