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Oireachtas

An Oifig Buiséid Pharlaiminteach
Parliamentary Budget Office
**Assessing the Uncertainty of Budget 2024
Costings: A Scorecard Approach**

Publication 5 of 2024

Contents

Key Messages

- Accurate budgetary costings, and the availability of sufficient information concerning these analyses, are essential for enabling effective budgetary scrutiny by the Oireachtas. Policy costing is predominantly a predictive exercise and often based on incomplete data. Uncertainty is inherent in costings. Therefore, understanding the extent of this uncertainty is crucial for Members of the Houses of the Oireachtas in evaluating budgetary costings figures. This publication, now in its second iteration, seeks to equip Members with a detailed analysis of the uncertainty levels in the Budget 2024 costings.

- Our analysis draws on information requested from government departments about the data and methodologies used to prepare budgetary costings. The PBO appreciates the cooperative efforts of these departments. However, the PBO observes that the quality of responses varied significantly, ranging from very general to detailed and pertinent information. The PBO re-emphasises one of last year's recommendations: to enhance budgetary costings transparency, there should be a publication of comprehensive methodological and contextual information alongside the Budget.

- Consistent with our approach from last year, we assessed uncertainty in each budget policy under three uncertainty categories: (i) data, (ii) behavioural and (iii) modelling. Each costing was classified as low, medium, or high in these categories. For a consistent evaluation, multiple PBO analysts assessed all policy costings, with a final assessment reached by consensus.

- Overall, the information on budgetary costings remains limited and fragmented. There is a notable lack of detailed information about the drivers of policy costings, including the forecasts and assumptions involved. We highlight the absence of a systematic and transparent framework surrounding budgetary costings.

- The PBO recognises the importance of establishing such a framework. This process could be enhanced through a retrospective assessment by the Government, focussing on the accuracy of budgetary costings, especially for measures that are more significant or costly.

Introduction

Policy costings are inherently subject to various uncertainties, meaning the estimated cost of a measure often differs from its actual cost post-implementation. Factors such as data availability and quality, behavioural impacts, modelling assumptions, forecast accuracy, and external shocks all contribute to this level of uncertainty and account for the noted discrepancies.

This document presents the PBO's evaluation of the uncertainties impacting the estimated costings published by the Government for Budget 2024 measures. This is our second iteration of this publication.[1] Using a "scorecard assessment" we systematically identify and categorise different types of uncertainties, emphasizing the key factors that could influence the accuracy of the costing figures provided in the Budget documentation.

Background and Key Recommendations

In the Budget, the Government typically presents a "point estimate" for the cost or yield of new measures, both on a first-year and a full-year basis. This data is released in conjunction with the material published on Budget day.

The PBO has previously issued several recommendations concerning the costings process and the provision of this information by government departments to Members. A key suggestion has been the need for more comprehensive information on the analyses behind budgetary costings. A point estimate does not reveal the methodology used, its limitations, or the inherent uncertainties in the estimate. Therefore, for each policy change included in the Budget, the PBO reiterates its recommendations for more detailed information on:

- The data used, including its sources;

- The estimation and projection methods employed with a focus on key assumptions; and

- The sources of uncertainty impacting the estimate's accuracy, possibly including a range of estimates to reflect this uncertainty.

Publishing this information would significantly help parliamentary scrutiny of the budgetary process.

The PBO also recommends the publication of multi-annual costings, not just first- and full-year estimates. This is especially pertinent for tax policy changes with effects extending beyond the current costing horizon, or for measures expected to become more costly over time.

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[1]   For the first iteration, see *Parliamentary Budget Office, Assessing the Uncertainty of Budget 2023 Costings: A Scorecard Approach, Publication 2 of 2023*.

Where relevant, information on behavioural impact assumptions, interaction with other measures, and broader macroeconomic impacts, should also be provided. Even a qualitative assessment of these factors would be a valuable improvement.

The PBO would welcome a retrospective assessment by the Government of budgetary costings accuracy, particularly for measures with significant impact or cost. Currently, the budget documentation offers limited information on costings. The PBO advocates for enhanced transparency, ideally through a separate document dedicated to policy costings published alongside the Budget. This assessment is not about identifying mistakes but to help to support sound budgetary planning. If there are significant variations between estimates and actual costs, it may indicate that the policy needs to be adjusted or reassesed.

To aid our uncertainty assessment, the PBO requested additional information from government departments on data and methodologies used in budgetary costings. These responses significantly contributed to informing our assessment.

The PBO Approach

The PBO's approach, comprehensively detailed in last year's publication, is briefly summarised here for reference. Our methodology builds upon the approaches employed by the Australian Parliamentary Budget Office [2] and the UK Office for Budget Responsibility. [3]

For each policy measure, the PBO assesses three primary sources of uncertainty:

- **Data uncertainty:** This concerns the reliability, completeness, and relevance of data in reflecting the facts to date. A key factor is the availability of data on the relevant taxpayer or recipient base. For changes to existing policies (e.g. a change to income tax rates), administrative data (e.g. records of annual income tax returns filed by individuals) may be available and sufficient. The absence of relevant data necessitates assumptions about the nature of the tax payer or recipient base, thereby increasing the uncertainty of the costing estimate.

- **Behavioural uncertainty:** This pertains to the sensitivity of costing calculations to assumptions about behavioural responses to a policy, independent of other modelling assumptions.[4] The extent of behavioural responses can significantly alter a costing. Some policies aim to drive specific behaviours, while others may trigger unintended reactions. Accurately estimating a policy's budgetary impact requires modelling or hypothesising the potential responses of those affected, with many budget costings traditionally assuming static (no behavioural) scenarios.

- **Modelling uncertainty:** This involves the sensitivity of a policy costing to the modelling process and selected assumptions, excluding those related to behavioural responses. High modelling uncertainty might stem from a reliance on a wide array of unverifiable assumptions or significant projection uncertainties about future developments.

The PBO assigns qualitative ratings – 'low', 'medium' and 'high' – to each type of uncertainty affecting the cost estimate. Table 1 outlines the criteria for these ratings.

To enhance accuracy and consistency of the assessment, multiple analysts independently rated the uncertainties of the same items, adhering to the criteria in Table 1. A final rating was determined through comparison and discussion of these independent assessments, aiming to mitigate individual coder subjectivity, through collaborative analysis.

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[2]   See Parliamentary Budget Office, *Behavioural Assumptions and PBO Costings*, Information paper no. 01/2020, 15 January 2020.

[3]   The Office for Budget Responsibility produces a database of its Policy Costings uncertainty. See Office for Budget Responsibility, *Policy Costings Uncertainty Ratings Database*, November 2023.

[4]   While behaviour can change in response to exogenous factors, our definition of behavioural uncertainty covers the direct responses to the policy and not to exogenous factors; uncertainty in behavioural responses to exogenous factors (e.g., the macroeconomic environment) is included in modelling uncertainty.

Table 1: Criteria for PBO uncertainty classifications

Data uncertainty	
High	Absence of data; available data is very limited or of poor quality (e.g., significantly outdated, non-representative, or based on judgement).
Medium	Data are incomplete and/or not fully representative; availability of a small-scale dataset; reasonable quality data from sources of moderate reliability.
Low	High-quality, comprehensive data with minimal sampling error (e.g., administrative data, and high-quality survey data).
Behavioural uncertainty	
High	Potential for significant behavioural change; behaviours may be volatile or unpredictable; lack of information on potential behaviours.
Medium	Possibility of some behavioural change; availability of limited information on potential behaviour.
Low	No or negligible expected behavioural change; anticipated behavioural changes are very predictable and stable, such as in cases of inelastic relationship.
Modelling uncertainty	
High	Complex modelling involving multiple stages and/or high sensitivity of cost estimates to a broad range of unverifiable assumptions; significant uncertainty in projecting future developments.
Medium	Challenges recognised in modelling; sensitivity to certain underlying assumptions; medium-level uncertainty in projections of future developments.
Low	Straightforward modelling process and clear identification of policy costing parameters; few sensitive assumptions; low uncertainty in future projections.

Source: Irish PBO based on OBR framework.

To comprehensively evaluate the uncertainty of the budgetary cost estimates, the PBO reached out to relevant government departments for additional details on their data sources and methodologies. The quality of responses varied significantly, ranging from very general to detailed and relevant information. When we received responses that were overly general, the lack of specific details added complexity to our analysis process. Consequently, we supplemented our assessment with publicly accessible information and our internal expertise and judgement.

PBO Assessment

The PBO reviewed 60 policy measures included in Budget 2024.[5] We aimed to cover as many budgetary measures as feasible, considering this is a resource intensive process both for the PBO and analysts in government departments responding to our information requests. Our focus was primarily on new budget policies with a minimum cost of one million euro and for which sufficient information for accurate assessment was available, either from departmental responses or through public sources.

Table 2 displays our uncertainty ratings for each measure. It also includes a summary in the final column outlining the main factors of uncertainty that could impact on the accuracy of each cost estimate.

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[5]   Costings for tax policy changes are included in *Budget 2024: Tax Policy Changes*, while costings relating to items of expenditure are included in *Budget 2024: Expenditure Report*.

Table 2: Summary of Budget 2024 measures and uncertainty scores

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Tax	**USC - extend the reduced rate of USC concession for medical card holders** to 31/12/2025.	€35.0M	Low	Low	Medium	Modelling	The analysis utilises revenue data from the most recent available year, which is 2020. The cost estimates are derived from the three-year average cost. Consequently, the modelling uncertainty primarily relates to projecting the tax base, including future earnings, employment trends, and demographic factors.
	Accelerated Capital Allowances (Energy Efficient Equipment (ACA EEE)) - extend scheme to 31/12/2025.	€7.0M	Low	Low	Medium	Modelling	The analysis is based on the most recent available revenue data from 2021, and the cost estimates are derived from the latest available cost data. The uncertainty primarily stems from projecting future take-up.
	Consanguinity (Stamp Duty) Relief - extend relief to 31/12/2028.	€27.0M	Low	Low	Medium	Modelling	The cost estimate is calculated as the average of revenue foregone due to the uptake of consanguinity relief over the past several years. The primary source of uncertainty in the analysis pertains to modelling future transactions and take-up, especially given the year-on-year fluctuations in the utilisation of the consanguinity relief.
	Accelerated Capital Allowances (Farm Safety Equipment) - extend accelerated wear and tear allowances to 31/12/2026.	€1.0M	Medium	Medium	Medium	Modelling	Full statistics from tax returns are not yet available. The low uptake observed up to this point has resulted in a downward revision of the cost estimate. The scheme's cost is subject to an annual cap, with €5 million being the maximum annual expenditure that qualifies for relief. The primary source of uncertainty in this analysis is related to modelling future take-up and potential behavioural responses.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Tax	**Help to Buy (HTB)** - amend to include units purchased under the local authority affordable purchase scheme and extend the Help to Buy scheme to 31/12/2025.	€181M full-year cost HTB (first year cost €6M (LAAP scheme extension))	Low	Medium	High	Modelling	For the Help to Buy (HTB) scheme in general, modelling uncertainty is associated with: (i) Forecasting the number of new builds purchased by first-time buyers, and (ii) Predicting house price inflation for new builds. Regarding the extension to units purchased under the local authority affordable purchase scheme (LAAP), uncertainty can be further broken down into: a) Estimating the number of applicants who may not be able to utilise the HTB due to the existing Loan-to-Value (LTV) rule, and b) Assessing the achievement of the target for LAAP houses. Behavioural change could also be a factor, as some individuals might choose to postpone their home purchases until 2025 as a response to the extension.
	Rented Residential Relief - introduce rental income relief for landlords of €3,000 for 2024 - Relief will apply at the standard 20% rate. The relief will be €3,000 for 2024, €4,000 for 2025 and €5,000 for 2026 and 2027, which is equivalent to a tax credit for landlords of up to €600, €800 and €1,000 respectively. Scheme to end in 2027.	€160M full-year cost (first year cost of €45.0M)	Low	Medium	Medium	Modelling	The costing is based on information provided by landlords who report their rental income for income tax purposes. Uncertainty surrounds the timing of claims and the projection of the future number of landlords participating in the scheme. It is anticipated that the cost will rise over time due to a scheduled tax credit increase. There is also the possibility of behavioural changes among landlords, and uncertainty surrounds the take-up of the new scheme.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Tax	**VRT relief for battery electric vehicles** to 31/12/2025.	€30.0M full-year cost (first year cost €27.0M)	Low	Medium	Medium	Modelling	The data utilised is based on Revenue's Vehicle Registrations data. The methodology employed relies on estimating EV registrations and vehicle values, taking into account historical trends and growth patterns observed in previous years. Modelling uncertainty in this context primarily revolves around forecasting the demand for new Battery Electric Vehicles (BEVs), which is subject to rapid evolution. There is uncertainty regarding potential behavioural responses to the scheme.
	Increase threshold for donations of Heritage Items.	€1.5M full-year cost (first year cost €1.0M)	Low	Medium	Medium	Modelling	The scheme is subject to a new cap, with a limit of €8 million for the total value of items eligible for tax relief annually (a cost cap of €6.4 million per annum, which is 80% of €8 million). The most recent statistics available pertain to the 2021 tax year.\nThe main sources of modelling uncertainty in this context are:\na) Projecting the future value of items that qualify for relief, and\nb) Estimating the response in terms of take-up. It is worth noting that both the yearly cost and take-up have historically experienced fluctuations.
	Extend Mineral Oil Tax (MOT) rate reduction to 31/03/2024; restore half 01/04/2024 and half 01/08/2024.	€171.0M (€49M in 2023 + €122M in 2024)	Low	Medium	Medium	Modelling	Modelling uncertainty is linked to the forecasts of future energy prices and their potential effects on the broader economy, as well as consumer behaviour concerning energy consumption. Ongoing uncertainty persists regarding energy prices.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Tax	**Extend 9% VAT rate for gas and electricity** to 31/10/2024.	€315.0M	Low	Low	Medium	Modelling	Modelling uncertainty is linked to the forecasts of future energy prices and their potential effects on the broader economy, as well as consumer behaviour concerning energy consumption. Ongoing uncertainty persists regarding energy prices. There are fewer substitutes available for consumers compared to the policy above.
	Extension of bank levy – revision of the bank levy to increase revenues to €200m for 2024.	-€200.0M	Low	Low	Low	Modelling	Modelling uncertainty arises when projecting bank deposit holdings. The targeted yield of €200 million is estimated through a calibration of the rate.
	Introduce one year **mortgage interest tax relief**.	€125.0M	Low	Low	Medium	Modelling	The cost estimate is generated using June 2023 Central Credit Register micro-data. Modelling uncertainty exists since the available data only extends until June 2023. However, behavioural uncertainty is somewhat reduced since the policy is aimed at existing mortgage holders.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Tax	**Income tax** package.	€1,135M full-year cost (first year cost of €975.0M)	Low	Low	Medium	Modelling	Modelling uncertainty relates to the projection of the tax base, i.e. future earnings and employment.
	USC - increase the 2% rate band ceiling by €2,840 and reduce the 4.5% USC rate to 4%.	€365.0M full-year cost (first year cost of €315.0M)	Low	Low	Medium	Modelling	Same as above.
	Angel Investor Capital Gains Tax Relief - provide new relief for eligible investment in innovative start-ups.	€55.0M	Medium	High	High	Behaviour	Data uncertainty is linked to the presence of incomplete data on angel investors, as it captures only a portion of the market with information from the Halo Business Angel Network and Enterprise Ireland. Additionally, there is uncertainty surrounding how the scheme will impact investor behaviour and the extent of qualifying investments.
	Capital Gains Tax Retirement Relief - increase the age limit from 66 to 70 and introduce a limit of €10 million on the relief available for disposals.	€21.0M	Low	High	High	Behaviour	Behavioural uncertainty may arise due to the introduction of the new €10 million limit, potentially prompting business owners to reconsider succession planning. Modelling uncertainty is associated with the assumptions and projections concerning gains and future considerations.
	Research and Development (R&D) Tax Credit - increase the rate from 25% to 30% and increase the year one payment threshold from €25,000 to €50,000.	€27.0M	Low	Medium	Medium	Behaviour	Behavioural uncertainty arises from the increase in the R&D tax credit, potentially leading to two key impacts: (i) It may encourage more firms to engage in R&D activities, and (ii) It could further incentivise firms to document and claim the credit for relevant projects.
	Section 481 Film Relief - increase the cap on eligible expenditure from €70 million to €125 million.	€53.0M full-year cost (first year cost of €10.0M)	Low	Medium	High	Modelling	Medium uncertainty is associated with potential behavioural responses to the policy, while high uncertainty centers around modelling the take-up for both current and potential new firms, as well as eligible expenditure.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Tax	**Microgeneration of Electricity** - increase in exemption from €200 to €400.	€4.5M	Medium	Low	High	Modelling	The absence of a requirement to declare tax-exempt income from domestic microgeneration of electricity on tax returns has resulted in the unavailability of data on the take-up or cost of the scheme to date. Additionally, there is no centralised register that records the total payments made under the Clean Export Guarantee scheme, which is the mechanism for compensating electricity from microgeneration. Similarly, there is no single register to track the number of micro-generators exporting to the grid concurrently. These data limitations contribute to modelling uncertainty as well. Furthermore, the microgeneration of electricity is notably influenced by varying weather conditions throughout the year, adding an additional layer of uncertainty.
	VAT registration thresholds - increase the registration thresholds for goods and services.	€6.0M full-year cost (first year cost of €5.0M)	Low	Medium	Medium	Modelling	Data uncertainty arises due to limitations in identifying trader activities based on tax return information. Some businesses may adapt to new registration thresholds, while small businesses and sole traders might aim to stay just below the VAT threshold. Modelling uncertainty is linked to projecting inflation and business activity.
	Rent Tax Credit - increase tax credit for private tenants to €750 and extend eligibility for students in "digs".	€88.0M	Medium	Low	Medium	Modelling	Data uncertainty involves estimating "digs" accommodation, while modelling uncertainty pertains to projecting take-up.
	Vacant Homes Tax - increase to five times the property's LPT charge.	-€1.0M	Medium	High	High	Modelling	Uncertainty arises from the absence of tax return data since the tax's introduction. The self-assessed nature of the charge introduces significant modelling uncertainty. Behavioural uncertainty is linked to the potential repurposing or sale of previously vacant properties.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Tax	**VAT - apply zero VAT rate for audiobooks and ebooks**.	€3.0M full-year cost (first year cost of €2.5M)	Low	Medium	Low	Behaviour	Costing should be regarded as an estimate due to traders not being obliged to specify the VAT yield for particular goods and services in their VAT returns. Behavioural uncertainty arises from the potential for consumers to replace hard copies with electronic formats in response to the policy.
	VAT - reduce flat-rate compensation for farmers to 4.8%.	-€18.0M full-year yield (-€15.0M in first year)	Low	Medium	Medium	Modelling	Behavioural uncertainty is associated with the potential for farmers to register for VAT in response to the policy. Modelling uncertainty pertains to estimating farming inputs and outputs. Additionally, the data is subject to potential future revisions.
	Excise Duty - increase of 75c on pack of 20 cigarettes - pro-rata increase on other tobacco products.	-€68.0M full-year yield (-€7.5M in first year)	Low	Low	Low	Behaviour	Behavioural uncertainty is linked to the sensitivity of consumers to higher cigarette prices in Ireland. The data captures historical trends in behavioural changes, and a price elasticity model was employed to account for the behavioural impact.
	Carbon Tax – increase to €56 per tonne of CO_2.	-€152.0M full-year yield (-€117.0M in first year)	Low	Medium	Medium	Behaviour	Uncertainty involves estimating the magnitude of behavioural change, particularly the reduction in CO_2-emitting activities, resulting from the tax. Modelling uncertainty pertains to predicting future energy prices and consumption levels. Fuel usage is influenced by macroeconomic conditions and weather patterns, adding complexity to the forecasts.
	Amend the **Defective Concrete Products Levy** to exclude precast products.	€7.0M	Low	Low	Medium	Modelling	Modelling uncertainty is tied to forecasting the demand for concrete production, a projection influenced by macroeconomic conditions.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Children	**Enhancements to the National Childcare Scheme (NCS)** - including an increased sponsorship rate, an increase in the minimum subsidy to €2.14, and with approximately 2,000 children to benefit from the NCS opening up to childminders, with enhanced Tusla registrations and inspections.	€35.3M (Universal and sponsor subsidy) + €5.5M (childminders extension)	Medium	Medium	Medium	Modelling	Data uncertainty concerning the cost of increasing the universal and sponsor subsidy is low. However, data on childminders is partial due to the often informal nature of childminding in Ireland. While space constraints exist in the system, a decrease in childcare costs can lead to a behavioural response from parents, potentially increasing demand further. Additionally, uncertainty surrounds the responses of both childminders and childcare providers. Modelling the future number of children, including those from childminders, is also uncertain and can be influenced by macroeconomic conditions and migration.
	Increase in the statutory **foster care rate** by the end of 2024 by €75 per week for children under 12 and €73 per week for children over 12, bringing it to €400 and €425 per week respectively.[6]	€10.0M	Low	Low	Low	Modelling	Uncertainty is linked to the projection of future recipient numbers.
Defence	Funding allocation to meet increased operational and standing costs of the **Defence Forces** and facilitate progress on transformation, and allow for an anticipated **intake of additional PDF recruits** in 2024 along with increase in related training and consultancy costs. It also provides for the full year costs of the extension of Healthcare benefits to all Defence Forces personnel.	€6.0M	Low	Low	Medium	Modelling	Meeting the recruitment goal can be influenced by the tightness of the labor market. Modelling uncertainty is also tied to future pay agreements and the exact salary for new staff.

[6]   In this case, the PBO did not receive a response from the relevant department and, as a result, assessed the uncertainty based on its own expert judgment.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Education	**Additional Special Needs Assistants** – Additional 1,216 SNAs working across primary, post-primary and special schools in September 2024.	€13.0M	Low	Low	Medium	Modelling	Meeting the recruitment goal can be influenced by the tightness of the labor market. Modelling uncertainty is also tied to future pay agreements and the exact salary for new staff.
	Additional Special Education Needs Teachers – Additional 744 teachers working across various SEN settings.	€14.0M	Low	Low	Medium	Modelling	Same as above.
	Free School Books for Junior Cycle Students – Provision of Free School Books for Junior Cycle students in post-primary schools in the free education scheme.	€39.0M	Medium	Medium	Low	Data	The data was collected from the most popular book supplier websites and assumed to be representative of all books available for purchase. Behavioural uncertainty pertains to the potential response of schools, which may order more expensive textbooks in reaction to the scheme.
	State Examination fees - Fees to be waived for State examinations held in 2024.	€11.0M	Low	Low	Low	Modelling	There is some uncertainty regarding the number of students who will benefit from the policy. The cost estimation for the loss of income was derived from an analysis of fee income from previous years.
Further and Higher Education	Once-off reduction of 33% in the **contribution fee for apprentices in higher education** in the 2023/2024 academic year.	€3.8M	Low	Low	Low	Modelling	The enrolment rate of students might be affected by macroeconomic conditions.
	Student Contribution reduced by €1,000 in the 2023/2024 academic year for students who qualify for the Free Fees Scheme.	€91.9M	Low	Low	Low	Modelling	Same as above.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Further and Higher Education	Funding for the growth of the **craft apprenticeship** system from 13,000 places in 2022 to over 16,000 places in 2024 and fund additional apprenticeship bursaries.	€67.4M	Low	Low	Medium	Modelling	There is modelling uncertainty involving (1) the challenge of estimating a cost-per-apprentice, which entails fixed costs and variable costs per participating apprentice, and (2) ensuring the filling of the additional apprenticeship places that have been offered.
	Standardise and reduce PLC charges levied across the sector.	€3.0M	Low	Low	Medium	Modelling	The number of learners in PLCs can be influenced by macroeconomic conditions. Additionally, there is modelling uncertainty related to the variability in fees for PLC courses among Education and Training Boards.
	Maintenance Grant increases to adjacent and non-adjacent rates. A pro-rata increase will commence in January 2024.	NA[7]	Low	Low	Medium	Modelling	Modelling uncertainty is linked to the projection of future recipient numbers and the conditions that affect the rates.
	Restoration of maintenance grants to eligible postgraduate students on a similar basis to undergraduates. Pro-rata grants will commence in January 2024.	NA[8]	Low	Low	Medium	Modelling	Same as above.
	Increase to **the income threshold for Band 4 Maintenance Grant and 100% Student Contribution Grant** from September 2024.	NA[9]	Low	Low	Medium	Modelling	Same as above.
	Addressing fees for part-time education as part of **Child Poverty Agenda**.	NA[10]	NA	NA	NA	NA	Policy was not specified in sufficient detail to evaluate.

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[7] This is part of the €31M package, "Improvements to the student grant scheme" (*Budget 2024: Expenditure Report*, p.100).
[8] Ibid.
[9] Ibid.
[10] Ibid.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Justice[11]	**Garda Members and Garda Staff** - Additional net investment of €21.5 million for the recruitment of up to 1,000 trainee Gardaí, an increased trainee allowance and an additional 250 Garda staff in 2024 to underpin civilianisation and redeployment, and to provide professional support to frontline policing. Additional funding is also provided for the full year cost of recruitment of Garda personnel in 2023. Saving arising from changes in the staffing profile are netted to provide a net increase of €21million.	€21.5M	Low	Low	Medium	Modelling	Meeting the recruitment goal can be influenced by the tightness of the labor market. Modelling uncertainty is also tied to future pay agreements and the exact wage for new staff.
	Courts Service of Ireland – Additional staffing in 2024 to support a large increase in the numbers of judges next year.	€2.8M	Low	Low	Medium	Modelling	Same as above.
	Data Protection Commission – Additional staffing next year, as well as moving to a revised organisational structure.	€1.1M	Low	Low	Medium	Modelling	Same as above.
Social Protection	**Weekly Personal and Qualified Adult rates of payment - Working Age recipients** - Increase the weekly rates of payment to all working age recipients by €12 per week, with proportionate increase for qualified adults and those on reduced rates of payment, from January 2024.	€448.6M	Low	Low	Medium	Modelling	Modelling uncertainty is associated with projecting future recipients, which is tied to economic performance. The methodology involves multiplying the projected numbers by the payment increase and the frequency of payments in 2024.
	Weekly Personal and Qualified Adult Rates of Payment – Pensioners - Increase the weekly rate of all pension payments (for those aged 66 and over) by €12 per week with proportionate increases for qualified adults and those on reduced rates of payment, from January 2024.	€461.4M	Low	Low	Medium	Modelling	Modelling uncertainty pertains to forecasting the number of pensioners, which largely depends on demographic developments. Additionally, there have been changes in scheme rules that can further affect the costing.
	Extend Child Benefit eligibility - Child Benefit will be paid in respect of children aged 18 in full-time education, from September 2024.	€21.6M	Low	Low	Low	Modelling	Modelling uncertainty is associated with the projection of the number of students in full-time education who will be aged 18 in late 2024.

11 We did not receive detailed information from the Department of Justice. Therefore, we evaluated the uncertainties by our expert judgement.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Social Protection	**Extension of Hot School Meals** - Extend Hot School Meals in 2024 to non-DEIS primary schools, from April 2024.	€42.5M	Medium	Low	Medium	Modelling	Cost estimate was informed by an expression of interest sent to over 2,000 schools. Modelling uncertainty arises from uncertainties related to the timing and the rate of take-up from eligible schools.
	Introduce a Pay Related Benefit for Jobseekers - subject to Government agreement on final scheme design and the necessary PRSI increases, to introduce a Pay-Related Jobseeker's benefit scheme which links the rate of benefit to a person's previous earnings, from December 2024.	€5.0M	Low	Medium	Medium	Modelling	The final design and approval of the scheme are expected in 2024. Uncertainty is associated with projecting future recipient numbers and wages, which are closely tied to economic performance. The analysis relies on data from 2019 to avoid the impact of COVID-19. There is also some behavioural uncertainty, as the policy, despite the cap, could potentially encourage individuals to take more time to re-enter the workforce.
	Extension of Free Travel scheme - Extend the Free Travel scheme to people medically certified unfit to drive, from July 2024.	€8.5M	Medium	Low	Medium	Data	The policy introduces a new cohort of recipients into the scheme. There is uncertainty surrounding the modelling of the take-up rate for this cohort.
	Increase the income disregard for Carer's Allowance - Increase the income disregard for Carer's Allowance to €450 single for a single person and to €900 for a couple, from June 2024.	€19.2M	Medium	Low	Medium	Data	The available data is incomplete since it covers a new cohort. Modelling an external cohort and their earnings introduces uncertainty into the analysis.
	Increase the rate of Domiciliary Care Allowance - Increase the rate of Domiciliary Care Allowance from €330 to €340 per month, an increase of €10, from January 2024.	€7.6M	Low	Low	Low	Modelling	While it is unlikely that the take-up will experience significant fluctuations, there remains some level of uncertainty associated with it.
	Wage Subsidy Scheme weekly hours threshold - Reduce the minimum weekly hours threshold for employers to avail of the Wage Subsidy Scheme from 21 to 15, from April 2024.	€3.7M	Medium	Medium	Medium	Data	Even though administrative data is utilised, there is data uncertainty concerning the new cohort. Employers could potentially change their behaviour in response to the policy, and the demand may also be influenced by macroeconomic conditions, adding to the overall uncertainty.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Social Protection	**Qualified Child Increase** - Increase both IQC rates by €4, from €42 to €46 per week in respect of children aged under 12, and from €50 to €54 per week in respect of children aged 12 and over, from January 2024.	€60.9M	Low	Low	Low	Modelling	Assuming the accurate projection of the number of social welfare recipients, the primary modelling uncertainty lies in projecting the number of qualified children.
	Working Family Payment income thresholds - Increase the income thresholds for Working Family Payment by €54 per week, from January 2024.	€1.0M	Medium	Medium	High	Modelling	The policy encompasses a new cohort, and as a result, only proxy data is available. There is the possibility that some families might alter their behaviour to meet the new income thresholds. Modelling uncertainty revolves around the projection of new recipients, the take-up rate, and the influence of macroeconomic conditions.
	Extend Parent's Benefit duration - Extend Parent's Benefit from 7 to 9 weeks, from August 2024.	€10.3M	Low	Low	Medium	Modelling	The uncertainty is related to modelling the proportion of recipients who will avail of the extended duration.
	Employer and employee PRSI rates - All PRSI contribution rates will increase by 0.1% from 1 October 2024.	-€60.0M	Low	Low	Medium	Modelling	While some employers might adjust their behaviour in response to the policy, the immediate impact is expected to be modest, with potentially larger effects in the long run when additional increases in PRSI contribution rates are taken into account. Modelling uncertainty is tied to projections for employment growth and wage growth, which are influenced by macroeconomic conditions.

Table 2: Summary of Budget 2024 measures and uncertainty scores (cont.)

Category	Measure	Budget estimate	Data uncertainty	Behavioural uncertainty	Modelling uncertainty	Of which most important	Main areas of uncertainty
Taoiseach	**Office of the Director of Public Prosecutions** - Increase in staff and resources to provide for increased volume and complexity of criminal investigation files and further support for key areas such as financial crime and sexual offences.	€1.8M	Low	Low	Medium	Modelling	The cost of individual staff members was determined by using the midpoint of the salary scale for their respective grade, in accordance with the public spending code requirements. The primary source of uncertainty stems from the influence of the labor market's tightness on hiring goals. Additionally, public sector pay agreements can have an impact on the final cost.
Transport	**Variety of Discounts including 20% average fare, Young Adult Card and 90-minute fare** - This funding will enable the Department to retain these fare discounts to the end of 2024.	€150.0M	Medium	Medium	Medium	Modelling	The data used have certain limitations, such as considering only a 90-minute fare and excluding some small operators. Although the policy is an extension, full behavioural changes might not have taken effect yet. There is uncertainty regarding the projection of the number of passengers, which can be influenced by the macroeconomic context and energy prices.

Note: *The descriptions and costs of the measures are taken from Budget 2024* Tax Policy Changes *and* Expenditure Report*, and from departments' responses to the PBO. For greater details on these measures consult these documents. Our focus was on new budget policies, and we excluded those that were a general policy package and do not represent specific costing estimates for individual policies, such as funding to increase the number of medicine places for Irish/EU students and the creation of 10,200 new tenancies under the HAP and RAS schemes.*

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