and 4.9 per cent, respectively. Corporation tax growth is projected to stabilise to an average of around 3.6 per cent over the medium term (2021–2024).

Given the unique nature of a shock like a disorderly Brexit, the assumed macro drivers of the revenue forecasts might be lower than currently assumed in *Budget 2020* over the medium term. Separately, there is an upside risk that corporation tax might yield higher-than-forecast outturns, as has been the case over the past few years. However, there is a significant downside risk that part of the corporation tax receipts might prove temporary in nature, which poses concerns about its sustainability, as also noted by the Department of Finance (2019d).

Box K: The way health spending is reported can lead to different conclusions about its performance

This box examines the differences in how health spending performance is reported.

Accounting differences. Two main publications show the monthly performance of health spending, but these differ in content and in the accounting standards they adopt. The HSE Performance Reports show expenditure based on accrual accounting: spending is recorded at the time at which it occurs, regardless of when the related cash payments take place. In contrast, the Central Government's Fiscal Monitor covers cash inflows and outflows. It comprises the total (current and capital) health vote including the HSE.[67]

Figure K.1 shows the difference between the monthly outturns and forecasts (the "overruns" or "underruns") by publication. This is shown on a net basis, looking at current spending only, to ensure comparability. For 2017 and 2018, the HSE Performance Reports showed higher overruns than the Fiscal Monitor publications for most of the year, before the Fiscal Monitor "catches up" by the end of the year. Yet a substantial gap in performance remains. One would expect that the divergence is therefore due to accruals and/or coverage differences.

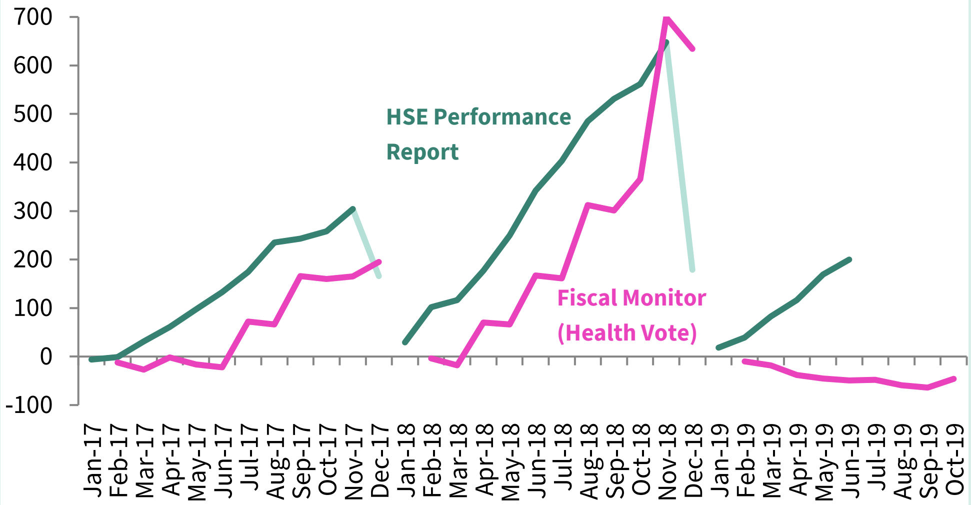
Is this year different? While the latest HSE figure of June 2019 shows an overrun of expenditure of around €200 million, the Fiscal Monitor reports underruns in every month, cumulating to almost €100 million as of end-October 2019.

The underrun shown in the Fiscal Monitor is attributed by the Department of Health to the financial improvement of the HSE, which has not required any cash in addition to the original allocation. In contrast, the overrun shown in the HSE Performance Report might be partly explained by an unusual transaction related to the settlement of pay arrears with medical consultants in 2018. The CSO dated €213 million of the settlement to central government expenditure in Q2 2018, the time of the court settlement (CSO, 2019). However, some payments are due in 2019 as well as 2020. Any impact on overruns is uncertain, as it is unclear how much of the total has been accrued and paid at different stages of the year so far.

[67] The HSE Performance Report is net of HSE income and covers only current spending. The Fiscal Monitor reports net expenditure (net of appropriations-in-aid).

Figure K.1: Health overruns/underruns differ by report

€ million (outturn minus profile), net current expenditure



Sources: Fiscal Monitors 2017–2019; HSE Performance Reports (Finance section) 2017–2019.

Note: January Fiscal Monitors do not include a comparison of Vote outturns to profiles. In December 2017/2018, the overrun reported in the HSE Performance Report fell. This is likely due to revisions in the monthly forecasts throughout the year but particularly at year's end. In contrast, the Fiscal Monitor profiles are not revised within the year.

Box L: What are Approved Housing Bodies?

Approved Housing Bodies are non-profit entities that provide affordable rented housing. We explored these in more detail in Box F of the *June 2018 Fiscal Assessment Report*, but this box gives a quick recap of some of the key elements.

In 2017, the CSO conducted a review of the classification of the largest Approved Housing Bodies in Ireland. It concluded that these bodies should be classified as part of the local government sector and, hence, part of the wider general government sector. This means that spending and revenues associated with the bodies were to be recognised as part of government activity. The rationale for why bodies become recognised as part of general government follows three key principles related to (1) the extent of government or local authority control, (2) the degree of autonomy in decision making and other aspects of institutional independence from government, and (3) the degree to which its services or goods are "non-market" — that is to say the extent to which prices charged for these are "economically significant" according to set criteria (CSO, 2018c).

The classification of Approved Housing Bodies into general government added about €0.6 billion to government investment spending in 2018. On the revenue side, "sales of goods and services" saw relatively more modest increases of just under €0.1 billion. The reclassification of these bodies into general government had a relatively small impact on general government debt (increasing it by around €0.1 billion). This reflected the fact that much of the Approved Housing Bodies' debt had already been included in general government statistics as it was obtained via the Housing Finance Agency, which is already included in the general government sector.

Investment spending by Approved Housing Bodies had been expected to rise as part of *Rebuilding Ireland*, the Government's housing plan, as the bodies acquired or developed newly built housing. Approved Housing Bodies are expected to "deliver approximately one third of