

S11. Stand-still scenario for spending

This section provides an update of the Council's "Stand-Still" scenario for government spending. The Stand-Still analysis estimates the cost of maintaining today's level of public services and benefits in real terms over the medium term based on anticipated demographic and price pressures.

Stand-still costs slightly higher than forecast increases

Annual change in € billion (gross voted current spending)

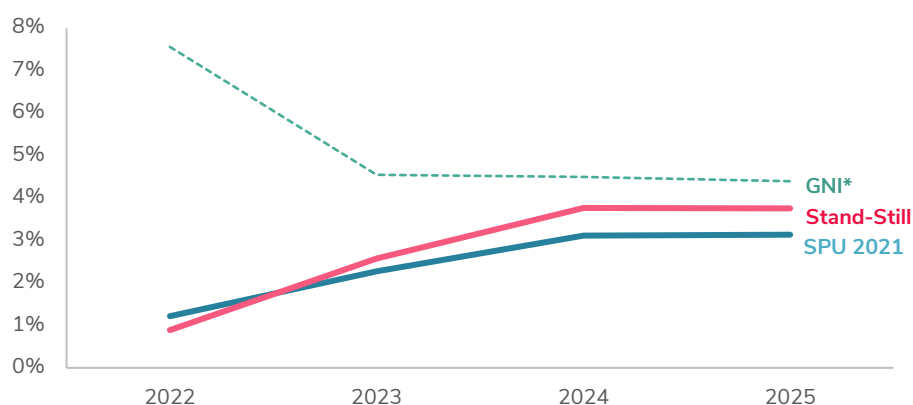
	2022	2023	2024	2025
Stand-Still scenario	0.6	1.9	2.8	2.9
- demographic pressures	-0.5	-0.3	0.6	0.5
of which unemployment costs	-2.0	-1.1	-0.3	-0.3
of which other age related	1.5	0.9	0.9	0.9
- price pressures	1.1	2.2	2.2	2.4
Total Increases in SPU 2021	0.8	1.6	2.2	2.3
Gap to Stand-Still	-0.2	0.3	0.6	0.6

Sources: CSO; Department of Finance; and Fiscal Council workings.

To stand still, the Council estimates that increases of the order of €2.5 billion per year would be required over the medium term (2023–2025). By comparison, SPU 2021 spending forecasts show spending increasing by around €2 billion per year over the same period, when Covid-19 related costs are omitted. The average shortfall of €0.5 billion per year is driven primarily by price pressures, with expected rises in prices of goods and services and in wages likely to add to costs over the medium term.

Stand-Still estimates of spending increases are closer to output growth

% change year-on-year



Source: Department of Finance; and Fiscal Council workings.