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Well-being and Public Policy

Utilising a well-being perspective to inform the budgetary process

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Executive Summary

The purpose of this paper is to outline how a well-being perspective can be developed within the context of the budgetary process. From 2022, the Government has committed to featuring the *Well-being Framework* within the budgetary process. This follows from a commitment in the *Programme for Government – Our Shared Future* to use a well-being perspective to inform budgetary priorities as a complement to existing economic measurement tools. This commitment regarding the budgetary process is part of a wider undertaking to develop a set of indices to create a holistic view of how Irish society is faring and utilise this in a systematic way across government policy making.

The development of the well-being initiative and related work programmes have been described in *Understanding Life in Ireland: The Well-being Framework* (June 2022).

The main focus of this working paper is on how the *Well-being Framework* might be used to frame a cross-governmental description of resource allocation decisions. While the working paper draws on the experience in other countries (Section 3), it seeks to do so in a way that is relevant to an Irish budgetary context (Section 4). What is proposed in this working paper is intended to complement the existing Vote Group approach to presenting such decisions. In particular, it is proposed that a paper be published on Budget Day that:

- Uses the dimensions of the *Well-being Framework* to provide a cross-governmental presentation of the budgetary expenditure decisions. This cross-government approach would complement the existing Vote Group approach to presenting such decisions; and
- Describes the overall level of allocated resources in terms of the well-being dimensions. Such an undertaking will require expenditure sub-heads to be coded or “tagged” in terms of the dimensions of the *Well-being Framework*. In 2022, a budget tagging pilot exercise was undertaken as part of a wider project funded by the European Union and supported by the OECD. This pilot project has supported the development of this proposal.

The working paper recognises that the budgetary process is a whole-of-year process and outlines the Government’s commitment to introducing a well-being perspective at key points in this process:

- *Summer Economic Statement* – A high-level analysis of the CSO’s Well-being Dashboard to highlight progress and set out the context for identifying potential priorities;
- *National Economic Dialogue* – Stakeholders consider issues around well-being including longer-term economic, social and environmental factors; and
- *Spending Review* – Offers an opportunity to develop and present policy analysis that applies a well-being perspective to existing public policies and programmes. (See Section 4.)

What is set out in this working paper is intended to contribute to a broader dialogue about how a well-being perspective may contribute to the process of informing resource allocation decisions. These are initial steps that will be developed over time.

1. Introduction

In the *Programme for Government – Our Shared Future*, the Government has set out a commitment to utilising a well-being perspective to inform budgetary priorities as a complement to existing economic measurement tools. This is part of a wider commitment to developing a set of well-being indices to create a well-rounded, holistic view of how Irish society is faring and to utilising this in a systematic way across government policy making.¹ From 2022, the Government has committed to featuring the *Well-being Framework* within the budgetary process.

The purpose of this working paper is to outline how a well-being perspective can be developed and embedded within the context of the Irish budgetary process. What is set out in this working paper is an initial approach and is intended to contribute to a broader dialogue about how a well-being perspective may contribute to the process of informing resource allocation decisions.

This working paper builds on what was outlined in *Understanding Life in Ireland: The Well-being Framework* (June 2022), that is, that the Department of Public Expenditure & Reform was developing an initial approach to using the *Well-being Framework* to frame a cross-governmental description of resource allocation decisions; complementing the existing Vote Group approach in *Expenditure Reports*. The working paper describes the main features of this approach (Section 5.4).

While the publication of the *Expenditure Report* on Budget Day is an important opportunity to communicate how public resources are being used to deliver public services, in the same way that the budgetary process is not about a single day, so too there are a number of opportunities for a well-being perspective to inform budgetary prioritisation. Section 5 also describes how the Government is implementing its commitment to introduce a well-being perspective at key points in the budgetary process:

- *Summer Economic Statement* – A high-level analysis of the CSO's Well-being Dashboard to highlight progress and set out the context for identifying potential priorities;
- *National Economic Dialogue* – Stakeholders consider issues around well-being including longer-term economic, social and environmental factors; and
- *Spending Review* – Offers an opportunity to develop and present policy analysis that applies a well-being perspective to existing public policies and programmes.

The initiatives set out in this working paper build on an overall approach to well-being that presents public policy as a way of creating opportunities for people to progress or change their lives (or for intervening in a more targeted manner when opportunity may have been hindered by factors such as poverty or deprivation). (See Section 2.) In addition, these initiatives have also been informed by the experiences of other countries in locating a well-being perspective within their policy and budgetary processes. (See Section 3.) While it is instructive to take account of the experience of others, if a well-being perspective is to be embedded within the Irish budgetary process then it is important that what is proposed takes account of the various stages and elements of that process. (See Section 4.) In summary, these initiatives represent

¹ See *Well-being and Public Policy – Utilising a well-being perspective to inform public policy*. WPPU Working Paper No.1.

an important body of work that is intended to broaden the budgetary perspective and contribute to the holistic design, implementation and evaluation of public policy.

The first and second reports of the Interdepartmental Working Group (IDWG) have set out an initial multidimensional well-being framework. (See Figure 1.) Over time, the *Framework* will be refined as understanding of well-being as an issue in an Irish policy context deepens, and experience of utilising it broadens. The Second Report has suggested that a formal review of the Framework be undertaken in 4-5 years time, in line with international best practice.

Figure 1 – Well-being Framework for Ireland



2. Public Policy and Well-being

Over the last decade or so there has been an increasing focus on the issue of “well-being”. The increased salience of well-being is in part associated with an acknowledgment that economic growth, while important in terms of generating the resources necessary to provide key public services, is limited as a measure of how society and people are progressing (i.e., it is more a means to an end, than an end in itself). This increased focus has been particularly evident in the development of well-being frameworks, most notably by the OECD and New Zealand.

In general terms, the notion of well-being is associated with people feeling satisfied, happy or comfortable with their lives. The OECD (2013) offers an inclusive definition of subjective well-being as “good mental states, including all of the various evaluations, positive and negative, that people make of their lives and the affective reactions of people to their experiences.”² Rather than something that is associated with “happiness”, this definition seeks to encompass the full range of different aspects of subjective well-being, in particular how people experience and evaluate their life as a whole.³

While subjective well-being is an important element of well-being, it is not sufficient. In particular, it does not consider the conditions under which “well-being” was achieved. The availability of resources does not ensure that people are able to convert them into well-being (e.g., two people with similar means may achieve or reveal very different levels of life satisfaction).⁴

The approach to well-being that informed the development of the *Well-being Framework* is based on Sen’s capability approach. The capability approach focuses on the “capabilities of persons to lead the kind of lives they value – and have reason to value”.⁵ It focuses attention on the broad range of human “functionings”⁶, that is, people’s:

- “beings” - the kind of person someone is able to be (e.g., being well-nourished, being educated); and
- “doings” - the activities that a person is able to undertake (e.g., working, caring for someone, voting).

From a public policy perspective, the capability approach focuses attention on describing people’s lives and the challenges they face. It also emphasizes how policy can create opportunities for people to change or progress their lives, or intervene in a more targeted manner when opportunities may be at risk of being denied by factors such as poverty or deprivation.

In terms of thinking about how to go about creating opportunities for people “to be” and “to do”, the capability approach emphasizes how the individual is dependent on (or constrained by)

² Diener et al., 2006.

³ This approach to well-being is often seen as encompassing *life evaluation or satisfaction* (a reflective assessment on a person’s “life as a whole” or some specific aspect of it); *affect* (a person’s feelings or emotional states, typically measured with reference to a particular moment in time (or shortly after the experiences have occurred)); *eudaimonia or flourishing* (a sense of meaning and purpose in life, or good psychological functioning). (Stiglitz, Sen and Fitoussi, 2009; Hardoon, Hey and Brunetti, 2020)

⁴ Sen, 2005; Robeyns and Byskov, 2020; Cronin de Chavez et al., 2005.

⁵ Sen, 1999: 18.

⁶ Sen, 1992.

their own abilities as well as how people interact with each other in society and the environment where people live. The extent to which an individual can convert goods and services (i.e., “means”⁷) into “beings and doings” (i.e., “ends”) may be constrained by *personal conversion factors* (factors internal to the person such as metabolism, physical condition, reading skills); *social conversion factors* (factors associated with the society in which the person lives such as public policies, social norms, practices that unfairly discriminate, societal hierarchies, or power relations related to socio-economic group, gender, race); and *environmental conversion factors* (factors that emerge from the physical or built environment where a person lives). However, that people are dependent on each other and can draw benefits from the environment where they live, suggests that these factors should not simply be seen as constraining people, but as ways of enabling people to enhance their lives.⁸

The consideration of human diversity focuses attention on differences between people.⁹ This highlights the need to look beyond average conditions (societal wide estimates) to consider *horizontal inequalities* (gaps between population groups); *vertical inequalities* (gaps between those at the top and those at the bottom of a scale); and *deprivations* (the share of the population falling below a given threshold).

Finally, the capability approach is concerned with the practical task of identifying a range of dimensions that ought to be examined (simultaneously) when considering what enhances well-being. This approach recognises and seeks to take account of how people pursue a diversity of “beings and doings”. It encourages the consideration of a broad range of information in the policy making process.¹⁰

Appendix A sets out a description of the dimensions of the *Well-being Framework* in terms of public policy creating opportunities for people “to be” and “to do”.

⁷ Stiglitz, Sen and Fitoussi, 2009; Robeyns and Byskov, 2020.

⁸ Dean, 2009; Taylor, 2011.

⁹ Stiglitz, Sen and Fitoussi, 2009; Alkire, 2002; Robeyns, 2003.

¹⁰ Sen, 1987, 1993 and 2005; Nussbaum, 1999 and 2000; Stiglitz, Sen and Fitoussi, 2009; Robeyns and Byskov, 2020; White, 2005.

3. International Experience of Linking a Well-being Approach to the Budgetary Process

The purpose of this section is to provide a brief overview of initiatives in other countries that have sought to link well-being and budgetary processes. (A separate paper has set out a summary of the experiences of other countries introducing a well-being perspective into their wider policy making processes.¹¹)

Before getting into specific experiences of countries, it is worth noting the institutional building blocks identified by the OECD (2021) that serve to underpin the use of a well-being perspective in policy-making and budgetary processes:

- *Multi-dimensional well-being monitoring* – A multi-dimensional perspective should be used to monitor societal progress and measure policy outcomes. This is part of an approach that seeks to broaden the information used in the policy process to take account of what matters for people’s well-being today (current and distributional well-being outcomes) and in the future (resources for future well-being).
- *Evidence-based priorities* – Policy objectives should be prioritised based on multi-dimensional well-being evidence. In recent years, governments in New Zealand and Canada have sought to link well-being evidence to government agenda setting and policy prioritisation within their budgetary processes.

There may be an unwritten assumption that all expenditure intended to enhance well-being achieves such an outcome. However, an evidence informed well-being approach is not simply about increasing spending that has positive impacts, but includes reforming policies and programmes that are not having the intended impact and curbing expenditure on services that are having negative impacts.

- *Long-term focus* – A well-being perspective facilitates the introduction of a long-term focus in policy-making. A long-term focus supports a more anticipatory approach to public policy with a potential practical consequence of encouraging the consideration and development of prevention and early intervention approaches to addressing policy challenges.

For instance, in Wales public bodies are encouraged to think long-term (meeting the needs of the present without compromising the ability of future generations to meet their own needs) and consider prevention (acting to prevent problems occurring or getting worse).¹²

- *Integration and collaboration* – The multi-dimensional approach associated with a well-being perspective highlights the need to enable an integrated and collaborative approach to the design and implementation of public policy.

The experience in New Zealand suggests that this requires the articulation of a core set of well-being priorities to ensure consistency and engagement in the process by all government agencies.

¹¹ See *Well-being and Public Policy – Utilising a well-being perspective to inform public policy*. WPPU Working Paper No.1.

¹² www.futuregenerations.wales/about-us/future-generations-act/

However, any effort to support an integrated and collaborative approach needs to address barriers that can hinder policy coherence:

- The long-term focus of any well-being initiative may make it difficult to achieve sustained leadership and commitment;
- There may be tensions between the different tiers of government (a top-down approach may be seen as disempowering local government or communities; a bottom-up approach may be seen as disconnected from higher level policy goals); and
- There may be tensions across tiers of government (e.g. requires alignment of policy goals across departments; proposals to pool public finances can encounter formal financial accountability difficulties).

As the OECD notes, very few countries have put a joint well-being framework at the heart of their multi-level governance approach. The Welsh Well-being of Future Generations Act 2015 offers an example of an approach that sets out five “ways of working” as part of requiring public bodies at all levels to work together towards the achievement of the seven identified well-being priorities.¹³

- *Actively connecting* – The development of a well-being perspective is in part about developing a shared vision of what matters most to societal well-being. If a nascent well-being framework is to achieve legitimacy and public support it is important that its development is supported by inclusive and transparent engagement with private and civil society stakeholders.

3.1 Integrating Well-being into Budgetary Processes

Durand and Exton (2019) have compared the experience of various national governments in putting well-being at the heart of public policy by integrating evidence on well-being into decision-making. They note that, in these countries, well-being initiatives are at a relatively early stage of development. Furthermore, even where there is routine collection and publication of national dashboards of well-being indicators, these efforts remain largely disconnected from policy practice.

While Durand and Exton have identified a number of broad mechanisms that have been used to integrate well-being indicators and frameworks into government processes and procedures in a systematic way, what is set out here, and in Table 1 (below), focuses on those mechanisms that are directly associated with resources allocation decision-making.

- *Shaping budget decisions*

The inclusion of reporting on a dashboard to the budget process can add contextual richness by providing an indication of whether public policy is moving national well-

¹³ In Wales, the five ways of working in accordance with the sustainable development principle are: taking a long-term view, taking an integrated approach, involving people with an interest in achieving well-being goals, collaboration, and preventing problems from occurring or getting worse. The seven well-being goals are: a prosperous Wales, a resilient Wales, a healthier Wales, a more equal Wales, a Wales of cohesive communities, a Wales of vibrant culture and thriving Welsh language, and a globally responsible Wales.

being in a positive direction. That said, a dashboard does not in itself produce a shift in how policy makers arrive at their decisions (i.e., can be ignored).

A more fundamental change would involve the assessment of individual spending proposals *ex ante* for their anticipated well-being impacts. However, achieving this change requires the development of both an evidence base and tools for assessing well-being impacts of proposals (i.e., methods of cost-benefit analysis). Given the burden involved in conducting such an assessment (e.g., development of appropriate methodologies, investment in skills and training, data collection), it would be important to demonstrate the benefits of doing so (e.g., improved quality of advice, development and articulation of clear intervention logic, coordination of policies focused on same well-being outcomes).

- *Ensuring continuity and accountability through legislation*

Some countries have followed a legislative approach to securing long-term change in government processes and procedures. By “locking in” certain aspects of the well-being approaches, the intention has been to encourage policy makers to consider a broader set of outcomes rather than to require them to use a particular set (i.e., allow for priorities to shift as circumstances demand).

A challenge that this approach presents is to ensure that the legislation is purposeful enough to lead to an improvement in the quality of policy-making, but is flexible enough to accommodate new priorities.

- *Strategic Planning and Performance Frameworks*

Strategic development planning is a way of setting out specific priorities for national progress in the medium- and long-term. A key part of formulating national development strategies is extensive engagement with stakeholders on priorities and goals. Furthermore, development strategies are often associated with a wide range of dashboard goals and indicators. Given that well-being dashboards are used to illustrate what is meant by progress and what it means to have a “good life”, the integration of both approaches may support efforts to focus on a small number of strategic priorities and communicate a clear vision for the future.

Table 1 – Summary of International Experiences of Integrating Well-being into Budgetary Process (from Durand and Exton, 2019)

Shaping budget decisions	Monitor a dashboard of well-being indicators to frame (ex ante) the budget discussion, complementing standard economic and fiscal reporting.	<i>France</i> (since 2015) – New Wealth Indicators – 10 indicators selected following wide ranging public consultation
	(The number of indicators used is often quite small and represents a subset of the extensive well-being indicator set produced by National Statistics Offices.)	<i>Italy</i> (since 2017) – Economic and Financial Document – 12 indicators selected by an expert committee
	Assess budget proposals for their expected impact on well-being	<i>Sweden</i> (since 2017) – New Measures for Well-being – 15 indicators
		<i>Italy</i> (since 2017) – in addition to GDP, four indicators ¹⁴ were selected for a deeper analysis that involved an

¹⁴ Household disposable income; the inter-quintile income share; labour underutilisation; and emissions of greenhouse gases.

Strategic planning and performance frameworks	Introduce well-being frameworks and indicators into strategic development planning	<p><i>Slovenia</i> – Slovenian National Development Strategy 2030</p> <p><i>Colombia</i> – Ministry for National Planning’s “Presidential Dashboards”</p> <p><i>Ecuador</i> – policy goals included in the Ministry of Planning National Plans for Buen Vivir</p> <p><i>Paraguay</i> – Social Progress Index in its National Development Plan 2030</p>
	Require government to set out well-being objectives and indicators alongside the fiscal objectives and indicators that guide budget decisions	<p><i>New Zealand</i> – Public Finance Act 1989 as amended by the Public Finance (Wellbeing) Amendment Act 2020</p>
Ensuring continuity and accountability through legislation	Place a duty on government to report regularly on a set of well-being indicators.	<p><i>New Zealand</i> – Public Finance Act 1989 as amended by the Public Finance (Wellbeing) Amendment Act 2020</p> <p><i>France</i> (2015) – “Sas” law</p> <p><i>Italy</i> (2016) – Italian Budget Law</p> <p><i>Scotland</i> (2015) – Community Empowerment Act</p>
	Identify and quantify how proposed policy initiatives are expected to impact on people’s well-being across various well-being domains	<p>experimental forecasting exercise (aggregate impact of new policy measures) for the next 3 years compared against a “no new policy” baseline</p> <p><i>New Zealand</i> (since 2019) – developed their cost-benefit analysis template for departmental submissions of spending proposals to include well-being considerations</p>

Box 1 – Well-being and the Budgetary Process in New Zealand

The Government of New Zealand is seen as being to the forefront of efforts to embed a well-being perspective within the budgetary process. From 2011 the New Zealand Treasury began developing its *Living Standards Framework* (LSF). It was only after several years of development that it was integrated in a systematic manner into the Government's budget. An especially important step in the process was the publication, in 2019, of the first *Wellbeing Budget*. This was part of the government's commitment to putting citizens' well-being and the environment at the heart of its policies. The *Wellbeing Budget* identified high-level priorities and used social and environmental indicators as well as economic and fiscal indicators to guide resource allocation decisions. The *Budget Policy Statement* sets out the general direction of the budget and now includes a *Wellbeing Outlook*. The *Wellbeing Outlook* provides an analysis of current and distributional well-being outcomes and resources for future well-being. This work complements the budget's traditional *Economic and Fiscal Outlook* as the basis for setting government priorities.

In addition to engaging with ministries, agencies and technical experts including the Government's Chief Scientific Advisors, the New Zealand Government utilised the LSF to identify five policy priorities to focus expenditure decisions:

- *Taking Mental Health Seriously* – Supporting mental wellbeing for all New Zealanders, with a special focus on people younger than 24-years of age;
- *Improving Child Wellbeing* – Reducing child poverty and improving child wellbeing, including addressing family violence;
- *Supporting Māori and Pasifika Aspirations* – Lifting Māori and Pacific incomes, skills and opportunities;
- *Building a Productive Nation* – Supporting a thriving nation in the digital age through innovation, social and economic opportunities; and
- *Transforming the Economy* – Creating opportunities for productive businesses, regions, *iwi* and others to transition to a sustainable and low-emissions economy.¹⁵

Furthermore, when submitting funding requests for new policy proposals, ministries are required to align these with the identified government well-being priorities. In particular, they are required to provide evidence of how their funding request meets one of the following criteria:

- Focussed on the five wellbeing policy priorities of the Government;
- Explained in terms of the LSF measurements and how the measure contributes to wellbeing;
- A cost over which ministries have little or no control;
- Reflect coalition promises.

Ministries were asked to identify 1% of their expenditure that was not aligned with well-being that could be considered for "re-prioritisation" towards higher-priority programme areas. The intention of adopting a well-being perspective to framing budgetary proposals was to ensure that well-being was explicitly considered during budgetary discussions.

To support ministries in adopting a well-being perspective as part of their budgetary work the New Zealand Treasury has developed a cost-benefit analysis model (CBAX tool) that has been specifically designed to align with the well-being approach.¹⁶

¹⁵ New Zealand Government, 2018, 2019 and 2021a; Huang, Renzio and McCullough, 2020.

¹⁶ New Zealand Government, 2021b. In this context it is also worth noting ongoing work in Canada to incorporate well-being measures into its budgetary process. A new Quality of Life Framework was included with its budget. This framework is intended to set out what it means to have a good quality of life in Canada and to better identify investment priorities. In this context, it is also worth

Upton (2021) has reflected on the experience of well-being budgeting in New Zealand. In New Zealand well-being budgets have been presented in ambitious terms: marshalling public expenditure to the cause of enhancing well-being. This ambition has been described in terms of how well-being budgets are supposed to:

- Ensure that expenditure focuses on those areas that offer the greatest opportunities to improve the well-being of New Zealanders;
- Align these opportunities with the well-being outcomes that New Zealanders value most highly; and
- Take a long-term view and ensure that intergenerational outcomes are kept in sight.

However, rather than trying to ascertain whether well-being budgets in New Zealand have delivered on this ambitious agenda, Upton instead focuses on a more fundamental question of whether decision makers have received the advice that would enable them to make such decisions. This is a key question as the information requirements to meet such an ambitious agenda are significant. The discussion of this question focuses on two key issues:

- The scope of information used to inform budgetary discussions.

While the holistic, outcomes focus of the well-being perspective has the potential to make an important contribution to the budgetary process, it is perhaps prudent to avoid giving too much weight to any one perspective.

Modern societies are complex and encompass a wide mix of interests and needs. The budgetary process is both a technical exercise and a political exercise (i.e., decisions are made about how to prioritise and allocate limited public resources across many competing demands). There is a risk that only considering proposals that are consistent with a single perspective, in this case that of well-being, to the exclusion of other important policies (because they do not fit within that perspective) will require the introduction of *ad hoc* arrangements to ensure that such proposals are considered.

This risk is accentuated by doubts as to how clearly the relationship between public policy and well-being can be defined.

As such then, while a well-being perspective has the potential to inform budgetary discussions, it ought to do so as one of a number of different perspectives.

- The type of information available to inform budgetary discussions.

If well-being budgeting is about prioritising public policies that purport to enhance well-being, then there is a need to have available not only a clear statement of the relationship between public policy and well-being, but also evidence demonstrating that such policies advance well-being and an array of outcome indicators against which these policies can be evaluated in the future.

noting that Canada uses its Gender-based Analysis Plus (GBA+) to assess the potential impacts of government actions (impacts based on gender, age, ethnicity, indigenous heritage, geographic location, socio-economic status, family status and disability status). This type of ex ante screening tool can help identify where policy may create or exacerbate inequalities of opportunity for diverse groups of people. (Government of Canada, 2021) Similarly, in the UK, the Treasury (2021) has developed guidance about the use of well-being concepts, measurement and estimation in the appraisal of public policy. The OECD (2020, 2021) notes that while half of OECD countries have introduced gender budgeting, very few undertake this type of ex ante assessments. A number of countries have developed “youth checks” as part of policy-making processes.

For the budgetary process to be able to discriminate between the effectiveness of alternative policy proposals, each proposal would need to be able to articulate with a high degree of precision the contribution of each proposal to advancing well-being.

In addition to the technical challenges associated with setting out such evidence, the impact of public policy on well-being may not be immediately obvious. It may take time before the benefits are observed, or the benefits may be cumulative, that is, a consequence of several policy interventions across the lifecycle (e.g., educational opportunities, efforts to address poverty and disadvantage).

With regard to the New Zealand case, Upton (2021: 25) notes that:

...the current wellbeing approach to budget formation does not currently provide a clear and practical means of prioritising public expenditure through reference to the overarching goal of promoting wellbeing. It may be that such hopes are unachievable.

The challenges around the types of information available to inform budgetary decisions suggests a need to temper any claims about the benefits of well-being budgeting. Given the stage of development of the well-being initiative in Ireland, the focus should be on seeking to use the well-being framework to inform budgetary discussions.

4. Budgetary Process and Performance Framework in Ireland

In terms of meeting *Our Shared Future's* commitment to utilising the *Well-being Framework, Understanding Life in Ireland* proposes a number of ways that it can be used to inform the budgetary process. Before considering the opportunities for including a well-being perspective within the budgetary process it is useful to set out an overview of that process and its key features.

Furthermore, it is also worthwhile outlining how the well-being initiative is located within an overall performance framework. Over the course of the last decade or so, a variety of different reforms have supported the development of the performance framework. While each of the various initiatives are important in their own right, together they seek to enhance the use of evidence in the policy process and ensure that the limited available public resources are used efficiently to deliver effective public services.

4.1 Budgetary Process

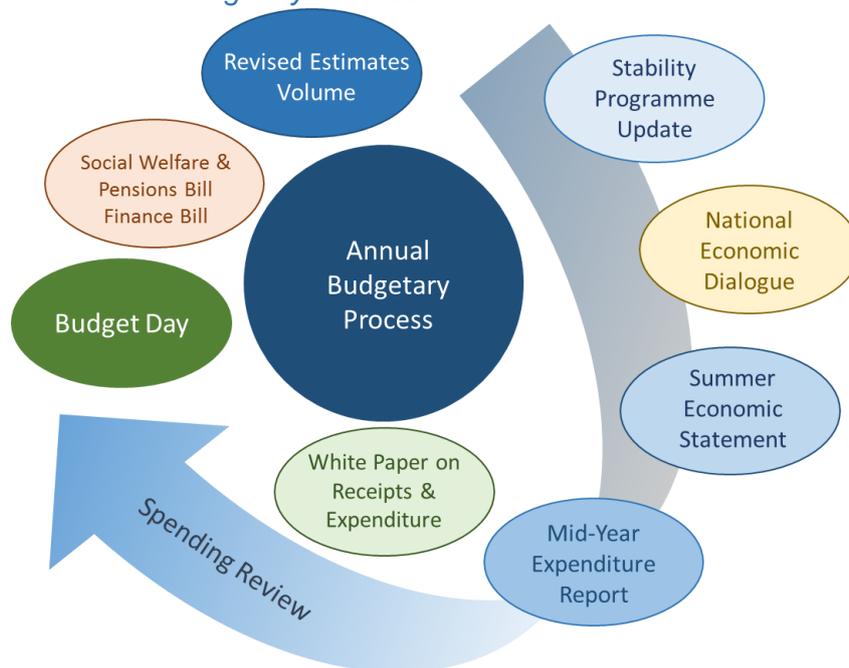
Each year, on Budget Day, the Government sets out its plans for raising revenue and providing resources to support public services over the coming year. A lot of attention is focussed on the Budget Day announcements, in particular new current expenditure measures; the preceding weeks are often filled with speculation about what the Government might or ought to do. However, this tends to ignore that the vast majority of public expenditure is allocated to support ongoing current expenditure and capital investment. In any given year, there is usually little scope for introducing new expenditure measures. Moreover, instead of being about a single day, or a few short weeks, it is more appropriate to think about the budgetary process in terms of an annual whole-of-year cycle within which a complex array of information from multiple sources is mediated at political and official levels to inform time-bound decisions by the Government.

The key stages of the budgetary cycle are set out in Figure 2 and include:

- *Stability Programme Update* - In April, the Stability Programme Update (SPU) is submitted to the European Commission. The SPU outlines the economic background to the budget and sets out the Government's economic strategy over the next five years.
- *National Economic Dialogue* - In June, the National Economic Dialogue (NED) is attended by Ministers, Members of the Oireachtas, business and employee representatives, social and voluntary groups, environmental groups and other representative bodies. The NED is structured so as to provide an opportunity for sharing views about competing economic and social priorities.
- *Summer Economic Statement* - In July, the Summer Economic Statement (SES) is published and provides an updated assessment of how the economy and the public finances are doing as well as setting out the Government's strategy for the Budget. It allows for an open discussion about options and priorities in advance of the budget.
- *Mid-Year Expenditure Report* - In July, the Mid-Year Expenditure Report (MYER) is published and it reviews the Government's expenditure position to end-June across all spending areas. It sets out the up-to-date pre-Budget position.

- *White Paper on Receipts & Expenditure* - The weekend before the Budget, the White Paper on Receipts & Expenditure is published by the Department of Finance. The White Paper sets out projected national revenues and spending for the current year and the next year. It sets out the opening position for the Budget and this is calculated on a pre-Budget basis.
- *Spending Review* - Is focused on improving expenditure allocation across the public sector and is a primary platform for the development of policy analysis and evaluation in support of the service-wide agenda of evidence-informed policy making. As a process, it runs from the weeks following the publication of the Budget, when potential topics for analysis are identified and considered, to the publication of papers with the Mid-Year Expenditure Report and on Budget Day.

Figure 2 – Whole-of-Year Budgetary Process



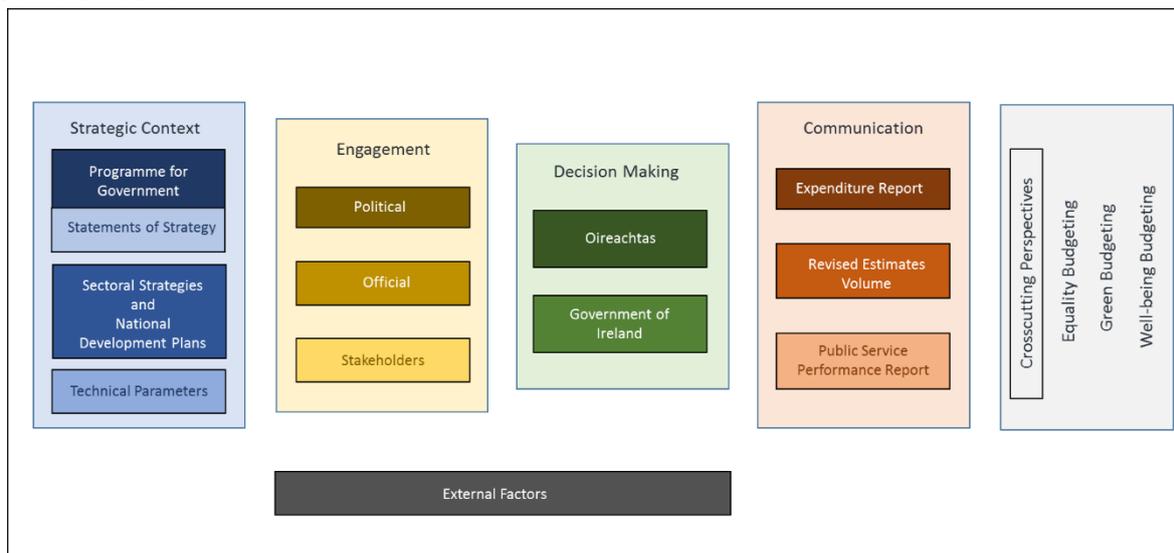
- *Budget Day* - The Minister for Finance and the Minister for Public Expenditure & Reform present the Budget Statement to Dáil Éireann and the Government publishes key budgetary documents. This sets out the changes Government proposes to make to taxes and spending in the following year. These proposals are debated in the Houses of the Oireachtas with any proposed changes that are to have immediate effect being voted on by Dáil Éireann as Financial Resolutions.
- *Social Welfare & Pensions Bill* – The Social Welfare & Pensions Bill provides for changes in the social welfare code announced in the Budget and is usually enacted soon after Budget Day.
- *Finance Bill* - The Finance Bill puts the tax measures announced in the Budget into law. It must be enacted within four months of the passing of the Budget Day Financial Resolutions.
- *Revised Estimates Volume* - In December, the Revised Estimates Volume (REV) is published by the Department of Public Expenditure & Reform. The REV provides full details about resource allocations to each Government Department and Office. It also

sets out performance information. Dáil Éireann approves the Estimates set out in the REV by way of Financial Resolutions whereupon expenditure in accordance with those resolutions is possible under the law.

In addition to the budgetary cycle, it is also worth noting that a variety of factors and interactions shape budgetary prioritisation, decision making and communication. Prioritisation is informed by a wide range of internal and external factors. The strategic context is for the most part set by the:

- Programme for Government, a document that specifies a government’s policy intentions¹⁷ and as such provides an important anchor to prioritisation. In this context, it is also worth noting Statements of Strategy as these describe ongoing policies and programmes resourced by public funds, in particular setting out Departments’ and Offices’ key objectives, outputs and related strategies (including use of resources).
- Sectoral policy strategies and national development plans set out key policy challenges that are to be prioritised by public policy and public investment, and often seek to coordinate the implementation of policy and delivery of services across government departments and agencies to achieve better outcomes.
- Technical budgetary parameters set out in the *Stability Programme Update* and the *Summer Economic Statement*.

Figure 3 – Factors and Interactions Shaping Budgetary Prioritisation, Decision-Making and Communication



In addition to the strategic context, budgetary prioritisation is also informed by a series of engagements within Government at political and official levels, and with key stakeholders. Governments may also have to consider how best to respond to unanticipated events that pose significant challenges for people, business and society. While some of these can emerge within Irish society, over the course of the last decade there have been several external events that have required a domestic budgetary response (e.g., provision of Covid-19 related supports, humanitarian supports for Ukrainian refugees, and the Brexit Adjustment Reserve).

¹⁷ Mansergh and Thompson, 2007.

In terms of decision making, the Constitution requires that the Government prepare estimates of the receipts and expenditure of the State for each financial year and present these to Dáil Éireann (Article 28.4.4). While Article 17.2 of the Constitution sets out the Government's right of initiative in relation to public finance, public money may be appropriated only on the authority of Dáil Éireann. The estimates are considered by Dáil Éireann as soon as possible after their presentation, and its approval is effected by means of Financial Resolutions. The annual Appropriation Act gives statutory effect to the individual Estimates voted by Dáil Éireann for that year. When consideration of all Department and Office Estimates have been finalised by the Dáil, the Appropriation Act is passed by the Oireachtas at the end of the year.¹⁸

There a number of ways through which the Government sets out how resources have been allocated for the coming year. The Expenditure Report is published on Budget Day. It sets out the Government's decisions on spending allocations for each Government Department and Office, provides an overview of the main fiscal and expenditure policy considerations that have been taken into account in setting the expenditure strategy, describes the nature of the funding allocations for current spending and public services to be delivered, and contains the full details of the expenditure allocations for each Vote.

In recent years, the Government has also published a *Citizen's Guide* to the budget that seeks to provide an accessible overview of the Budget.

As noted above, in December, the Government publishes the REV, and a few months later, the *Public Service Performance Report*. The *Public Service Performance Report* provides an overview on what is being delivered with public funds (i.e., how public funds have been allocated, how those funds have been used and the impact of this spending on society). The *Performance Report* is also intended to support Oireachtas Committees in scrutinising public expenditure and engaging in a performance dialogue with Government Ministers.

4.2 Location of the Well-being Initiative in the Performance Framework

The development of the well-being initiative and its integration within the budgetary process are part of a series of reforms that have progressed Ireland's performance framework. As with each of the elements of the performance framework introduced over the course of the last decade, the well-being initiative is important in its own right, and as part of an overall structure that is seeking to improve how public money is best used to enhance the lives of people living in Ireland. Figure 4 provides a high-level summary of the location of the well-being initiative within the performance framework.

The performance framework is underpinned by a number of initiatives that were introduced at the start of this reform process. These reforms contribute to:

- Demonstrating how public money is used (Performance Budgeting initiative);
- Utilising evidence to inform policy-making (Public Spending Code); and
- Developing the capacity of the civil service to undertake evidence informed policy work (establishment of the Irish Government Economic & Evaluation Service).

Both the Performance Budgeting initiative and the Public Spending Code are central to how the *Well-being Framework* will be utilised as a way of informing public policy. These key initiatives have a shared focus on the:

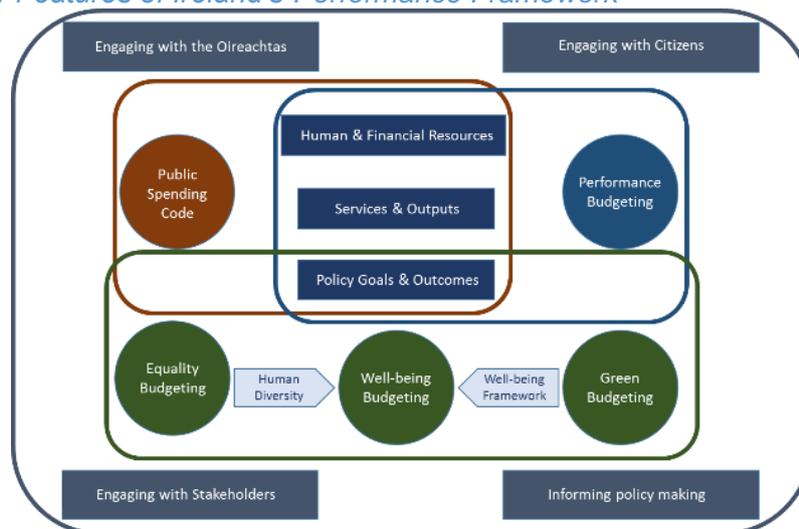
¹⁸ <https://www.gov.ie/en/collection/35923-public-financial-procedures-booklet/>

- Resources provided to support the implementation of policies and programmes (i.e., human and financial);
- Services these resources are used to deliver; and
- Results or impacts that these services have on people’s day-to-day lives.

These initiatives differ in terms of the perspectives they bring to questions around the efficient use of public resources to deliver effective public services. The Performance Budgeting initiative has shifted the balance of emphasis away from a single focus on the provision of resources to one that is more concerned with how those resources are used. The Public Spending Code focuses on appraising proposed programmes and schemes and evaluating existing programmes and schemes.

In more recent years, the development of the performance framework has placed an increasing focus on policy goals and the impact of public policy on people’s lives (i.e., Equality Budgeting and Green Budgeting and now Well-being Budgeting). These initiatives are concerned with questions around the intention of government policy and progress toward achieving policy goals, within the broader context of limited public resources.

Figure 4 – Key Features of Ireland’s Performance Framework



These recent goal-focussed initiatives also share key components. For instance, the Equality Budgeting and Well-being initiatives have an explicit focus on how people’s experiences differ from one another and how the impact of public policy can differ between groups of people. These approaches can contribute to better public policy by supporting the development of more refined descriptions of policy challenges, the articulation of clearer policy goals and identification of people who may benefit from more targeted policy interventions.

There is a clear link between the Green Budgeting and Well-being initiatives, as one of the dimensions of the *Well-being Framework* is concerned with the quality of the environment in the place in which people live and work (i.e., Environment, Climate & Biodiversity dimension). From another perspective, the impact of climate change on how people live is likely to be reflected in other dimensions of the *Well-being Framework* (e.g., people’s health, damage to infrastructure, the quality of houses). In addition, an equality perspective is also relevant as the consequences of efforts to address the causes of climate change and mitigate its impacts are likely to vary between groups of people in Irish society.

5. Opportunities for Including a Well-being Perspective within the Irish Budgetary Process

Over the course of the last few decades there has been an increasing focus on the issue of “well-being”. However, this is more an acknowledgement of the limitations of economic growth as a measure of how well people are progressing than a new issue that should be the focus of public policy. The use of well-being frameworks to consider policy challenges is relatively novel, but the notion of enhancing well-being as a purpose of public policy is not. Over the millennia, governments have sought to implement public policies to advance the well-being (welfare) of their *citizens*. While economic growth may never have been the all-consuming goal of policy and budgetary decisions, the development of well-being frameworks provides policy communities with a structure to make explicit those other policy goals that (can) also inform such decisions.¹⁹

The purpose of this section is to set out a number of ways through which a well-being perspective can be used to inform the various stages of the budgetary cycle. The Government has committed to the *Well-being Framework* featuring in the budgetary process from 2022. *Understanding Life in Ireland* sets out the next phase of work in this area as embedding a well-being approach into elements of the budgetary process over time, as well as the policy-making process more generally.

5.1 Summer Economic Statement

In June 2022, for the first time, a high-level analysis of the Well-being Dashboard was published²⁰ and subsequently featured in the *Summer Economic Statement*. An updated version was also included in budgetary documentation. The purpose of doing so is to set out high-level evidence and context for identifying potential priorities, and highlighting progress across a wide range of policy issues that are important for longer-term quality of life and sustainability. This analysis will serve as a complement to standard economic and fiscal reporting.²¹

In addition, on Budget Day, the Department of Finance published *Budget 2023: Beyond GDP - Quality of Life Assessment* that included an updated version of the dashboard and analysis, and a review of tax policy changes in recent years that related to the Income & Wealth and Environment, Climate & Biodiversity dimensions.

5.2 National Economic Dialogue

Understanding Life in Ireland proposes that a focus on well-being issues at the National Economic Dialogue (NED) offers an opportunity for a well-being perspective to contribute to budgetary prioritisation. In particular, it suggests that such a focus will allow the broad range of stakeholders participating at the NED to consider longer-term economic, social and environmental factors as part of their discussions. It is also suggested that the analysis of the Well-being Dashboard could be used to inform these discussions.

¹⁹ Upton, 2021.

²⁰ Government of Ireland, 2022.

²¹ Government of Ireland, 2022: 34-35.

In 2021 and 2022, the Minister for Public Expenditure & Reform chaired breakout sessions that were informed by a well-being perspective. In 2022, the breakout session considered sustainable public expenditure in the context of the *Well-being Framework's* vision of “enabling all our people to live fulfilled lives now and into the future”. Participants were asked to consider what might be encompassed by the notion of “fulfilled lives” and the policy issues or challenges that should be prioritised in order to achieve such a vision by 2030. Participants were also asked to consider how public policy might be able to provide opportunities for those whose abilities to progress and change their lives have been hindered by factors such as poverty and deprivation.

5.3 Spending Review

The Spending Review process offers an opportunity to develop and present policy analysis that applies a well-being perspective to existing public policies and programmes. In particular, a well-being perspective provides an opportunity to reflect on and examine the impact of public policy on people's lives. This is in keeping with the Spending Review's focus on critically assessing policy and programmes in terms of their efficiency and effectiveness, sustainability and ongoing rationale.

The utilisation of a well-being perspective in a public policy context can support efforts to:

- Describe:-
 - The place of well-being within an Irish policy context (i.e., how existing public policy is focused on progressing well-being);
 - How well-being has progressed;
 - The resources and services that have been utilised to progress well-being; and
- Inform discussion about the:-
 - Further development of well-being within an Irish policy context;
 - Articulation of policy goals (i.e., have a clear focus on an intended outcome and direction of travel); and
 - Identification of appropriate indicators to measure progress.

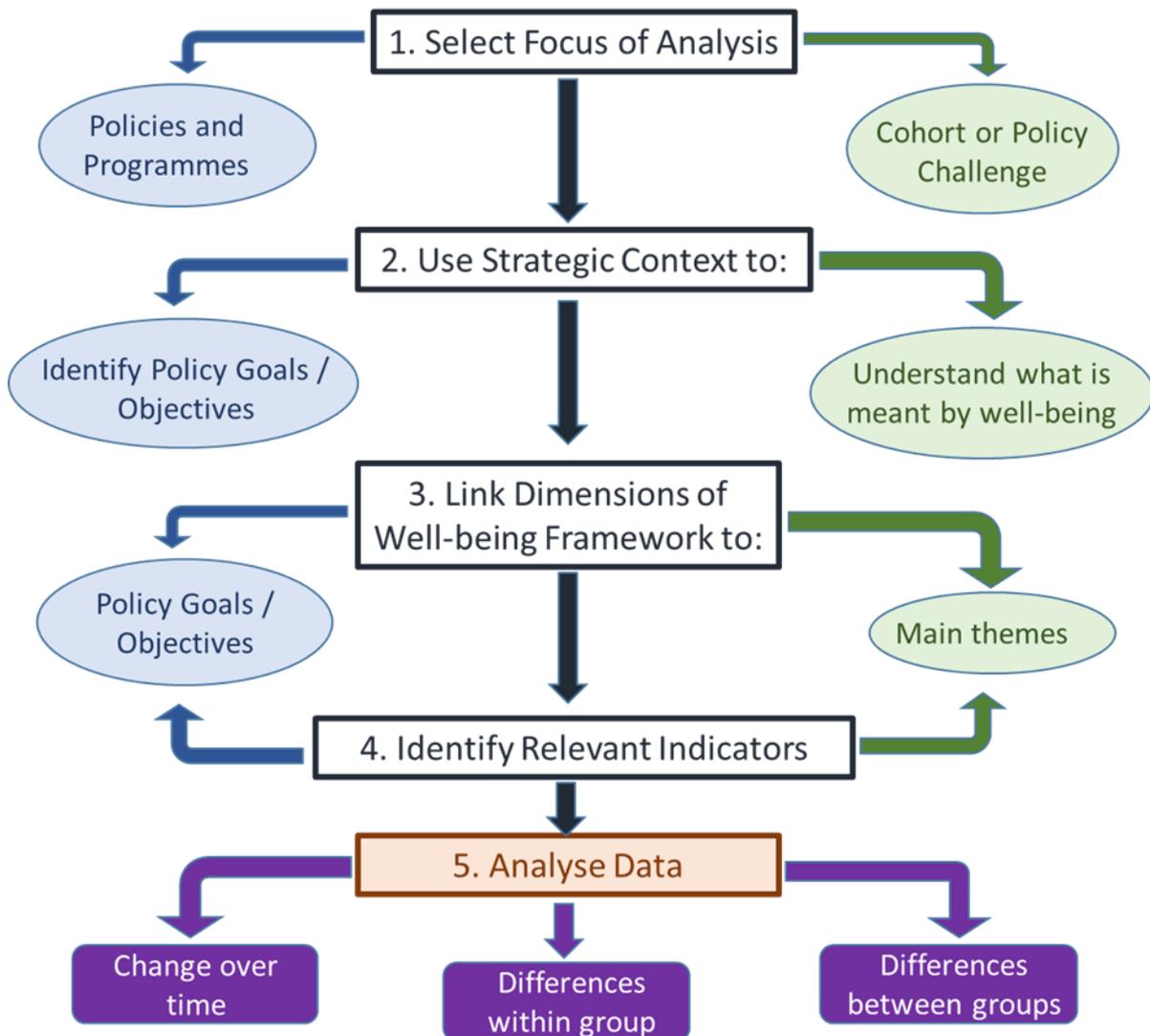
In order to progress this, the Well-being Public Policy Unit in the Department of Public Expenditure & Reform has piloted a number of approaches to utilising a well-being perspective for policy analysis. In particular, the pilot work has focussed on using the *Well-being Framework* to:

- Describe the lives of a cohort within the Irish population (i.e., older people in the context of the broad policy challenge of ageing); and
- Examine the relationship between well-being and public policy by focusing on policies and programmes that are concerned with particular policy challenges (i.e., early learning and childcare, child and family welfare and protection).

Figure 5 sets out the key features of an approach that might be used as part of the Spending Review to examine the relationship between public policy and well-being:

- The “strategic context” sets out an understanding of what is meant by well-being for a particular cohort or policy area and/or the relevant policy goals and objectives associated with a set of policies and programmes;
- A set of indicators that are relevant to both the well-being dimensions and the main aspects of well-being for a particular cohort or policy area and/or policy goals and objectives.

Figure 5 – Key Features of the Approach used to examine the Relationship between Well-being and Public Policy



The approach to examining the relationship between well-being and policy involves:

- Linking the dimensions of the *Well-being Framework* with the main aspects of well-being and/or policy goals and objectives; and
- Examining indicators to address key questions, such as:

- How has well-being changed over time?
- How does the well-being of a particular group of people compare to that of people in general?
- How does well-being differ within the group of people that is the primary focus of a public policy?

These questions are important because they shape the perspective from which the relationship between well-being and policy is examined, and a given perspective can shape conclusions about that relationship. For instance, what might be seen as an improvement in the well-being of a particular group of people may be tempered by the realisation that their well-being is less than that of people in general, or that the well-being of some within the group is better than others.

5.4 Budget Day Publication

Finally, as *Understanding Life in Ireland* notes there is an opportunity to utilise the *Well-being Framework* to present budgetary allocations and decisions. Each year, the Budget allocates public resources to support and enhance the well-being of people living in Ireland. However, that this is not immediately obvious is perhaps because resource allocations are presented in terms of Government Departments (Votes and Vote Groups) and such titles may be limited in terms of communicating the scope of policy under their remits. Furthermore, it is likely that the policies and programmes encompassed by any one dimension of the *Well-being Framework* may be the responsibility of several Departments and Offices. As such then, it is not straightforward to describe the distribution of resources in terms of the dimensions of the *Well-being Framework*.²²

What is set out here is an initial approach to addressing the challenge of describing how public resources are used to enhance the well-being of people living in Ireland. In part, the purpose of doing so is to increase transparency about the use of limited public resources and inform discussions about the prioritisation of these limited resources. Furthermore, at this initial phase of development, what is set out here is intended to inform discussion about how to embed a well-being perspective into the expenditure side of the budgetary process.

It is proposed that a paper should be published on Budget Day that:

- *Uses the dimensions of the Well-being Framework to provide a cross-governmental presentation of the budgetary expenditure decisions.* It is intended that this will serve as a complement to the existing Vote Group approach to presenting such decisions.
- *Describes the overall level of allocated resources in terms of the well-being dimensions.*

In order to progress this proposal it will be necessary to code each expenditure sub-head in the Estimates (as published in the Revised Estimates Volume) in terms of the

²² One way of classifying expenditure is to use the Classification of the Functions of Government (COFOG). This was developed by the OECD in 1999 and published by the United Nations Statistical Division as a standard classifying the purposes of government activities. The divisions of COFOG are: general public services; defence; public order and safety; economic affairs; environmental protection; housing and community amenities; health; recreation, culture and religion; education; and social protection.

dimensions of the *Well-being Framework*.²³ The advantage of doing so is that it will not only facilitate aggregating the resources allocated to policies and programmes that support different aspects of well-being, but it will also allow for a more definitive linking of budgetary decisions to well-being dimensions.

The development of this approach will involve engaging with Departments and Offices to:

- Identify policy goals associated with each expenditure sub-head. What is sought here are statements that identify, for instance, the policy challenge that is being addressed, the intended impact or results of a policy, the benefit associated with the public service or good and so on; and
- Code (“tag”) each expenditure sub-head based on the stated policy goal. What is sought here is to link the goal associated with each expenditure sub-head to one or two dimensions of the *Well-being Framework*. (See Appendix A.) The Department of Public Expenditure & Reform will engage with Departments and Offices about the development of guidelines for coding sub-heads

Fortunately, a project to examine, *inter alia*, budget tagging in Ireland has recently been funded by the European Union’s Structural Reform Support Program (SRSP) and has been supported by experts from the OECD. This project involved a pilot phase that sought to (a) identify policy goals for each sub-head in the participating Departments’ Estimates and (b) code these against the *Well-being Framework* as well as against categories relevant to Equality Budgeting and Green Budgeting. (See Box 2, below.)

Based on feedback from the Departments that participated in the budget tagging pilot exercise, the intention is to develop this initiative by:

- Supporting the rollout of the initiative by providing Departments with “potential” policy goals in order to begin the process of (a) articulating policy goals for each subhead and (b) coding these goals based on the *Well-being Framework*;
- Providing an interface on the eEstimates system to input “tags” rather than rely on the use of spreadsheets. This should also facilitate easier reporting; and
- Noting that “tags” will remain fixed on the eEstimates system unless Departments request a change (e.g., a change in the policy goal, introduction of a new subhead).

²³ For instance, *Project 2040 Investment Projects and Programmes Tracker* provides a useful illustration of such an approach as it includes information on the type of investment (e.g., Rural Development; Culture, Heritage & Sport; Climate Action).

Box 2 – Ireland’s Budget Tagging Pilot Exercise

In 2022, a pilot “budget tagging” exercise was undertaken in Ireland as part of a project funded by the European Union’s *Structural Reform Support Programme* (SRSP) and supported by experts from the OECD.

In general terms, budgeting tagging is a tool for monitoring and tracking expenditure; a way of mapping public expenditure. The intention is to inform and support greater understanding and transparency about public expenditure. It can often be difficult to arrive at a high level summary that describes the purposes to which public money is used. This is especially so when expenditure is allocated across a large number of Government Departments and Offices. In addition to mapping public expenditure, it is intended that the information provided will also help to inform discourse about budgetary decisions, shape prioritisation and track progress towards achieving policy goals as well as provide a useful source of evidence for programme evaluations, spending reviews and other pieces of policy analysis.

Budget tagging involves assessing the purpose of each expenditure line in the budget and attaching a “tag” that describes an element of a particular framework. The recent reform initiatives of Equality Budgeting, Green Budgeting and Well-being Budgeting offer an opportunity to set parameters for an accessible description of how public resources are allocated. It is likely that this initiative will be developed and implemented iteratively as the subjective nature of “tagging” will involve reviewing and reflecting on actions and making appropriate adjustments so that the methodology and data achieve a sufficient level of accuracy.

Irish budget tagging pilot

In Spring 2022, the Department of Transport, Department of Housing, Local Government & Heritage, and Department of Tourism, Culture, Arts, Gaeltacht, Sport & Media participated in a budget tagging pilot exercise.

The purpose of this exercise was to “tag” public expenditure utilising the recent reform initiatives introduced as part of Ireland’s Performance Framework (i.e. Equality, Green and Well-being budgeting).

To support the project, each Department was provided with a spreadsheet that:

- Listed each expenditure subhead under the Department’s Strategic Programmes (as set out in the Revised Estimates Volume);
- A “potential” policy goal associated with each subhead; and
- A definition of each of the categories or dimensions included in the three reform initiatives (e.g., dimensions of the *Well-being Framework*).

The participating Departments were asked to:

- Check the text of each “potential” policy goal and correct as appropriate; and
- Select the most appropriate dimension of the *Well-being Framework* that should be associated with each subhead based on the text of the policy goal (i.e., “tag” each subhead). While recognising that a policy goal may be associated with several dimensions, at this stage of development Departments were asked to at-most code two dimensions.

Within the Departments, the Finance Units were the main point of contact and they coordinated the tagging exercise undertaken by their Departments.

Feedback from Departments

In June 2022, the OECD engaged with the participating Departments. The Departments reported that they found the tagging exercise to be:

- Useful in terms of mapping expenditure in relation to the reform initiatives;

- A useful tool to consider outcomes of their policies; and
- In general, did **not** find the pilot exercise to be complicated.

That said, the Departments highlighted a number of challenges:

- *Time and capacity constraints* - Budget tagging requires time and sufficient capacity, and should be implemented gradually. Departments noted that it would be important that DPER would continue to provide support and guidance in implementing budget tagging.
- *Policy goals not fit for purpose* - In certain instances, Departments noted that they found it difficult to relate policy goals to cross-cutting priorities. In particular, it was not always possible to adjust policy goals that “cascaded” down from Government and other high level strategic documents. Departments noted that there is a need to develop better linkages between strategic planning and budgeting so that outcome-oriented goals are elaborated for expenditure sub-heads. It was felt that better linkages would enhance the budget tagging process and improve outcome orientation across Irish public administration.
- *Additional reporting burden* - The Departments noted that additional reporting burdens should be avoided and that the information from tagging should be published in existing documents (e.g., Public Service Performance Report). A more detailed breakdown could be provided upon request.

OECD Technical Note on Implementing Budget Tagging in Ireland

The OECD (2022) recommends that the approach to implementing budget tagging in Ireland should be:

- Gradual, the focus should be on tagging the most relevant and easily identifiable budget titles of selected pilot departments, for budget allocations that clearly contribute to cross-cutting priorities. Such an approach will allow for the building up of knowledge before extending tagging to all budget allocations and performance goals. Positive, neutral and negative tags should be assigned where possible, in order to get a comprehensive understanding of how budget measures contribute to cross-cutting priorities;
- The existing e-Estimates system should be updated so that tagging can be done directly through the system. For this to happen, a specific tagging module should be added to the system where expenditure and performance goals can be tagged and information from tagging processed in a user-friendly way;
- DPER should clearly define the methodology around tagging and provide line departments with necessary guidance material so that everyone is following the same logic when implementing tagging;
- While tagging should build on the existing capacities within the administration, it is important to provide capacity building for departments.

6. Conclusion

The purpose of this paper has been to outline how a well-being perspective can be developed within the context of the budgetary process. From 2022, the Government is committed to featuring the *Well-being Framework* within the budgetary process. This follows from a commitment in the *Programme for Government – Our Shared Future* to use a well-being perspective to inform budgetary priorities as a complement to existing economic measurement tools.

This working paper has set out a variety of ways in which a well-being perspective can fit within Ireland's whole-of-year budgetary process. Already in 2022, this perspective has been introduced at the *National Economic Dialogue*, in the *Summer Economic Statement* and in budgetary documents published by the Department of Finance. The next phase of introducing a well-being perspective within the budgetary process involves using the *Well-being Framework* to frame a cross-governmental description of how resources have been allocated.

The ways in which the *Well-being Framework* has been integrated within the budgetary process draws on the experiences and lessons of others. The approach adopted is very much in keeping with the advice to utilise a multi-dimensional perspective. This is evident in both the use of the Well-being Dashboard to describe progress at a national level and in the proposals as to how to present budgetary decisions and allocations.

What has been set out in this working paper is clearly located within Ireland's performance framework. As the performance framework seeks to enhance an evidence-for-policy perspective, the focus on policy goals brings to the fore policy questions that look to the future, for instance, what is the policy challenge that the public resources are intended to address, what is the expected impact of policy actions supported by those resources, and what evidence is there to support such a contention, however conditional that evidence might be.

The experiences of others may also guide the Irish initiative as it seeks to embed a well-being perspective within the budgetary process. In particular, this will require leadership and engagement across Government, both at a technical level to ensure that expenditure subheads are "tagged" against the dimensions of the *Well-being Framework*, and to encourage the use of a well-being perspective to inform resource allocation decisions as well as the broader policy process. As part of this, there will be a need to undertake policy analysis that can begin to demonstrate the utility of adopting a well-being perspective to inform the budgetary process. The Spending Review offers an opportunity to present such analysis. However, the experience of others suggests the need to be proportionate with regard to what a well-being perspective can contribute to informing the budgetary process. A well-being perspective is one of several considerations that inform resource allocation decisions. Furthermore, like any approach to public policy challenges, it is constrained by the availability and relevance of evidence and the capacity of people to manage that evidence within decision-making timelines.

In terms of how this initiative may develop in the coming years, it will be important to examine how the embedding of a well-being perspective within the budgetary process can enhance strategic alignment; one of the potential benefits of introducing such a multi-dimensional perspective to budgetary and policy processes. A focus on strategic alignment brings to the fore key, complex policy making "tensions" around how public resources are allocated: sustainability (e.g., economic, environment), trade-offs (e.g., promote jobs, protect environment) and developing resilience (the need to ensure that Irish society and economy is able to mitigate the impact of, or support recovery from unanticipated events or shocks). If Ireland is to benefit fully from the introduction of a multi-dimensional, outcomes focussed

approach within its budgetary and policy processes then it will be important to enhance understanding of the notions of sustainability, trade-offs and resilience in Irish public policy and budgetary contexts.

In conclusion, this working paper has set out how a well-being perspective can be developed in a progressive and proportionate manner that leverages Ireland's performance framework to support and enhance the use of evidence within Ireland's whole-of-year budgetary process.

Appendix A – Capability Approach Description of Well-being Framework Dimensions

Dimensions	Well-being as Public Policy
Subjective Well-being	The cognitive and affective responses of individuals to their immediate circumstances as well as to retrospective and prospective reflections of how their life is progressing.
Mental & Physical Health	The physical and mental factors that shape the ability of the individual to engage in economic, social, cultural, community and family life.
Income & Wealth	The financial resources that shape the range of feasible choices available to an individual to meet their day-to-day needs and wants and the opportunity to mitigate personal, economic and societal risks and vulnerabilities.
Knowledge, Skills & Innovation	The cognitive and motor skills acquired and developed over the course of a person's life that shape their ability to achieve material or economic progress and meet needs relating to esteem (e.g. feeling of accomplishment) and self-actualisation (e.g., achieving full potential) as well as cope with and address change in their lived experience and in society more generally.
Housing & the Built Environment	<p>The physical infrastructure that shapes the ability of an individual to meet physiological needs (e.g., shelter), safety needs (e.g. personal security) and social belonging needs (e.g., a space for family, intimacy and a sense of connection).</p> <p>The built environment refers to the infrastructure and services (e.g., street furniture, accessible transport) that provide people with the opportunity to move freely and easily within their own local area and beyond.</p>
Environment, Climate & Biodiversity	<p>The nature of the place in which an individual lives and works shapes their ability to meet physiological needs (e.g., clean water and air) as well as more transcendental needs (e.g., relating to and interacting with nature).</p> <p>Humans can also hold considerable influence over the environment and can impact it positively (e.g., sustainable living, low carbon lifestyles in food, transport, energy use, etc; conscious consumer, limits waste etc.) or negatively (e.g., pollution, climate change, biodiversity loss).</p>
Safety & Security	The social, cultural, natural and institutional factors that shape the ability of an individual to live life and engage in activities without fear of harm from other people and to mitigate risks and impacts associated with infrastructural, mechanical and natural hazards.
Work & Job Quality	The productive activities (both paid and unpaid) that shape how an individual progresses (i.e., develop their skills and abilities, fulfil their personal ambitions) as well as building and supporting their self-esteem and informing their sense of contributing to society more generally.
Time Use	The efforts of an individual to both meet and combine the demands that others place on their tie (e.g., work, family and other caring commitments), and meet their own needs (e.g., personal care and development), subject to the constraint of a fixed quantity of time available in any single day.

Connections,
Community &
Participation

The opportunities that an individual has for engaging with other people and sharing activities in order to meet their basic needs and their psychological and self-fulfilment needs.

Civic Engagement,
Trust & Cultural
Expression

The rights and opportunities that an individual has to express their voice, and participate and contribute to the functioning of their society. This dimension also includes incidences or feelings of discrimination alongside the freedom to express cultural, personal or political views. The opportunities that people have to express their voice will in part be shaped by trust in public governance (e.g., its institutions, rules and norms) and how this fosters cooperation between people.

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