

Health Service Executive

Statement of Revenue Income and Expenditure

For the year ended 31 December 2021

Income	Notes	2021 €'000	2020 €'000
Department of Health Revenue Grant	3(a)	20,617,795	19,451,541
Surplus/Deficit on Revenue Income and Expenditure brought forward	3(b)	-	6,472
		<u>20,617,795</u>	<u>19,458,013</u>
Patient Income	4	342,780	328,549
Other Income	5	486,904	478,178
		<u>21,447,479</u>	<u>20,264,740</u>
Expenditure			
Pay and Pensions			
Clinical	6 & 7	4,390,573	4,127,292
Non Clinical	6 & 7	1,562,238	1,368,286
Other Client/Patient Services	6 & 7	1,052,529	950,673
		<u>7,005,340</u>	<u>6,446,251</u>
Non Pay			
Clinical	8	2,306,767	2,066,701
Patient Transport and Ambulance Services	8	113,065	135,690
Primary Care and Medical Card Schemes	8	3,923,558	3,642,405
Other Client/Patient Services	8	30,706	8,761
Grants to Outside Agencies	8	5,691,382	5,442,823
Housekeeping	8	362,974	383,630
Office and Administration Expenses	8	1,002,080	795,210
Other Operating Expenses	8	11,986	807
Long Stay Charges Repaid to Patients	9	19	55
Hepatitis C Insurance Scheme	10	418	1,054
Payments to State Claims Agency	11	461,331	372,704
Nursing Home Support Scheme (Fair Deal) - Private Nursing Home only	12	732,887	767,938
		<u>14,637,173</u>	<u>13,617,778</u>
Total Expenditure		<u>21,642,513</u>	<u>20,064,029</u>
Net Operating (Deficit)/Surplus for the Year		<u>(195,034)</u>	<u>200,711</u>

All gains and losses with the exception of depreciation and amortisation have been dealt with through the Statement of Revenue Income and Expenditure and the Statement of Capital Income and Expenditure.

The primary financial statements of the HSE comprise the Statement of Revenue Income and Expenditure, Statement of Capital Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position and Statement of Cash Flows.

Ciaran Devane
Chairperson
27 May 2022

Paul Reid
CEO
27 May 2022

Health Service Executive

Statement of Capital Income and Expenditure

For the year ended 31 December 2021

	Notes	2021 €'000	2020 €'000
Income			
Department of Health Capital Grant	3(a)	985,328	1,023,288
Surplus on Capital Income and Expenditure brought forward	3(b)	0	15,182
		<u>985,328</u>	<u>1,038,470</u>
Revenue Funding Applied to Capital Projects		1,785	1,724
Application of Proceeds of Disposals		2,549	9,179
Government Departments and Other Sources	13(c)	26,573	1,752
		<u>1,016,235</u>	<u>1,051,125</u>
Expenditure			
Capital Expenditure on HSE Capital Projects	13(b)	609,757	623,989
Capital Grants to Outside Agencies (Appendix 1)	13(b)	451,940	359,730
		<u>1,061,697</u>	<u>983,719</u>
Net Capital (Deficit)/ Surplus for the Year		<u>(45,462)</u>	<u>67,406</u>

All gains and losses with the exception of depreciation and amortisation have been dealt with through the Statement of Revenue Income and Expenditure and the Statement of Capital Income and Expenditure.

The primary financial statements of the HSE comprise the Statement of Revenue Income and Expenditure, Statement of Capital Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position and Statement of Cash Flows.

Ciaran Devane
Chairperson
27 May 2022

Paul Reid
CEO
27/05/2022

Health Service Executive Statement of Changes in Reserves

For the year ended 31 December 2021

	Notes	Revenue Reserves €'000	Capital Reserves €'000	Capitalisation Account €'000	Total €'000
Balance at 1 January 2020(as previously reported)		(1,069,168)	(123,759)	5,252,331	4,059,404
Prior Year Adjustment - Accruals*	26	71,440			71,440
Revised Balance at 1 January 2020		(997,728)	(123,759)	5,252,331	4,130,844
Transfer of (Deficit)/Surplus in accordance with <i>Section 33(3) of the Health Act 2004</i> , as amended	3(b)	(6,472)	(15,182)		(21,654)
Net Surplus for the year		200,711	67,406		268,117
DOH Debtor offset by First Surplus	3(b)	(53,990)	(46)		(54,036)
Proceeds of Disposal Account - reserves movement	14		0		0
Additions to Property, Plant and Equipment in the year	13(a)			446,918	446,918
State Investment in PPP Service Concession Arrangements				3,186	3,186
Less: Net book value of Property, Plant and Equipment disposed in year				(6,544)	(6,544)
Less: Depreciation charge in year	15			(226,530)	(226,530)
Balance at 31 December 2020		(857,479)	(71,581)	5,469,361	4,540,301
Balance at 1 January 2021		(857,479)	(71,581)	5,469,361	4,540,301
Transfer of Deficit/(Surplus) in accordance with <i>Section 33(3) of the Health Act 2004</i> , as amended	3(b)	(200,711)	(67,406)		(268,117)
Net (Deficit) for the year		(195,034)	(45,462)		(240,496)
Proceeds of Disposal Account - reserves movement	14		0		0
Additions to Property, Plant and Equipment in the year	13(a)			499,828	499,828
State Investment in PPP Service Concession Arrangements				3,621	3,621
Less: Net book value of Property, Plant and Equipment disposed in year				(40,762)	(40,762)
Less: Depreciation charge in year	15			(256,761)	(256,761)
Balance at 31 December 2021		(1,253,224)	(184,449)	5,675,287	4,237,614

*2020 figures have been restated to reflect the impact of the prior year adjustment for accruals, which is a requirement under FRS102.

The primary financial statements of the HSE comprise the Statement of Revenue Income and Expenditure, Statement of Capital Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position and Statement of Cash Flows.

Ciaran Devane
Chairperson
27 May 2022

Paul Reid
CEO
27 May 2022

Health Service Executive Statement of Financial Position As at 31 December 2021

	Notes	2021 €'000	2020 €'000
Fixed Assets			
Property, Plant and Equipment	15	5,820,648	5,618,343
Financial Assets		363	351
Total Fixed Assets		5,821,011	5,618,694
Current Assets			
Inventories	16	299,948	359,880
Trade and Other Receivables	17	468,787	415,613
Cash	21	603,789	812,031
Creditors (amounts falling due within one year)*	18	(2,715,379)	(2,445,707)
Net Current Liabilities		(1,342,855)	(858,183)
Creditors (amounts falling due after more than one year)	19	(162,528)	(168,419)
Deferred Income	20	(78,014)	(51,791)
Net Assets		4,237,614	4,540,301
Capitalisation Account		5,675,287	5,469,361
Capital Reserves		(184,449)	(71,581)
Revenue Reserves*	26	(1,253,224)	(857,479)
Capital and Reserves		4,237,614	4,540,301

*2020 figures have been restated to reflect the impact of the prior year adjustment for accruals, which is a requirement under FRS102.

The primary financial statements of the HSE comprise the Statement of Revenue Income and Expenditure, Statement of Capital Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position and Statement of Cash Flows.

Ciaran Devane
Chairperson
27 May 2022

Paul Reid
CEO
27 May 2022

Health Service Executive Statement of Cash Flows For the year ended 31 December 2021

	Notes	2021 €'000	2020 €'000
Net Cash Inflow from Operating Activities	21	(51,480)	486,412
Cash Flow from Investing Activities			
Cash payments for Capital purposes		(1,057,731)	(966,883)
Cash payments from Revenue for Capital purposes	13(a)	(34,942)	(84,502)
Receipts from sale of property, plant and equipment (excluding trade-ins)	14	2,549	9,179
Net Cash Outflow from Investing Activities		(1,090,124)	(1,042,206)
Cash Flow from Financing Activities			
Capital Grant received		985,328	1,023,288
Capital receipts from other sources	13(c)	26,573	1,752
State Investment in PPP Service Concession Arrangements		(3,621)	(3,186)
Payment of capital element of finance lease		(1,785)	(1,724)
Interest paid on loans and overdrafts		0	(9)
Interest paid on Service Concession Arrangements		(4,911)	(5,025)
Interest paid on finance leases		(816)	(876)
Capital Surplus Transferred to DOH	3(a)	(67,406)	0
Net Cash Inflow from Financing Activities		933,362	1,014,220
Increase in cash and cash equivalents in the year		(208,242)	458,426
Cash and cash equivalents at the beginning of the year		812,031	353,605
Cash and cash equivalents at the end of the year		603,789	812,031

Ciaran Devane
Chairperson
27 May 2022

Paul Reid
CEO
27 May 2022

Health Service Executive Notes to the Financial Statements

Note 1 Basis of Accounting and Statement of Compliance prepared separately (Word document)

Note 2	Operating Deficit		2021	2020
		Net operating deficit for the year is arrived at after charging:	€'000	€'000
		Audit fees	707	653
		Remuneration CEO*	430	426
			430	426

*The CEO received total remuneration of €430,339. This is comprised of basic pay €363,915, allowances €49,127 and benefit in kind (BIK) €17,298.

The BIK amount relates to the provision of a company car, is not a paid allowance and does not increase the overall gross pay. It is calculated value for the purposes of deducting tax in accordance with Revenue requirements.

The CEO is not a member of the HSE pension scheme and no employer pension contributions are made by the HSE on the behalf of the CEO. As a consequence the CEO receives an equivalent pension allowance. The CEO total expenses for 2021 amounted to €4,420 (2020 :€3,579).

	2021	2020
Board members' expenses*	€	€
Clarán Devane	362	2,162
Professor Deirdre Madden	0	1,831
Fergus Finlay	0	0
Fiona Ross (resigned 4 August 2021)	0	0
Brendan Whelan (appointed 12 March 2021)	0	0
Anne Carrigy (appointed 12 March 2021)	0	0
Dr Yvonne Traynor	0	0
Tim Hynes	0	0
Aogán Ó Fearghail	0	0
Dr Sarah McLoughlin	0	0
Brendan Lenihan	0	0
Professor Fergus O'Kelly	0	0
	362	3,993

The Board of the HSE was established on 28th June 2019 as governing body of the HSE in accordance with the Health Service Executive (Governance) Act 2019. The Act provides for a Chief Executive Officer who is accountable to the Board but is not a Board member. Fees are paid to Board members.

Note 3 Department of Health Revenue and Capital Grant

	3(a) Department of Health Revenue and Capital Grant		2021	2020
			€'000	€'000
		Net Revenue Funding allocated to HSE	21,627,500	20,474,829
		Less: Capital Funding	(985,328)	(1,023,288)
		Less: Once Off funding deferred until 2022*	(24,377)	0
		Department of Health Revenue Grant	20,617,795	19,451,541

*Once off funding allocations were sanctioned by the relevant Minister towards the end of 2021. These funding allocations have been treated as deferred income to cover expenditure in respect of specific services in Mental Health: €7.9m, Disability €6.4m and Palliative Care €10m.

The table below provides further analysis of Department of Health funding received.

	2021	2020
	€'000	€'000
Revenue Grant - Funding allocation from the Department of Health	20,617,795	19,451,541
Less: Remittances from Department of Health between 1 January and 31 December	(20,324,347)	(19,451,541)
Revenue Grant balance due from Department of Health 2021 (up to Approved Allocation)	293,448	0
Revenue Grant balance due from Department of Health 2020 (up to Approved Allocation)	0	53,990
Revenue Grant balance due from Department of Health offset against First Surplus 2019	0	(53,990)
Less: Retraction of Revenue First Surplus 2020 to the Department of Health	(200,711)	0
Revenue Grant balance due from Department of Health (up to Approved Allocation) as at 31 December	92,737	0
Capital Grant - Funding allocation from the Department of Health	985,328	1,023,288
Less: Remittances from Department of Health between 1 January and 31 December	(985,328)	(1,023,288)
Capital Grant balance due from Department of Health (up to Approved Allocation) carried forward	0	46
Capital Grant balance due from Department of Health offset against First Surplus 2019	0	(46)
Less: Retraction of Capital First Surplus 2020 to the Department of Health	(67,406)	0
Capital Grant owed to the Department of Health as at 31 December	(67,406)	0

Total Revenue and Capital Grant due from Department of Health, up to Approved Allocation, as at 31 December
Note 17

	2021	2020
	25,331	0

3(b) Transfer of (Deficit)/Surplus in accordance with Section 33(3) of the Health Act 2004, as amended

In 2020, the non-Capital Income and Expenditure Account recorded a surplus for the year of €200.7 million and the Capital Income and Expenditure Account recorded a surplus of €67.4 million. These surpluses were included in the HSE Reserves at 31 December 2020. In February 2022 the Minister directed, pursuant to Section 33 of the Health Act (as amended), that these amounts should not be carried forward by the HSE against its 2021 income and Expenditure. In 2021, total payments issued from the Health Vote to the HSE were €293 million less than the amount set out in the Minister's annual letter of determination. The HSE has offset the 2020 surpluses of €200.7 million and €67.4 million against this debtor giving a net balance owed to the HSE of €25 million.

Health Service Executive Notes to the Financial Statements

		2021	2020
		€'000	€'000
Note 4	Patient Income		
	Private Charges	219,303	206,938
	Inpatient Charges	22,508	20,597
	Emergency Department Charges	14,879	11,670
	Road Traffic Accident Charges	4,312	3,385
	Long Stay Charges	75,821	78,735
	EU Income - E111 Claims	5,957	7,224
		342,780	328,549
Note 5	Other Income		
	(a) Other Income	2021	2020
		€'000	€'000
	Superannuation Income	156,180	159,838
	Additional Superannuation Contributions (ASC) deductions from HSE own staff	137,388	130,264
	Additional Superannuation Contributions (ASC) deductions from service providers	62,901	61,639
	Other Payroll Deductions	9,015	8,833
	Secondment Recoupments of Pay	18,719	18,659
	Agency/Services - provided to Local Authorities and other organisations	5,171	8,595
	Canteen Receipts	8,841	8,759
	Certificates and Registration Income	9,623	8,081
	Parking	5,147	5,233
	Refunds	14,661	12,515
	Rental Income	3,788	2,422
	Donations	1,600	2,376
	Legal Costs Recovered	495	253
	Income from other Agencies (See Note 5(b) analysis below)	44,265	36,992
	Miscellaneous Income	9,110	13,719
		486,904	478,178
	(b) Income from Other Agencies *	2021	2020
		€'000	€'000
	Department of Foreign Affairs & Trade - Irish Aid: programme for overseas development	243	142
	Friends of St. Luke's Rathgar	325	88
	Department of Arts, Heritage, Regional and Gaeltacht Affairs - Helicopter Services	207	74
	Pobal/Stainte Care	7,573	3,775
	Clinical Trials Ireland - Clinical Research Trials	676	964
	EU Income - various projects	3,657	6,566
	Genio Trust (Mental Health Projects)	4,282	3,894
	Education and Training Boards/ Solas	875	1,028
	Regional Drug Task Force	5	727
	The Atlantic Philanthropies - National Dementia Strategy	382	959
	Katherine Howard Foundation - Nurture	242	1,110
	National Treatment Purchase Fund	22,751	15,339
	UHL Children's Ark Development Fund	0	172
	UCC Oncology Clinical Trials	263	1,055
	UHW Clinical Trials	296	0
	Nursing and Midwifery Board of Ireland	333	57
	Merck Sharp Dohme Clinical Trials	593	0
	Bayer Clinical Trials	125	0
	BMS Clinical Trials	99	110
	DMG Media- The Pulse Campaign	111	0
	NEIC Development Grant	789	0
	Tusia	262	0
	Niall Horan Donation	0	100
	Novartis (Donations & Clinical Trials)	176	432
	Kerry Hospice Donation	0	400
		44,265	36,992

*Only income from agencies in excess of €100,000 in either year are shown. Income from Other Agencies that did not exceed €100,000 in either year is shown at Note 5(a) under Miscellaneous Income. Accordingly, the 2020 comparatives above have been re-stated where appropriate.

Health Service Executive Notes to the Financial Statements

			2021	2020		
			€'000	€'000		
Note 6	Pay and Pensions Expenditure	Clinical HSE Staff	Medical/Dental	1,048,912	1,048,654	
			Nursing	1,837,233	1,724,700	
			Health and Social Care Professional	726,370	664,303	
			Superannuation	<u>498,455</u>	<u>472,403</u>	
					<u>4,110,971</u>	<u>3,910,060</u>
		Clinical Agency Staff	Medical/Dental	97,228	95,488	
			Nursing	122,234	87,277	
			Health and Social Care Professional	60,140	34,467	
				<u>279,602</u>	<u>217,232</u>	
		Non Clinical HSE Staff	Management/Administration	819,121	735,908	
			General Support Staff	361,185	351,511	
			Superannuation	194,875	184,022	
				<u>1,375,181</u>	<u>1,271,441</u>	
		Non Clinical Agency Staff	Management/Administration	108,851	44,327	
			General Support Staff	78,206	52,518	
				<u>187,057</u>	<u>96,845</u>	
		Other Client/Patient Services HSE Staff	Other Patient and Client Care	832,691	764,374	
			Superannuation	118,047	110,278	
				<u>950,738</u>	<u>874,652</u>	
		Other Client/Patient Services Agency Staff	Other Patient and Client Care	101,791	76,021	
	<u>101,791</u>		<u>76,021</u>			
Total Pay Expenditure			<u><u>7,005,340</u></u>	<u><u>6,446,251</u></u>		

Health Service Executive Notes to the Financial Statements

Note 6 Summary Analysis of Pay Costs

	Other Client/ Patient			Total 2021 €'000	Total 2020 €'000
	Clinical 2021 €'000	Non Clinical 2021 €'000	Services 2021 €'000		
Basic Pay	2,723,057	1,000,200	606,857	4,330,114	4,074,480
Allowances	104,002	8,569	23,528	136,099	132,125
Overtime	183,352	19,965	37,022	240,339	210,830
Night duty	68,253	5,608	19,716	93,577	84,311
Weekends	132,564	28,783	65,671	227,018	194,154
On-Call	67,547	1,998	406	69,951	78,011
Arrears	4,998	14,795	1,260	21,052	44,240
Wages and Salaries	3,283,773	1,079,918	754,459	5,118,150	4,818,150
Employer PRSI	328,743	100,388	78,232	507,363	471,299
Superannuation*	498,455	194,875	118,047	811,377	766,704
Total HSE Pay	4,110,971	1,375,181	950,738	6,436,890	6,056,153
Agency Pay	279,602	187,057	101,791	568,450	390,098
Total Pay	4,390,573	1,562,238	1,052,529	7,005,340	6,446,251

Total Pay Costs above relate to HSE services only. Pay costs for employees in the voluntary sector are accounted for under Non-Pay Expenditure (Revenue Grants to Outside Agencies). See Note 8 and Appendix 1.

Superannuation

Eligible staff employed in the HSE are members of a variety of defined benefit superannuation schemes. Superannuation entitlements (i.e. pensions) of retired staff are paid out of current income and are charged to income and expenditure in the year in which they become payable. In accordance with a Directive from the Minister for Health, no provision is made in the financial statements in respect of future pension benefits and no charge is made to the Statement of Revenue Income and Expenditure in respect of this. Superannuation contributions from employees who are members of these schemes are credited to the Statement of Revenue Income and Expenditure when received. No formal actuarial valuations of the HSE's pension liabilities are carried out. The Pension charge to the Statement of Revenue Income and Expenditure for 2021 was €811m (2020: €767m), which included payments in respect of once-off lump sums and gratuity payments on retirement of €143m (2020: €117m).

	2021 €'000	2020 €'000
*Analysis of Superannuation		
Ongoing superannuation payments to pensioners	668,421	650,020
Once-off lump sums and gratuity payments	142,956	116,684
	<u>811,377</u>	<u>766,704</u>

Termination Benefits

	2021 €'000	2020 €'000
Termination benefits charged to Statement of Revenue Income and Expenditure	294	110
	<u>294</u>	<u>110</u>

The termination benefits above relate to a settlement with one staff member during 2021 (2020: three staff).

In addition to the payments outlined above, no staff member was granted added years on termination. The value of enhanced pension arrangements was €nil.

Legal costs of €2,005 (2020: €33,494) were also incurred in relation to concluding the termination agreements.

Note 7 Employment

	2021	2020*
The number of employees at 31 December by Area of Operation was as follows (in whole time equivalents (WTEs)): **		
Acute Services	38,605	36,215
Mental Health	9,918	9,855
Primary Care	11,856	10,872
Disabilities ****	4,192	4,085
Older Persons*****	12,872	12,673
Community Health & Wellbeing	181	144
Health and Wellbeing	641	511
Ambulance Services	2,060	1,990
Corporate and HBS	5,183	4,847
Total HSE employees	85,508	81,192
Voluntary Sector - Acute Services	29,464	28,234
Voluntary Sector - Non Acute Services	17,351	16,748
Sub-total Section 38 Sector employees ***	46,815	44,982
Total Health Sector Employees ****	132,323	126,174

Source: Health Service Personnel Census

*2020 figures are restated to reflect current methodology and organisational mappings.

**All figures are calculated to 2 decimals and expressed as whole-time equivalents (WTE) under a methodology as set out by the Department of Health

*** Health Sector staffing figures relate to direct employment levels as returned through the Health Service Personnel Census (HSPC) for the public health sector (HSE & Section 38 Voluntary Hospitals & Agencies).

**** Directly employed home help staff are included in reported WTE w.e.f. 2020 and historical figures have been restated to reflect this methodology change. Pre-registration Student Nurses on clinical placement are recorded at 50 percent actual WTE in line with WRC agreement.

***** Disabilities and Older person are two separate divisions now and the comparative figure for 2020 has been revised

Health Service Executive Notes to the Financial Statements

Additional Analysis - Department of Expenditure and Reform Circular 13/2014 requirement

The number of HSE employees whose total employee benefits (including basic pay, allowances, overtime, night duty, weekends, on-call, arrears and excluding employer PRSI, employer pension costs) for the reporting period fell within each band of €10,000 from €60,000 upwards are as follows:

Pay Band (Number of Staff)	2021	2020
€60,001 to €70,000	10,822	10,409
€70,001 to €80,000	5,248	5,211
€80,001 to €90,000	3,093	2,734
€90,001 to €100,000	1,548	1,450
€100,001 to €110,000	785	676
€110,001 to €120,000	513	439
€120,001 to €130,000	360	285
€130,001 to €140,000	173	158
€140,001 to €150,000	159	137
€150,001 to €160,000	145	145
€160,001 to €170,000	178	164
€170,001 to €180,000	190	165
€180,001 to €190,000	164	163
€190,001 to €200,000	169	108
€200,001 to €210,000	166	122
€210,001 to €220,000	187	79
€220,001 to €230,000	164	67
€230,001 to €240,000	197	93
€240,001 to €250,000	108	92
€250,001 to €260,000	86	107
€260,001 to €270,000	56	123
€270,001 to €280,000	50	103
€280,001 to €290,000	46	85
€290,001 to €300,000	23	69
€300,001 to €310,000	10	56
€310,001 to €320,000	9	39
€320,001 to €330,000	9	19
€330,001 to €340,000	10	20
€340,001 to €350,000	6	23
€350,001 to €360,000	1	17
€360,001 to €370,000	4	15
€370,001 to €380,000	2	7
€380,001 to €390,000	2	5
€390,001 to €400,000	2	4
€400,001 to €410,000	1	3
€410,001 to €420,000	2	5
€420,001 to €430,000	3	4
€440,001 to €450,000	0	2
€450,001 to €460,000	0	2
€470,001 to €480,000	2	0
€480,001 to €490,000	0	3
€490,001 to €500,000	0	1
€510,001 to €520,000	0	1
€530,001 to €540,000	2	0
€520,001 to €530,001	1	0
€590,001 to €600,000	1	1
€640,001 to €650,000	0	1
€680,001 to €690,000	1	0
€750,001 to €760,000	1	0
Total HSE employees in excess of €60,001	24,699	23,412

Health Service Executive Notes to the Financial Statements

		2021	2020	
		€'000	€'000	
Note 8 Non Pay Expenditure** Clinical	Drugs and Medicines (excl. demand led schemes)	516,986	341,910	
	Less Rebate from Pharmaceutical Manufacturers*	<u>(11,351)</u>	<u>(9,141)</u>	
	Net Cost Drugs and Medicines (excl. demand led schemes)	504,735	332,769	
	Blood/Blood Products	32,190	29,810	
	Medical Gases	13,086	11,788	
	Medical/Surgical Supplies	630,903	894,520	
	Other Medical Equipment	185,457	273,083	
	X-Ray/Imaging	69,830	38,703	
	Laboratory	622,993	298,486	
	Professional Services (e.g. therapy costs, radiology etc.)	173,109	116,449	
	Education and Training	<u>74,464</u>	<u>71,093</u>	
		<u>2,306,767</u>	<u>2,066,701</u>	
	Transport and Ambulance Services	Patient Transport	61,807	59,067
		Vehicles Running Costs	21,169	17,345
	Transport and Logistical relating to purchase of PPE	<u>30,089</u>	<u>59,278</u>	
		<u>113,065</u>	<u>135,690</u>	
Primary Care and Medical Card Schemes	Pharmaceutical Services	2,700,027	2,537,829	
	Less Rebate from Pharmaceutical Manufacturers*	<u>(230,675)</u>	<u>(186,896)</u>	
	Less Prescription Levy Charges	<u>(61,682)</u>	<u>(79,704)</u>	
	Net Cost Pharmaceutical Services	2,407,670	2,271,229	
	Doctors' Fees and Allowances	872,514	808,457	
	Pension Payments to Former District Medical Officers/Dependents	1,637	2,059	
	Dental Treatment Services Scheme	39,190	40,074	
	Community Ophthalmic Services Scheme	24,869	22,313	
	Cash Allowances (Blind Welfare, Mobility etc.)	31,059	30,881	
	<u>Capital Payments:</u>			
	Treatment Abroad Schemes and Related Expenditure	53,850	49,460	
	Intellectual/Physical Disabilities, Psychiatry, Therapeutic Services etc.	340,597	296,386	
	Elderly and Non-Fair Deal Nursing Home Payments	106,816	78,853	
	Rehabilitative and Vocational Training	25,785	26,255	
	Respite Beds	<u>19,571</u>	<u>16,438</u>	
		<u>3,923,558</u>	<u>3,642,405</u>	
Other Client/Patient Services	Professional Services	29,836	8,015	
	Education and Training	<u>870</u>	<u>746</u>	
		<u>30,706</u>	<u>8,761</u>	
Grants to Outside Agencies	Revenue Grants to Outside Agencies (Appendix 1)	5,691,382	5,442,823	
		<u>5,691,382</u>	<u>5,442,823</u>	
Housekeeping	Catering	67,427	65,926	
	Heat, Power and Light	72,125	65,791	
	Cleaning and Washing	179,628	187,104	
	Furniture, Crockery and Hardware	23,842	23,011	
	Bedding and Clothing	<u>19,952</u>	<u>41,798</u>	
		<u>362,974</u>	<u>383,630</u>	
Office and Administration Expenses	Maintenance	222,591	157,291	
	Finance Costs	3,302	3,242	
	Prompt Payment Interest and Compensation	921	467	
	insurance	7,659	6,770	
	Audit	707	653	
	Legal and Professional Fees	197,980	102,300	
	Bad and Doubtful Debts	21,558	70,114	
	Education and Training	15,063	12,509	
	Travel and Subsistence	62,328	61,537	
	Vehicle Costs	5,183	6,932	
	Office Expenses	203,652	161,011	
	Rent and Rates	131,391	108,210	
	Computers and Systems Maintenance	<u>129,745</u>	<u>104,174</u>	
		<u>1,002,980</u>	<u>795,210</u>	
Other Operating Expenses	Licences	1,065	1,037	
	Sundry Expenses	7,603	(3,899)	
	Burial Expenses	117	174	
	Recreation (Residential Units)	1,025	729	
	Materials for Workshops	170	216	
	Meals on Wheels Subsidisation	1,529	1,508	
	Ex Gratia Payments to Patients (Cervical Check)	-	288	
	Refunds	<u>477</u>	<u>744</u>	
		<u>11,986</u>	<u>807</u>	

*In respect of 2016 IPHA Agreement and special arrangements for specific drugs and medicines.

**Note 1(b) provides additional analysis in respect of material year on year increases

Health Service Executive Notes to the Financial Statements

Note 9 The Health (Repayment Scheme) Act 2006 provides the legislative basis for the repayment of what has been referred to as 'long stay charges', which were incorrectly levied on persons with full medical card eligibility prior to 14 July 2005. The scheme allows for the repayment of charges to the following people:

- Living people who were wrongly charged at any time since 1976
- The estates of people who were wrongly charged and died on or after 8 December 1998

A special account was set up which is funded by monies provided by the Oireachtas and from which repayments are made. An amount of €1.7m was set aside in 2021 for this purpose. The majority of this funding refers to a provision for payments that will arise as a result of follow-on claims and offer acceptances.

The scheme closed to new applicants on 31 December 2007 and nearly 14,000 claims have been received in respect of living patients and nearly 27,000 claims in respect of estates. Up to 31 December 2021, 20,303 claims were paid. As at December 2021, there were no outstanding claims being processed to offer stage under the scheme. €0.500m has been provided in the HSE's 2022 budget to fund repayments for outstanding claims and associated administrative costs.

The cumulative total expenditure of the scheme (including administrative costs) to 31 December 2021 is €485.84m.

In 2021, the following expenditure has been charged to the Statement of Revenue Income and Expenditure in respect of the Repayments Scheme:

	2021	2020
	€'000	€'000
Pay	0	23
Non Pay		
Repayments to Patients	19	55
Payments to Third Party Scheme Administrator	0	0
	19	55
Legal and Professional Fees	0	0
Office Expenses*	3	21
Total Non Pay	22	76
Total	22	99

*All expenditure in relation to the Health (Repayment Scheme) Act 2006 is included in HSE expenditure.

Note 10 The Hepatitis C Compensation Tribunal (Amendment) Act 2006 established a statutory scheme to address insurance difficulties experienced by persons infected with Hepatitis C and HIV through the administration within the State of blood and blood products. This scheme addresses the problems faced by those persons due to their inability to purchase mortgage protection and life assurance policies as a result of contaminated blood products being administered to them. The scheme covers the insurance risk for the 1,700 or more people entitled to avail of assurance products, regardless of any other medical conditions these people may have, once they pay the standard premium that an uninfected person of the same age and gender would pay. The life assurance element of the scheme was launched by the HSE in September 2007. A further element, providing for travel insurance cover, was introduced in March 2009.

The overall cost over the lifetime of the scheme was originally estimated at €90m. The cumulative expenditure on the insurance scheme to 31 December 2021 was €12.7m.

In 2021, the following expenditure has been charged to the Statement of Revenue Income and Expenditure in respect of the Insurance Scheme:

	2021	2020
	€'000	€'000
Pay	93	91
Non Pay		
Payments of premium loadings	218	233
Payments of benefits underwritten by HSE	200	821
	418	1054
Office Expenses*	4	14
Total Non Pay	422	1,068
Total**	515	1,159

*All expenditure in relation to the Hepatitis C Compensation Tribunal (Amendment) Act 2006 is included in HSE expenditure.

**These costs are included in the Hepatitis C Insurance Scheme Special Account. Other Hepatitis C Costs are included in the Hepatitis C Special Account and the Hepatitis C Reparation Account.

Note 11 State Claims Agency Since 1 July 2009, the HSE is funded for claims processed by the State Claims Agency under the terms of the Clinical Indemnity Scheme. From 1 January 2015, the National Treasury Management Agency (Delegation of Functions) Order 2009 extended the State indemnity to personal injury and third party property damage claims against the HSE. Awards paid to claimants under the terms of the scheme are accounted for on a pay-as-you-go basis. The State Claims Agency's best current estimate of the ultimate cost of resolving each claim, includes all foreseeable costs such as settlement amounts, plaintiff legal costs and defence costs such as fees payable to counsel, consultants etc. In 2021, the charge to the Statement of Revenue Income and Expenditure was €401.3m (2020: €372.7m). Based on actuarial estimates, the charge to the Statement of Revenue Income and Expenditure is expected to increase significantly in future years. In accordance with the directions of the Minister for Health, no provision has been made for this liability in the financial statements.

The estimated liability is revised on a regular basis in light of any new information received for example past trends in settlement amounts and legal costs. At 31 December 2021, the estimated liability incurred to that date under the Clinical Indemnity Scheme and State Indemnity was €4,185m (2020 €3,687m). Of this €4,185m, approximately €3,408m relates to active claims in respect of clinical care, with the balance of the estimated liability relating to non-clinical care claims. Active claims are those that have been notified to the State Claims Agency through legal process and that have not yet concluded as at the reporting date.

Health Service Executive Notes to the Financial Statements

Note 12 Long Term Residential Care (Incorporating Nursing Homes Support Scheme/Fair Deal)

The Nursing Homes Support Scheme (Fair Deal) commenced in 2008 and phases out the former Nursing Homes Subvention Scheme and the 'contract beds' system for elder persons. Under the scheme, people who need long term residential care services have their income and assets assessed, and then contribute up to 80% of assessable income and up to 7.5% per annum of the value of the assets they own, subject to a maximum period of three years in respect of their principal private residence, towards the cost of their care. The HSE pays the balance, if any, of the costs of their care in both registered public and private nursing homes covered under the scheme.

Costs of Long Term Residential Care (Nursing Homes Support Scheme/Fair Deal)

	2021	2020
	€'000	€'000
Private Nursing Homes	655,704	657,663
Section 39 Agencies	21,475	21,950
Private Nursing Homes Contract Beds and Subvention Payments	7,825	10,805
Covid 19 Temporary Assistance Payment Scheme (TAPS) **	48,083	77,520
Total Payments to Private Nursing Homes including Section 39 Agencies	732,887	767,938
Gross NHSS Cost of Public Nursing Homes*	331,417	358,191
Payments to Section 38 Agencies	24,555	26,410
Nursing Home Fixed and Other Unit Costs	109,947	67,407
Total Long Term Residential Care	1,198,806	1,207,946

*Public nursing homes costs are included under the relevant expenditure headings in the Statement of Revenue Income and Expenditure.

**Covid 19 Temporary Assistance Payment Scheme (TAPS)

The support under the scheme is a temporary assistance payment, being offered to support private and voluntary Nursing Homes to continue to build resilience within their service to mitigate against a COVID-19 outbreak and be capable of managing an outbreak in terms of providing safe staffing and environment should an outbreak occur. The intention to establish the Scheme was announced on 4th April 2020 and the Scheme first opened for applications on 17th April 2020. In 2021, the cost of the Covid 19 Temporary Assistance Payment Scheme (TAPS) was €48.08m (2020: €77.5m).

Patient contributions

NHSS recipient contributions for those patients in public homes amounted to €59.05m (2020: €62.80m) and are included in the HSE Financial Statements - Revenue Income & Expenditure Account.

NHSS recipient contributions for those patients in voluntary centres (S38 Organisations) amounted to €6.30m (2020: €6.67m), and is retained by those centres and does not constitute income for the HSE.

Additional income

Under Section 27 of the Nursing Homes Support Scheme Act 2009, a Schedule of Assets must be submitted to the HSE in respect of a deceased person who received financial support under the Scheme. This is checked to identify and calculate any overpayment of financial support that is repayable to the HSE pursuant to Section 42 of the Act. The HSE collected income of €8.92m during 2021 (2020: €7.28m) in respect of non-declared income and assets of Fair Deal clients.

Contract beds and Subvention beds

In 2021, payments of €7.63m (2020: €10.81m) were made in relation to contract beds and nursing home subvention. These schemes are being phased out having had no new entrants since the Nursing Homes Support Scheme commenced in 2009.

Expenditure within public facilities

Within the public homes in 2021 there was an additional €109.95m (2020: €57.41m) of costs relating to long term care. These costs related to fixed unit costs and other costs incurred which were in excess of the reimbursed 'money follows the patient' rate paid under the Nursing Homes Support Scheme.

Cost of Public Nursing Homes

In 2021, the cost of public nursing homes amounted to €331.42m (2020: €358.19m), these costs are gross and the client contribution element amounted to €59.05m (2020: €62.8m). The contributions are recognised as income in Long Stay Charges in Statement of Income and Expenditure.

Ancillary State Support

Ancillary State Support is an optional extra feature of the Nursing Homes Support Scheme for people who own property or assets in the State, instead of a person paying their assessed contribution for care from their own resources, a person can choose to apply for a Nursing Home Loan, to cover the portion of their contribution, which is based on property or land-based assets within the State. The HSE then pays that portion of the cost of care on top of the State Support payment. The loan is paid back to the State following the occurrence of a relevant event e.g. sale of the asset or death of the person. Repayment of the loan is made to the Revenue Commissioners. In certain cases, repayment of the loan can be deferred. This part of the scheme is designed to protect people from having to sell their home during their lifetime.

The total gross amount of Ancillary State Support advised to Revenue as at 31 December 2021 for recoupment from the commencement of the Nursing Homes Support Scheme (where a relevant and non-relevant event has occurred) was €260.98m, representing 10,692 client loans. As at 31st December 2021 the Revenue Commissioners are collecting €259.99m, representing 10,733 clients. The difference accounts for clients where their Nursing Home loan is not due for repayment such as the Further Deferral option, as mentioned above, and also clients who wish to make a voluntary repayment prior to a relevant event occurring. The Revenue Commissioners have confirmed that they had received €182.46m of loan repayments paid in full, representing 8,116 client loans.

The total amount of Nursing Home Loan payments made under the Nursing Homes Support Scheme that are outstanding (i.e. where a repayable amount has not been notified to Revenue for collection - a relevant event has not occurred), as at 31 December 2021 is €161.82m. This amount does not include an adjustment for CPI as a relevant event has not yet occurred.

Ancillary State Support details at 31 December are as follows:

	2021	2021	2020	2020
	€'000	Number of loans	€'000	Number of loans
Advised by HSE to Revenue for recoupment	280,975	10,692	211,374	9,179
Confirmed by Revenue as paid*	(182,458)	(8,116)	(142,603)	(6,769)
Subtotal	78,517	2,576	68,771	2,410
Not yet advised to Revenue for recoupment	161,819	5,099	151,321	5,035
Total Ancillary State Support outstanding	240,336	7,675	220,092	7,445

*Amounts confirmed by Revenue does not include part payments and only includes loans fully repaid

Health Service Executive Notes to the Financial Statements

		2021	2020		
		€'000	€'000		
Note 13	Capital Expenditure	(a) Additions to Fixed Assets			
		Additions to Property, Plant and Equipment (Note 15) Land and Buildings - Service Concession*	0	0	
		Additions to Property, Plant and Equipment (Note 15) Land and Buildings - Other	279,178	228,343	
		Additions to Property, Plant and Equipment (Note 15) Other than Land and Buildings	220,650	218,675	
			<u>499,828</u>	<u>446,918</u>	
		Funded from: Department of Health Capital Grant	464,886	362,416	
		Funded from: Department of Health Revenue Grant	34,942	84,502	
		Capitalised - Investment in PPP Service Concession Arrangements*	0	0	
			<u>499,828</u>	<u>446,918</u>	
				2021	2020
		€'000	€'000		
		(b) Analysis of Expenditure Charged to Statement of Capital Income and Expenditure			
		Expenditure on HSE's own assets (Capitalised)	464,886	362,415	
		Expenditure on HSE projects not resulting in property, plant and equipment additions**	141,250	256,368	
		Capitalised interest - PPP Service Concession Arrangements*	3,821	3,166	
		Total expenditure on HSE Projects charged to capital***	<u>609,957</u>	<u>621,949</u>	
		Capital grants to outside agencies (Appendix 1)**	451,940	359,730	
		Total Capital Expenditure per Statement of Capital Income and Expenditure	<u>1,061,897</u>	<u>981,719</u>	
				2021	2020
				€'000	€'000
		Note 14	Proceeds of Disposal of Fixed Asset Account	(c) Analysis of Capital Income from Other Sources	
Income from: Government Departments and Other Sources in respect of Capital Projects:	€'000			€'000	
Sustainable Energy Authority of Ireland (SEAI) - Energy savings in acute hospitals	3,762			1,605	
National Rehabilitation Hospital Foundation- Contribution towards National Rehabilitation Hospital	10,000			0	
Mid Western Development (JP McManus) Contribution towards Croom Hospital	3,000			0	
Department of Education- Contribution towards National Children's Hospital	3,500			0	
University of Cork - CUH Academic Centre Project Contribution	182			128	
Presentation Brothers- Contributions towards National Children's Hospital	500			0	
Friends of St Theresa Hospital Clogheen	215			0	
Other Miscellaneous Income	5,414			21	
Total Capital Income from Other Sources	<u>28,573</u>	<u>1,752</u>			
		2021	2020		
		€'000	€'000		
	Gross Proceeds of all Disposals in year	2,572	9,225		
		Less: Net Expenses Incurred on Disposals	(23)	(46)	
		Net Proceeds of Disposals	<u>2,549</u>	<u>9,179</u>	
		Less Application of Proceeds	(2,549)	(9,179)	
		Movement in the year	0	0	
		At 1 January	38	38	
		Balance at 31 December	<u>38</u>	<u>38</u>	

The Multi-Annual Delegated Capital sanction 2019-2022 was issued in December 2019 by the Department of Public Expenditure and Reform.

Health Service Executive Notes to the Financial Statements

Note 15 Property, Plant and Equipment

	Land*	Buildings**	Work in Progress (L&B)	Motor Vehicles	Equipment	Work in Progress (P&E)	Total 2021
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost / Valuation							
At 1 January 2021	1,875,332	4,827,881	397,510	105,554	1,749,780	11,174	8,767,237
Additions	748	14,565	263,886	13,442	196,143	11,066	499,828
Transfers from Work in Progress	0	365,468	(365,468)	9,888	683	(10,381)	0
Disposals	(122)	(4,125)	(499)	(19,493)	(60,362)	(48)	(78,590)
At 31 December 2021	1,875,958	5,203,789	295,469	115,191	1,886,280	11,810	9,188,475
Depreciation							
Accumulated Depreciation at 1 January 2021	0	1,838,723	0	78,833	1,431,338	0	3,148,894
Charge for the Year	0	123,485	0	14,447	118,826	0	256,761
Disposals	0	(1,785)	0	(12,310)	(23,733)	0	(37,828)
At 31 December 2021	0	1,760,423	0	80,970	1,526,434	0	3,367,827
Net Book Values							
At 1 January 2021	1,875,332	3,189,158	397,510	26,721	318,448	11,174	5,818,343
At 31 December 2021	1,875,958	3,443,368	295,469	34,221	359,828	11,810	5,620,648
<i>The current carrying value of land amounting to €1.67bn held by the HSE at 31 December 2021 is based on the 2002 Department of Health Valuation rates.</i>							
Building assets held under Finance Leases/ Service Concession Arrangements							
	2021	2020	2021	2020	2021	2020	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
	Finance Lease	Finance Lease	Service Concession*	Service Concession*	Total	Total	
Cost	45,824	45,824	165,217	165,217	211,041	211,041	
Additions	0	0	0	0	0	0	
Accumulated Depreciation at 1 January	(27,209)	(25,347)	0	0	(27,209)	(25,347)	
Depreciation charged for the year	(1,862)	(1,862)	0	0	(1,862)	(1,862)	
Net Book Values at 31 December	16,753	18,615	165,217	165,217	181,970	183,832	

* ** Relates to Primary Care Centre (PCC) assets acquired under Public Private Partnership (PPP) service concession arrangements. All fourteen PCC sites have reached service commencement.

PCC Assets are not depreciated where they have been acquired or are managed under service concession agreements which guarantee residual useful lives and operating capacity at the end of the concession term that would be equivalent to that of the asset when it was first commissioned.

Note 16 Inventories

	2021	2020
	€'000	€'000
Medical, Dental and Surgical Supplies	94,055	206,013
Laboratory Supplies	28,483	7,211
Pharmacy Supplies	27,709	27,718
High Tech Pharmacy Inventories	43,714	44,813
Pharmacy Dispensing Inventories	480	508
Blood and Blood Products	1,604	1,420
Vaccine Inventories	66,597	35,816
Household Services	33,672	30,721
Stationery and Office Supplies	2,254	2,114
Sundries	1,370	3,548
	299,948	359,880

The movement in inventory in 2021 is mainly attributable to the reduction in the PPE stock levels offset by an increase in the level of Vaccine Stocks and year end stocks of antigen tests.

PPE Stocks of €73.4m (2020: €182.3m) are included in medical, dental & surgical supplies (€47.1m) and also in household services (€25.4m). The cost of PPE stocks purchased in 2021 continued to be significantly inflated due to the on-going COVID-19 environment. The HSE is required to revalue its year end stocks on the basis of the lower of cost or replacement cost. Consequently, PPE stock has been revalued resulting in a cost price impairment of €70.6m in 2021. There is also a provision of €25.6m recorded in 2021 related to surplus stocks of hand-gels which the HSE considers may expire before they can be utilised in our services. The HSE has ear-marked certain items of PPE which it intends to donate as part of on-going State support to countries in need of assistance, the cost of this is in the order of €12.6m. The overall impairment loss of €108.6m is included as a write down in current revenue expenditure as reported in note 1(b).

Vaccine stocks have increased by €30m mainly due to the need to maintain COVID-19 Vaccinations for the on-going Vaccination Programme. Laboratory supplies have also increased as these include Antigen tests of €21m required as part of the HSE's Test and Trace Programme.

Health Service Executive Notes to the Financial Statements

		2021	2020	
		€'000	€'000	
Note 17	Trade and Other Receivables	Receivables: Patient Debtors - Private Facilities in Public Hospitals*	106,093	76,868
		Receivables: Patient Debtors - Public Inpatient Charges	8,615	5,916
		Receivables: Patient Debtors - Long Stay Charges	9,087	9,761
		Prepayments and Accrued Income	63,978	37,967
		Department of Health (DoH) Debtor (Note 3a)	25,331	0
		Pharmaceutical Manufacturers	108,215	81,818
		Payroll Technical Adjustment	14,286	15,067
		Additional Superannuation Contributions (ASC) Deductions from Staff	6,887	6,294
		Local Authorities	478	670
		Payroll Advances	17	1,712
		Voluntary Hospitals - National Medical Device Service Contracts	0	4
		Voluntary Hospitals - Grant Funding Advances	52,002	89,519
		Sundry Receivables	73,818	90,117
		<u>468,787</u>	<u>415,613</u>	

*Private Healthcare Insurance income

in line with the HSE's accounting policy the HSE recognises patient income due from private health insurance companies at the time the service is provided. During 2017 a number of insurance companies commenced deductions from claims made by the HSE relating to the time period between the date of admission and the date the Private Insurance Patient form was signed by the patient. The HSE has disputed these deductions through a legal process which at the time of preparation of these accounts has not fully concluded. In line with the HSE's accounting policy bad and doubtful debt provision is created in relation to debts outstanding for more than one year.

		2021	2020	
		€'000	€'000	
Note 18	Creditors (amounts falling due within one year)	Finance Leases	2,857	2,795
		Service Concession Liability	4,939	4,516
		Payables - Revenue	255,761	166,633
		Payables - Capital	15,750	21,769
		Accruals Non Pay - Revenue**	1,024,760	953,038
		Accruals Non Pay - Capital	8,641	7,199
		Accruals - Grants to Voluntary Hospitals and Outside Agencies**	530,634	494,328
		Accruals Pay**	581,421	551,177
		Taxes and Social Welfare	259,031	222,054
		Department of Public Expenditure and Reform - Single Public Service Pension Scheme	10,376	5,383
		Lottery Grants Payable*	592	2,590
		Sundry Payables	20,717	24,235
		<u>2,715,379</u>	<u>2,445,707</u>	

*The HSE administers the disbursement of National Lottery grants for local programmes under the National Lottery's Health and Welfare Funded Schemes. The balance represents funding approved but not yet disbursed to grant recipients at year end.

**During 2021 the HSE conducted an in-depth technical review of over 78% of its non-pay accruals, noting that over a number of years (between 2005 & 2019), a subset of accruals and provisions totalling €45.5m were not deemed valid. An additional €25.9m of accruals for pay and grants were also deemed invalid. In compliance with FRS102, this was recorded as a prior year adjustment totalling €71.4m by restating the opening balances in liabilities and equity for the earliest period. See Note 26.*

		2021	2020	
		€'000	€'000	
Note 19	Creditors (amounts falling due after more than one year)	Finance Leases	22,103	23,951
		Service Concession Liability	140,425	144,488
		Total Finance Lease obligations	<u>162,528</u>	<u>168,419</u>

		2021	2020	
		€'000	€'000	
Note 20	Deferred Income	Deferred income comprises the following:		
		Department of Health Revenue funding deferred (Note 3A)		
		Mental Health	7,947	0
		Palliative Care	10,000	0
		Disabilities	6,430	0
		Total Department of Health Deferred	<u>24,377</u>	<u>0</u>
		Other Deferred Income:		
		Donations and bequests*	19,578	19,433
		Grant Funding from the State and other bodies	27,588	27,757
		Funding from specific capital projects	2,811	390
		General	3,860	4,211
Balance at 31 December	<u>78,514</u>	<u>51,791</u>		

*Unspent income arising from donations and bequests where the purposes to which money may be applied has been specified but the related expenditure has not been incurred.

Health Service Executive Notes to the Financial Statements

		2021	2020
		€'000	€'000
Note 21	Net Cash Inflow from Operating Activities		
	Surplus/(Deficit) for the current year	(185,034)	200,711
	Prior Year Adjustment re Accruals transferred to Reserves*	0	71,440
	Capital element of lease payments charged to revenue	1,784	1,724
	Purchase of equipment charged to Statement of Revenue Income and Expenditure	34,642	84,602
	Finance Costs charged to Statement of Revenue Income and Expenditure	815	885
	(Increase)/Decrease in Inventories	58,932	(189,718)
	(Increase)/Decrease in Trade and Other Receivables	(53,173)	(18,442)
	Increase/(Decrease) in Creditors (falling due within one year)*	273,754	339,789
	Revenue Reserves - transfer of Deficit in accordance with Section 33(3) of the Health Act, 2004, as amended	(200,711)	(6,472)
	Share Revaluation	(12)	9
	Increase/(Decrease) in Deferred Income	28,223	1,084
Net Cash Inflow from Operating Activities	<u>(51,480)</u>	<u>488,412</u>	

*2020 figures have been restated to reflect the impact of the prior year adjustment for accruals, which is a requirement under FRS102. See note 26.

		2021	2020
		€'000	€'000
Note 22	Commitments		
	Capital Commitments		
	Future Property, Plant and Equipment purchase commitments:		
	Within one year	1,057,427	980,617
	After one but within five years	1,663,485	2,365,720
		<u>3,050,912</u>	<u>3,356,337</u>
	Contracted for, but not provided for, in the financial statements	1,223,952	1,613,926
	Included in the Capital Plan but not contracted for	1,826,960	1,742,411
		<u>3,050,912</u>	<u>3,356,337</u>

The HSE has a multi-annual Capital Investment Plan which prioritises expenditure on capital projects in line with goals in the Corporate Plan and the Annual Service Plan. The commitments identified above are in respect of the total cost of projects for which specific funding budgets have been approved at year end. These commitments may involve costs in years after 2021 for which budgets have yet to be approved and are therefore estimated.

		2021	2020
		€'000	€'000
Operating Lease Commitments	Operating lease rentals (charged to the Statement of Revenue Income and Expenditure)		
	Land and Buildings	86,321	82,181
	Motor Vehicles	504	471
	Equipment	1,482	1,293
		<u>88,307</u>	<u>83,945</u>

		2021	2020	2021	2020
		€'000	€'000	€'000	€'000
The HSE has the following total amounts payable under non-cancellable operating leases split between amounts due:					
		2021	2021	2021	2020
		€'000	€'000	€'000	€'000
Within one year		58,692	1,147	59,839	51,536
In the second to fifth years inclusive		207,257	704	207,981	185,754
In over five years		547,278	0	547,278	483,228
		<u>813,227</u>	<u>1,851</u>	<u>815,078</u>	<u>730,518</u>

		2021	2020
		€'000	€'000
Public Private Partnership Forward Commitments	Nominal Amount:		
	Service Concession Arrangement - Primary Care Centres (14 sites bundle)	183,339	188,883
		<u>183,339</u>	<u>188,883</u>

These commitments incorporate facilities management services, operational, and lifecycle costs, for the remaining life of the agreement. They are not discounted to present value.

		2021	2020	2021	2020
		€'000	€'000	€'000	€'000
Finance Lease Commitments	The future minimum lease payments at 31 December are as follows:				
		Finance Lease	Finance Lease	Service Concession*	Service Concession*
	Not later than one year	3,600	3,600	9,716	9,418
	Later than one year but not later than five years	12,840	12,082	38,264	35,882
	Later than five years	12,310	15,479	158,055	187,267
	Total Gross Payments	28,550	31,161	204,035	212,567
	Less: Finance Charges	(3,590)	(4,405)	(58,671)	(63,583)
	Carrying Amount of Liability	24,960	26,745	145,364	148,984
	Classified as:				
	- Creditors (amounts falling due within one year)	2,857	2,794	4,939	4,518
- Creditors (amounts falling due after more than one year)	22,103	23,951	140,425	144,466	

*The value of the PCC asset and the service concession liability is recognised as assets and liabilities in the Statement of Financial Position at an amount of €165.2m which is equal to the present value of the minimum lease payments. In line with FRS 102, the effective interest rate is used to discount the future construction related liabilities arising from concession agreements. The carrying amount of the liability at 31 December 2021 is €145.36m.

Health Service Executive Notes to the Financial Statements

Note 23	Property	The HSE estate comprises 2,610 properties. Title to the properties can be analysed as follows:	2021	2020
			Number of Properties	Number of Properties
			1,574	1,583
		Freehold	1,036	989
		Leasehold	<u>2,610</u>	<u>2,572</u>
		Total Properties		
		Primary utilisation of the properties can be analysed as follows:		
		Delivery of health and personal social services	2,520	2,484
		Health Business Services and Support (including medical card processing etc.)	90	88
		Total Properties	<u>2,610</u>	<u>2,572</u>

During the year there were 69 property additions to the healthcare estate and 31 properties were removed through both disposals and lease terminations. The net result is a increase of 38 healthcare properties during 2021. The total number of properties in the HSE healthcare estate at the end of 2021 has been impacted by a combination of routine estate management activities as well as the requirements of specific key healthcare strategies to deliver ongoing rollout of primary care centres and relocation of disability services to community settings.

Note 24 Taxation: The HSE carried out a significant self-review of tax compliance in respect of 2020 with external specialist tax assistance which was completed in 2021. The self-review was conducted on an agreed risk based assessment with Revenue under their co-operative compliance framework. As the level of review for 2020 was impacted by Covid19 staffing requirements, and the Cyber Attack, it was agreed with Revenue to perform a review focussed on specific areas which gave rise to the significant liabilities in previous years. The liability to taxes identified in the course of the self-review for 2020 was set out by means of a Self-Correction disclosure and payment (including interest) of €2,625,172 was made to the Revenue Commissioners in September 2021. The amount represents 0.12% of the overall tax paid by the HSE for that year. The HSE has a dedicated in house tax team resourced by tax professionals developing a strong relationship with Revenue and with access to external advisors where necessary. The HSE remains committed to exemplary tax compliance.

Note 25 Contingent Liabilities: General: The HSE is involved in a number of claims involving legal proceedings which may generate liabilities, depending on the outcome of the litigation. The HSE has insurance cover for professional indemnity, fire and specific all risk claims. In most cases, such insurance would be sufficient to cover all costs, but this cannot be certain due to indemnity limits and certain policy conditions. The financial effects of any uninsured contingencies have not been provided in the financial statements.

Clinical Indemnity Scheme
Details of the contingent liability in respect of the Clinical Indemnity Scheme are set out in Note 11.

Note 26 Prior Year Adjustment: The financial statements disclose the funding and expenditure incurred on the health services and activities delivered and administered by the HSE. This enables users of the financial statements to understand, among other things, the extent to which the HSE is meeting its service delivery and other operating and financial objectives. Where corrections or adjustments are required to previously reported figures, these are made and disclosed in accordance with accounting rules (FRS 102) so that the impact on financial performance and position can be assessed and meaningful financial comparison can be undertaken between years.

The HSE uses the system of accruals accounting, the common form of accounting among most organisations. This system includes making estimates and judgements for the cost of goods and services consumed but not paid for at the reporting year-end. The sums of money estimated are included in the current year's accounts, although they are not actually spent until the following year. Each year therefore, a non-cash adjustment is made to the accounts to properly account for this issue.

In preparing the 2021 financial statements, a non-cash adjustment of €71.4 million was identified relating to accrued expenditure that the HSE had anticipated it would have to pay out in later periods. However having reviewed this area in detail, the HSE is now clear that these payments will not now arise after all. Accordingly, the charge to expenditure has been reversed in the Statement of Changes in Reserves by reducing the accumulated revenue deficit at the start of 2020 by €71.4 million to €987.7 million. The cumulative €71.4m adjustment for the prior years is material only in the context of restating the carrying value of accrued expenditure on the Balance Sheet. This technical adjustment is non-cash impacting. It does not increase expenditure but reduces it, and does not require any additional funding to be provided and therefore does not impact on the delivery of HSE services to patients or service users.

This accrued expenditure of €71.4 million had built up over a number of financial years, with the more significant accruals arising between 2016 and 2019. The highest adjustment identified in any one of these years (€16.3 million) occurred in 2018 when the annual allocation required to deliver public health services was €15.2 billion. The HSE has concluded that there was no material impact on the Income and Expenditure in the financial statements in any of the affected years. The HSE's Statement of Internal Control (SIC) provides more detail on the prior year adjustment.

This adjustment is not the correction of a fundamental error. Up to the implementation of the current accounting standard (FRS102) in 2015, prior year adjustments were rare and were reserved for very limited circumstances, including where there was an error in the financial statements that destroyed their truth and fairness. Since 2015, prior year adjustments are used more frequently in financial statements, including to improve comparability between reporting periods. For the avoidance of doubt, had the higher level of HSE accruals carried on the HSE Balance Sheet been corrected, none of the necessary adjustments would have threatened the truth or fairness of the financial statements or qualified in previous years as a fundamental error.

Note 27 Related Party Transactions: The Health Service Executive adopts procedures in accordance with the Department of Public Expenditure and Reform's Code of Practice for the Governance of State Bodies, the Ethics in Public Office Act 1995 and the Standards in Public Office Act 2001, in relation to the disclosure of interests of the Health Service Executive. These procedures have been adhered to by the HSE during the year. A number of interests were noted by board members. It was deemed that none of the interests disclosed have a material commercial and/or financial impact on the HSE. No board members disclosed gifts or hospitality offered by external bodies in the last twelve months. No board members noted any contractual relationship with the HSE and no board members noted any other conflicts not covered elsewhere.

Key Management Personnel

The Executive Management Team (EMT) in addition to the Board are considered to be key management personnel. Overall remuneration, including those that were appointed and resigned during the year is €2.4m (2020: €2.1m). Two members of the EMT are on secondment from other positions. The Chief Clinical Officer is seconded to the HSE from the Mercy Hospital, Cork. The National Lead for Testing and Contact Tracing was seconded from Ernst and Young (EY), without charge to the HSE up to and including the 24th October 2021.

The Board members are in receipt of fees. There is one exception (not in receipt of fees); due to the one person, one salary rule. Other than disclosed in Note 2, all other key management who are in receipt of remuneration comprise of basic pay only.

With the exception of the CEO, other appointed members of the Executive Management Team who are in receipt of remuneration are members of the approved HSE pension schemes (and in the case of the Chief Clinical Officer the Voluntary Hospitals Superannuation Scheme). Their pension entitlements with the HSE do not extend beyond the standard entitlements applicable to these schemes.

Health Service Executive Notes to the Financial Statements

- Note 28** Contingent Asset As part of the HSE's COVID-19 response, the HSE engaged with various third parties to provide laboratory testing (COVID-19 testing services). From April 2020 to date, VAT has been charged on some of the COVID-19 testing services provided. The HSE considers these services as exempt from VAT on the basis that the services fall within the scope of medical tests prescribed by a medical practitioner but carried out by a third party. This issue has not been resolved in 2021 and the HSE continues to be charged the standard rate VAT. The HSE's view, and that of its advisors, is that the services provided fall within the exemption and that the VAT paid should be recoverable. The HSE is therefore treating the potential VAT amount recoverable of €61 million as a contingent asset on the basis that an inflow of economic benefits is deemed probable. Engagement with the HSE and the appropriate third parties is at an advanced stage and it is expected that this issue will be resolved in 2022.
- Note 29** Approval of Financial Statements The Financial Statements were approved by the Board on 27 May 2022.