

COVID-19 Note for AFS

The COVID-19 Pandemic continued into 2021 causing a significant ongoing impact on the HSE, its hospital, ambulance and community services, and staff across all disciplines and in particular front line staff. This has continued to place pressure on funding and expenditure during the full year of 2021.

The HSE has received Revenue and Capital funding of €21.6 billion from the Department of Health in 2021 reflecting the need to ensure that the HSE's COVID-19 strategy was appropriately funded whilst ensuring the delivery of ongoing health services in a continuing COVID-19 environment.

Specific funding of €1.6 billion has been provided in relation to the key areas and activities which are fundamental to the HSEs COVID-19 strategy. Additionally €0.6 billion in time-related savings arising from reduced activity levels in core services and delayed planned developments were available as part of overall funding. The key initiatives are summarised below:

- Roll out of Vaccination programme
- Testing and Tracing Initiative
- Community and Hospital Response including:
 - GP COVID-19 related services
 - Temporary Payment Assistance Scheme for private nursing homes (TAPS)
 - Commissioning of Private Hospital Capacity
- Procurement of Personal Protective Equipment (PPE) and associated logistics costs

The material items of expenditure which are primarily driven by the COVID-19 response are further reported in Note 8, Note 12 and Note 16 and are discussed in more detail below.

The cost of Personal Protective Equipment (PPE)

The timely ordering and purchasing of PPE was again vital to the HSE's management of the pandemic. At the end of 2020 the HSE had managed to successfully secure an appropriate pipeline of PPE from indigenous suppliers at more favourable costs that had been available in 2020, noting that these costs were still significantly higher than the equivalent international costs.

The HSE received sanction from the DOH for expenditure up to €450 million in respect of additional PPE costs during 2021 (including logistics and transportation charges).

The overall expenditure for 2021 has been estimated as €352 million of which €279 million has been charged to the HSE's Income and Expenditure account and the balance of €73 million is recorded in Inventory (note 8 and note 16).

As per FRS 102, the HSE is required to ensure that its inventories reported at the year-end are reported at lower of cost or replacement cost. This has resulted in an impairment of

€70.6m in respect to changes in cost prices between time of purchase and the appropriate replacement value as at 31st December 2021. Additionally the HSE is required to consider whether any of its assets are impaired. The HSE has deemed that its stocks of hand-gels are potentially surplus to requirements and has therefore provided for an impairment of €25.6 million in this regard. There are items of stocks that the HSE will be donating which are therefore also written down, estimated as €12.7 million. The overall impairment therefore in 2021 is in the order of €108.8 million. The value of the HSEs PPE inventory at 31st December 2021 is therefore €73.4 million.

Other key areas of COVID-19 related expenditure in 2021

- COVID-19 Vaccination Programme has been estimated at €530 million which is recorded in the income and expenditure account.
- The costs of testing and tracing in 2021 are estimated as €719 million as a direct result of the COVID-19 surges during 2021, most notably Omicron surge.
- The TAPS scheme has provided an additional €48 million in respect of private nursing home services.
- The ongoing costs of securing private hospital capacity to support the health system has cost €148 million.

During 2021 the HSE donated the following items to Brazil, India, Nepal, Uganda and Lebanon, Ventilators €10 million, Vaccines €6.7 million and PPE €1 million.

The HSE has considered the impact of COVID-19 when determining whether it is appropriate to prepare these Annual Financial Statements on the basis of a going concern. Given the significant investment by the State in the HSE and its services during 2021 as detailed above along with the fact that funding has been secured for 2022 as well as the longer term Slaintecare plan for the provision of future health services the HSE has determined that these Annual Financial statements are prepared on the going concern basis.

The review and impact on the HSEs governance and controls environment is considered in the Statement of Internal Control.