



Financial planning and budgeting process overview

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Highlighting Important Information



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1. Introduction

Financial Planning and Budgeting is a key activity for the Health Service Executive (HSE). It assists the organisation in determining how much money can be spent and on what based on the priorities set by the HSE Board and the Minister for Health.

The HSE's financial planning and budgeting process is integral for the organisation to achieve its annual and multi-annual objectives.

Section 31 of the [Health Act 2004](#) [as amended by the [Health Service Executive \(Governance\) Act 2013](#) and the [Health Service Executive \(Financial Matters\) Act 2014](#)] stipulates that a service plan is prepared, adopted and submitted to the Minister for Health each year for approval.



[The National Service Plan \(NSP\)](#) is the annual agreement between the Minister for Health and the HSE which sets out:

- the action plan for the year to deliver on the HSE's Corporate Plan
- the type and volume of health and personal social services which will be provided by the HSE, within the funding allocated over the course of the year, based on the staffing that we are funded to provide
- it is the benchmark against which performance is measured throughout and at the end of the year



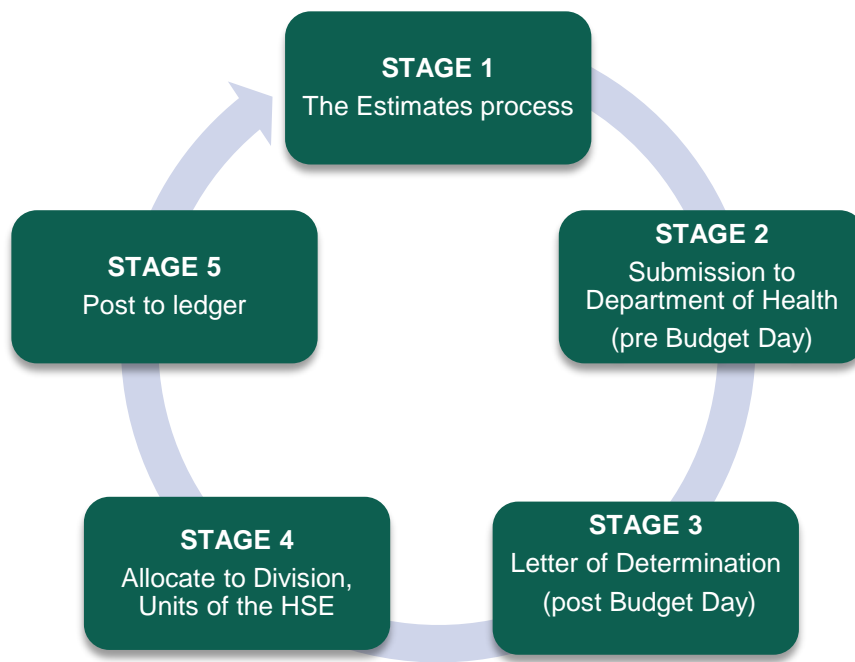
Under the [Health Service Executive \(Governance\) Act 2019](#), the Board is the governing body of the HSE and is accountable to the Minister for Health for the performance of its functions. The CEO of the HSE is accountable to the Board.



This document serves to highlight the salient features of the budgeting process at the HSE and to inform staff of their obligations to feed into the financial planning and budgeting process year to year.

2. The budgeting process

The diagram below depicts a high-level overview of the 5 stages of the budgeting process at the HSE:



2.1 Stage 1: The Estimate process

The Estimates process at the HSE typically begins in July of each year.

Its purpose is to identify the cost and financial implications in providing current levels of service each year together with any expansion of those services identified as a priority along with the consideration of health service investments.

The Estimates are therefore a critically important part of the HSEs annual planning cycle as it identifies HSE key priorities for:

- service delivery
- budget management
- service development

This is in keeping with the overall strategic direction of the HSE and the budget set out by Government.

It enables the HSE to:

- identify cost increases related to existing levels of service (ELS)
- consider the financial impact of new service developments (NSDs)
- consider demographical shifts and changes to requirements
- pandemic related services
- determine the critical priorities
- consider overall risks including quality and safety
- consider unavoidable cost commitments

- legislative and ministerial requirements
- staffing and whole time equivalent (WTE) requirements

Responsibility

- The Estimates process is made up of the Existing Level of Service ('ELS') Estimates and the NSDs.
- ELS will be led and coordinated by Planning and Performance (National Finance) in conjunction with Strategy & Research.
- The ELS Estimates process is managed by [National Finance Division](#) (Planning and Performance) working with relevant colleagues through the organisation.
- The NSDs is managed and coordinated by the Strategy and Research department within the Office of the Chief Strategy Officer.

Output: A Consolidated Estimates Submission to the Department of Health

- One consolidated Estimates submission will be prepared and submitted by the HSE to the [Department of Health](#) in September of each year. This submission will reflect:
 - the cost of maintaining ELS
 - the cost to meet NSDs
 - the incremental full year costs (FYC) of current year NSDs
 - the cost of maintaining pandemic-related services (recurring & once-off)
 - the cost to meet demographic pressures

2.2 Stage 2: Submission to the Department of Health (pre-Budget Day)

The Consolidated Estimates which includes the ELS and NSD are submitted to the [Department of Health](#) for consideration during September in advance of the Irish Government's Budget Day which is typically in early to mid-October each year.

On Budget Day the Irish Government sets out the resources to be allocated to the HSE via the Department of Health for service deliver for the coming year.

2.3 Stage 3: Letter of Determination (post-Budget Day)

A Letter of Determination issued from the Secretary General of the [Department of Health](#) to the HSE and formally sets out the resources being allocated to the HSE. This occurs post budget, generally in October or November.

2.4 Stage 4: Allocate to areas and divisions of the HSE and NSP update

It is at this point that the HSE are aware of the agreed budget allocation from the Irish Government (via the [Department of Public Expenditure and Reform](#) together with the [Department of Health](#)) and can proceed to allocate funding in a practical way to existing and new services through the various areas and divisions of the HSE.

In line with legislation, the [NSP](#) will be updated and finalised within 21 days of receipt of this letter and then submitted to the Minister for Health. This will include:

- a review of all inputs to ensure achievability based on funding allocation
- finalisation of Key Performance Indicators (KPI) targets and expected level of activity
- completion of a national scorecard with measures reflecting key priorities
- completion of WTE affordable limits
- completion of financial tables
- completion of the capital projects appendix

2.5 Stage 5: Post to ledger

Budget allocations are posted to the accounting ledgers of the HSE once finalised. Finance teams in services are required to produce financial plans, given the allocated resource and produce operational plans for same. If the budget settlement in any given year is less than the anticipated requirement, then appropriate decisions need to be factored into the local financial planning and budgeting process.

3. Responsibilities and accountability

3.1 Staff responsibilities

The HSE requires all staff involved with the planning and budgeting process to be mindful of the timings and deadlines in place in order that key submission dates are met, and that the information provided as part of this process is provided in a timely manner and with the greatest degree of accuracy possible.




3.2 The Performance Accountability Framework (PAF)

The [Performance Accountability Framework \('PAF'\)](#) sets out how the services in the HSE, particularly:

- the Hospital Groups
- Community Healthcare Organisations (CHOs)

- the National Ambulance Service (NAS)
- the Primary Care Reimbursement Service (PCRS)
- the Heads of other national services and individual managers are held to account for their performance



[Click HERE](#) to download the **Performance Accountability Framework document**



The objective of the PAF is to ensure that the system has clear authority, responsibilities and accountability and then ensuring accountable officers are being held to account for the performance of the systems in which they are responsible.

In this context accountability is about delivering on a commitment. The HSE seeks to provide the highest quality services to those who need them.

Performance is viewed through the following 4 lenses:



While living within the financial allocation must be a fundamental priority for managers, the PAF is explicit in its intent that performance be managed across the four domains set out above.

The PAF sets out the accountability structure for the HSE including the accountable officers who are fully responsible and accountable for service delivery.

For the purpose of the HSE's Delegation and Performance and Accountability Frameworks, Hospital Group CEOs, CHO Chief Officers, the Head of the NAS, the

Head of PCRS and the Heads of other national services are considered the accountable officers for their areas of responsibility. They are therefore fully responsible and accountable for the services they lead and deliver.

Accountable officers will each be provided with a budget to deliver the services set out in the National Service Plan and in their service level Operational Plans. They are accountable for their performance in delivering against these plans, within budget and for any specified performance improvements.

Accountable officers are required to have formal performance management arrangements in place with the individual services they are responsible for, to ensure delivery against performance expectations and targets.

It is the responsibility of managers to proactively identify issues of underperformance and to act upon them promptly and to the greatest extent possible to avoid the necessity for escalation within the organisation.

4. Glossary of terms

Term	Meaning
Accountability	Accountability refers to the ownership of responsibility to an outcome and being answerable for the decisions made in the course of pursuing that outcome.
Demographics	Demographics are statistics that describe populations and their characteristics.
Once off	Limited to a single time, occasion, or instance.
Recurring	This refers to an action occurring periodically or repeatedly.

5. Acronyms and abbreviations

Term	Meaning
ELS	Existing Levels of Service
FYC	Full Year Costs
KPI	Key Performance Indicator
NSD	New Service Development
NSP	National Service Plan
PAF	Performance Accountability Framework
WTE	Whole Time Equivalent