

## **Opening Statement**

**Minister for Health, Stephen Donnelly T.D.**

**Select Committee on Health and Children on the 2022**

**Supplementary Health Estimates**

Chairman, members of the Select Committee,

I want to thank the Select Committee for the opportunity to bring this Supplementary Estimate for Vote 38 before you.

I am seeking total additional funding for 2022 of €1.392 billion.

This ask is primarily driven by COVID-19 expenditure which makes up €1.181 billion, or 85 per cent, of this supplementary. Members will recall that Estimates 2022 assumed that COVID impacts would diminish significantly during the year and as a result, spend would be considerably lower. €200 million was set aside in contingency funds held centrally for the Health Vote in the event additional funding was required.

Unfortunately, the Omicron surge in early 2022 drove higher levels of testing and tracing activity than anticipated and there was a consequent

need to deliver COVID-19 vaccination booster programmes. The nature of COVID-19 meant that both acute and community settings needed to continue to manage services in line with public health advice. Consequently, expenditure did not reduce as expected in 2022.

The second major strand of the supplementary estimate is made up of costs associated with Post Estimates decisions (excluding COVID-19 areas) totalling in excess of €500 million.

A further ask of €600 million for non-COVID-19 expenditure and €90 million for Capital projects has been mitigated by savings within the non-HSE elements of the Vote totalling €70 million and an expected reduction in the cash holdings of the HSE of approximately €409 million.

As you will be aware, for the first time in a number of years, the Health Vote did not require a supplementary estimate last year. These reflected investments made by Government in 2021. The drivers behind this year's supplementary are very different to previous years and arise primarily as a result of post Estimates Government decisions and COVID-19 expenditure.

I am committed to strengthening the performance management relationship between the HSE and my Department and to improving overall financial performance.

In this regard, and in the context of the emphasis in next year's budget on delivery of a range of strategic capacity and reform measures, it is appropriate that we have a renewed focus on ongoing modernisation of how we plan for and fund our health services into the long term in Ireland. It is also critical that we continue to support the HSE in the delivery of its ongoing Finance Reform Programme.

I will now set out the items making up this year's Supplementary Estimate.

### **Subhead I. Net Pension Costs - €116 million**

€99.1 million is required to fund projected pension spend to year end and a further €17 million is required as a result of the public sector pay deal.

### **Subhead J.1 HSE (incl. Service Developments) - €39m additional required.**

HSE Core Current expenditure requires a Supplementary Estimate of €448 million, of which €328 million relates to post-Estimates sanctioned

expenditure (including €215 million for the new pay deal and €108 million for the once-off energy inflation package), and €102 million relates to the cost of HRA hours restoration as a consequence of Government policy.

Projected reductions in HSE cash balances from the end of 2021 to the end of 2022 partially offsets the Supplementary Estimate requirement in 2022.

## **Subhead J.2 HSE COVID-19 Action Plans - net €1.18 billion additional required.**

COVID-19 expenditure requires a Supplementary Estimate of €1.18 billion. This was driven by the fact that the assumptions underpinning Estimates 2022 - that COVID-19 impacts would diminish and consequently spend would be considerably lower. This did not transpire for a number of reasons:

- The Omicron surge in early 2022 drove high levels of testing and tracing activity
- The need to deliver COVID-19 vaccination booster programmes
- It was necessary to maintain COVID-19 measures within acute and community health services during 2022. This would have included, for example, infection prevention and

control measures, safety net arrangements and significant costs related to staff absence.

- It was very important that the front-line staff who bore the brunt of the country's response to COVID-19 were acknowledged for their sacrifices and so this figure also includes €189 million for the pandemic recognition payment.

It should be noted that the overall projected spend of €1.878 billion on COVID is lower than the €2.5 billion spent on COVID-19 in each of the years 2020 and 2021.

#### **Subhead K.4. Payments to State Claims Agency Re Clinical Negligence - €95 million**

€95 million is required to fund total cost of claims which will be settled in respect of 2022.

#### **Subhead M.4 Capital COVID-19 Actions - €90 million**

€90 million is required from the €100 million set aside in contingency for COVID-19 related capital projects.

## **Summary**

In closing, it was acknowledged when the original estimate for 2022 was approved that there was a risk associated with COVID-19 and how that might impact the Vote if, as transpired, we were hit with another wave.

The Supplementary Estimate seeks to address this additional funding requirement to allow the health service to continue to take appropriate measures in responding to the COVID-19 pandemic.

The amount sought is significant in monetary terms, the supplementary funding requested represents 6.5% of overall health expenditure in 2022 and brings the total expenditure in 2022 to €22.575 billion. While the financial impact is significant, the value of this investment in protecting our citizens in the face of this global pandemic is immeasurable. This Government is steadfast in its commitment to protecting the citizen and to enhancing the resilience of our health service. This commitment is not only evident in the level of funding made available in 2022 but also by the actions in this year's estimates to permanently increase the size and capacity of our public health service and workforce.

The HSE has increased its workforce by more than 16,275 whole time equivalent staff since the pandemic. We have delivered 25 per cent more

critical care/ICU beds. And we have added 924 more hospital beds. These are significant achievements during a global pandemic.

While some measures, including recruitment of additional staff, could not be fully delivered I am delighted that Government has made resources available to enable this to take place in 2023.

I now seek the Committee's approval to the Supplementary Estimates of €1.392 billion for Vote 38.