

29 December 2020

Mr Ciáran Devane
Chairman of the Board
Health Service Executive
Dr Steevens' Hospital
Dublin 8

2020 Revised Approved level of Net Expenditure

Dear Ciáran

I am directed by the Minister for Health to advise you of the final approved level of Net Expenditure (the Determination) for the Health Service Executive for 2020.

In my letter of the 11th October 2019 I advised that, in accordance with Section 30A(1) of the Health Act 2004 (as amended) the maximum amount of net expenditure that could be incurred by the HSE in the financial year 2020 was a net non-capital expenditure of an approved determination of **€16,887.6 million**, inclusive of €2.079m for the Brexit Programme. In addition, in accordance with Section 33(B)(1), provision of **€839 million** in capital funding was made available to the HSE for 2020, comprising €744 million for building, equipping and furnishing of health facilities and €95 million for ICT.

1.0 Net Non Capital Expenditure Level

I now wish to advise of additional adjustments which will result in a revised maximum level of net non-capital expenditure that may be incurred by the HSE for the financial year 2020 of **€19,451.541 million**. The revisions are summarised in the table below.

| HSE 2021 Net Determination (Non Capital) | Core Programmes | Brexit Programme | Total pre Once off Transfers | Once off Transfers to the COVID-19 Programme | 2020 Allocation Post Once off Transfers |
|---|-------------------|------------------|------------------------------|--|---|
| Original 2021 Net Allocation | 16,885.521 | 2.079 | 16,887.600 | (84.700) | 16,802.900 |
| Additional Core/Brexit Recurring Funding Allocations | | | | | |
| Dormant Accounts | 0.997 | | 0.997 | | 0.997 |
| 2020 Holdback Funding released excl. Brexit (Appendix 2) | 143.933 | | 143.933 | | 143.933 |
| 2020 Brexit Funding Released (Appendix 3) | | 7.490 | 7.490 | | 7.490 |
| 2020 Core Holdback funding to be transferred once off to COVID-19 Programme | 75.683 | | 75.683 | (75.683) | 0.000 |
| 2020 Brexit Holdback funding to be transferred once off to COVID-19 Programme | | 6.552 | 6.552 | (6.552) | 0.000 |
| 2020 Brexit/OPW allocation (Once Off) | | 7.116 | 7.116 | (2.082) | 5.034 |
| HSE 2020 Core/Brexit Recurring Allocation sub total | 17,106.134 | 23.236 | 17,129.370 | (169.017) | 16,960.354 |
| COVID-19 Programme/Brexit Once Off 2020 Allocations | | | | | |
| COVID-19 Programme funding | | | 2,103.102 | 169.017 | 2,272.119 |
| Once off transfer from DoH to COVID-19 Programme | | | | 19.069 | 19.069 |
| COVID-19 Programme funding (Appendix 4) subtotal | | | 2,103.102 | 188.086 | 2,291.188 |
| Winter Plan 2020 | | | 200.000 | | 200.000 |
| COVID-19/Winter Plan Programme 2020 Funding (Appendix 4) subtotal | 0.000 | 0.000 | 2,303.102 | 188.086 | 2,491.188 |
| HSE 2020 Final Net Allocation | 17,106.134 | 23.236 | 19,432.472 | 19.069 | 19,451.541 |

1.1 Holdback Funding 2020

In my letter of the 11th October 2019 I notified you that a sum of **€168 million** (*inclusive of €2.450m Dormant Accounts funding, but excluding costs associated with Brexit*) was being held by the Department for specific new initiatives. An additional allocation was provided within the Health Vote in the Revised Estimate Volume for 2020 for further new developments which brought the total approved level of holdback funding to **€219.616 million** (*excluding Dormant Accounts funding of €2,450m*).

The final designation of this funding at the end of 2020 is as follows:

- **€143.933 million** is being allocated for the delivery of specific initiatives in 2020 (see Appendix 1 for detail),
- the balance of **€75.683 million** is being relocated on a once off basis to fund COVID-19 measures in 2020.

In addition to the **€219.616 million** of holdback funding noted above, an additional **€0.997 million** is being allocated from the Dormant Accounts allocation.

1.2 Brexit Programme Funding 2020

€2.079 million for the Brexit Programme was included in the original allocation of **€16,887.6 million**. An additional allocation of **€14.041 million** is being provided for Brexit in 2020, however **€6.552 million** is being reallocated on a once off basis to fund COVID-19 measures in 2020.

As part of the 2020 Supplementary Estimates, an additional once off **€7.116 million** was allocated to fund the Health Service Executive's contribution to the Brexit preparatory works being delivered by the Office of Public Works (OPW). The final 2020 approved allocation for the OPW works is **€5.034 million** with the balance (**€2.054 million**) being reallocated to fund COVID-19 measures in 2020. Please see Appendix 2 for detail on the 2020 final allocation for the Brexit Programme.

1.3 COVID-19 Actions

The Government's response to COVID-19, in line with the National Action Plan, has required a major health system response. In the Revised Estimates for 2020 an additional **€1,777.0 million** of net non-capital funding and **€220 million** of net capital funding has been provided for the implementation of this response in line with the National Action Plan. An additional allocation of **€326.0 million** has been provided for in the Supplementary Estimate for the Health Vote, with an additional **€186.4 million** being provided from reallocation from within the HSE Core Programme and the Department of Health and Other Agencies allocations. This brings the total 2020 COVID-19 Programme allocation to **€2,291.188 million**. Please see Appendix 3 for more detail.

Within this overall sum, certain expenditure items have specific sanctioned levels as set out hereunder:

- National COVID-19 Testing Strategy - **€292.3 million; (includes additional allocation of €15.6m)**
- GP COVID-19 related services - **€140 million;**
- Temporary Payment Assistance Scheme for private nursing homes - **€79.5 million;**
- Commissioning of private hospital capacity - **€330 million;**
- Procurement of PPE from China Resources Group - **€256 million;**
- Other Procurement of PPE and freight costs - **€644 million.**

1.4 Personal Protective Equipment

The commitment of the Government in sanctioning COVID-19 funding for the procurement of Personal Protective Equipment (PPE) (S180/20/10/0648 & S180/20/10/0648A) includes a Government decision to provide for a baseline level of three months inventory reserve in such supplies going forward. In this regard, it is appropriate to consider the appropriate accounting treatment of both the expenditure

on PPE and the additional COVID-19 funding provided to the HSE for the purchase of PPE stocks during 2020. The Department of Health will continue to engage with the HSE in relation to the Executive's preparation of its 2020 Annual Financial Statements in relation to the accounting treatment of PPE expenditure incurred and the associated funding provided by the Department, in line with public financial procedures.

1.5 Winter Plan 2020

€200.000 million is being provided for the 2020 expenditure on the Health Service Executive's 'Winter Planning within the COVID-19 Pandemic Oct2020 – April 2021'.

2.0 Net Capital Expenditure Level

I also wish to advise of additional adjustments which will result in a revised maximum level of net capital expenditure that may be incurred by the HSE for the financial year 2020 of **€1,091,460,723**. The revisions are summarised in the table below.

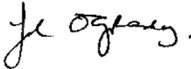
| Net Capital Expenditure Allocation | €m |
|--|----------------------|
| Per Original Letter of Determination 11th October 2019 | 839,000,000 |
| <i>Adjustments:</i> | |
| COVID-19 Action Plan Measures | 220,000,000 |
| 2019 Capital Carry over | 30,000,000 |
| Virements from DoH Capital - once off | 2,460,723 |
| Approved level of Net Capital Expenditure | 1,091,460,723 |

The Net Capital Expenditure figure reflects the additional amount of €30,000,000 in unspent 2019 appropriations which is to be applied to capital in 2020. Please see Appendix 4 for additional detail on COVID-19 Action Plan Measures.

Any queries in relation to the above should be directed to John O'Grady, Finance Unit, in the first instance.

I would like to thank you and your officials for your commitment during the year and look forward to working with you in 2021.

Yours sincerely,


pp

Colm O'Reardon

Acting Secretary General

Appendix 1 – 2020 Holdback Funding Released and Reallocated

| Description | €m | €m |
|--|---------------|----------------|
| 2020 Total HSE Holdback Allocation (Excluding Brexit) | | 194.984 |
| 2020 DoH Holdback Transfers | | 24.632 |
| Total Holdback funding | | 219.616 |
| Funding Released | | |
| <i>Quarter 1</i> | | |
| Assessment of Need | 6.000 | |
| NHSS | 26.000 | |
| Mother & Baby Homes Comission Suport Services | <u>1.735</u> | |
| <i>Sub total Quarter 1</i> | | 33.735 |
| <i>Quarter 2</i> | | |
| School Leavers | 12.500 | |
| National Strategy - Cancer | 3.500 | |
| National Strategy - Maternity | 1.499 | |
| National Strategy - Trauma | 0.669 | |
| National Strategy - Organ Donation & Transplant Ireland | 0.283 | |
| National Strategy - Ambulance | 0.998 | |
| Mental Health | 0.381 | |
| Hospices | 3.000 | |
| Social Inclusion: Drugs | 0.699 | |
| Model of Care for Infertility | 1.002 | |
| Model of Care for Infertility | 0.977 | |
| Winter Plan | <u>13.779</u> | |
| <i>Sub total Quarter 2</i> | | 39.287 |
| <i>Quarter 3</i> | | |
| Palliative Care | 3.980 | |
| Respite Services | 5.000 | |
| National Strategy - Trauma | 0.310 | |
| National Strategy - ODTI | 0.214 | |
| Mental Health | 7.115 | |
| Enhanced Community Services | 0.138 | |
| Disabilities | 1.000 | |
| Social Inclusion: Drugs | <u>0.147</u> | |
| <i>Sub total Quarter 3</i> | | 17.904 |
| <i>Quarter 4</i> | | |
| Home Support (additional hours) | 8.000 | |
| National Strategy - Children's Health Ireland | 0.240 | |
| Mental Health | 5.500 | |
| Enhanced Community Services | 10.000 | |
| Care Redesign | 11.920 | |
| Restore medical card income limits for over 70s to €550/€1050 (from July) | 6.000 | |
| Reduction in GMS prescription charges for over 70s to €1 an item (from July) | 2.100 | |
| Reduce prescription charge for under 70s to €1.50 an item | 2.100 | |
| Reduce DPS to €114 a month max from September | 3.200 | |
| Disabilities | <u>3.947</u> | |
| <i>Sub total Quarter 4</i> | | 53.007 |
| Total 2020 Holdback Funding Released (excluding Brexit) | | 143.933 |
| Funding available for once off transfer to COVID-19 Programme | | 75.683 |

Appendix 2 – Brexit Programme 2020 Allocation

| HSE 2021 Net Brexit Programme Allocation | | €m |
|---|-----------|---------------|
| | | |
| Opening Allocation - Non Capital | | 2.079 |
| <i>2020 Additional Allocations</i> | | |
| Brexit (Quarter 2) | Recurring | 6.908 |
| Brexit (Quarter 3) | Recurring | 0.582 |
| Additional Recurring Funding Subtotal | | 7.490 |
| Brexit (OPW Works) | Once Off | 5.034 |
| Additional Once Off Funding Subtotal | | 5.034 |
| | | |
| 2020 Brexit Programme Net Non Capital Allocation | | 14.603 |

Appendix 3: COVID 19 Actions Net Non Capital Allocation

| National Action Plan on COVID-19 | COVID-19 Funded Measures Net Non Capital | £m |
|--|---|------------------|
| 2020 Revised Estimates Volume | | |
| 2. Cross Cutting Actions | Testing & Tracing | 276.700 |
| | COVID-19 Additional Support Services to the HSE | 8.700 |
| | Integrated Infection Control and Prevention | 3.862 |
| 3. Communications | Communications | 15.204 |
| 4. Community Care (including Vulnerable Groups) | GP Costs | 110.350 |
| | Temporary Payment Assistance Scheme | 79.542 |
| | Community Assessment Hubs | 5.400 |
| | Community Costs - Other | 34.369 |
| | Disability Day Service Expansion | 10.000 |
| 5. Caring for People in Acute Services | Acute Hospital | 190.000 |
| | End of Life Services (Hospices) | 7.680 |
| | NAS Other Covid related costs | 5.600 |
| 6. Expanding Critical Physical Capacity | Private Hospitals | 330.000 |
| | Accommodation & Isolation Facilities (including CityWest) | 45.000 |
| | Student Nurses | 55.500 |
| 7. Expanding and protecting our Health Workforce | Medical Interns | 20.000 |
| 8. Maintaining access to essential health products and equipment | PPE | 482.810 |
| | Other essential products and supplies | 98.000 |
| Revised Estimate Volume 2020 subtotal | | 1,778.717 |
| 2020 Supplementary Estimate | | |
| 4. Community Care (including Vulnerable Groups) | GP Costs | 29.681 |
| | Disability Once off COVID supports | 20.000 |
| 5. Caring for People in Acute Services | Palliative care Once off COVID supports | 10.000 |
| 8. Maintaining access to essential health products and equipment | PPE | 266.383 |
| Supplementary Estimate 2020 subtotal | | 326.064 |
| Funded from 2020 Reallocations (HSE & | | |
| 8. Maintaining access to essential health products and equipment | PPE | 170.807 |
| 2. Cross Cutting Actions | Testing & Tracing | 15.600 |
| | | 186.407 |
| Total COVID-19 Programme 2020 Total Allocation | | 2,291.188 |

Appendix 4 – 2020 COVID-19 Programme Capital Allocation

| National Action Plan on COVID-19 | COVID-19 Funded Measures Net Capital Allocation | €m |
|--|--|----------------|
| 2. Cross Cutting Actions | ICT | 18.000 |
| 6. Expanding Critical Physical Capacity | Building & Equipment | 125.000 |
| 8. Maintaining access to essential health products and equipment | Ventilators Allocation (adjusted for €41.5m) | 32.000 |
| | Other Equipment | 45.000 |
| | Total of Net Capital Covid-19 Allocation | 220.000 |