

Appropriation Account 2015

Vote 38

Health

Introduction

As Accounting Officer for Vote 38, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2015 for the salaries and expenses of the Office of the Minister for Health and certain other services administered by that Office, including grants to the Health Service Executive and miscellaneous grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2015, including the amount that could be used as appropriations-in-aid of expenditure for the year.

Changes to Vote 38: Health in 2015

Up to 31 December 2014, the HSE was funded through Vote 39: Health Service Executive. The Health Service Executive (Financial Matters) Act 2014 provided for the disestablishment of Vote 39: Health Service Executive from 1 January 2015. Funding for the HSE is now provided through Vote 38 - Health.

The figures shown as 2014 outturn in this Account in respect of HSE subheads are those reported in Vote 39 in 2014. It should be noted that in 2014 (and in previous years) the funding provided and the expenditure incurred in relation to individual subheads was the gross expenditure. The HSE received receipts from a number of sources which were reported as Appropriations - in-aid.

In 2015, some of the income previously reported as Appropriations – in –aid is retained by the HSE. In 2015, the amount provided for in the estimate and the expenditure outturn in Vote 38 in relation to the HSE is on a net grant basis.

The amounts spent on three subheads (A.1, A.2 and B.7) by the HSE in 2014, are now included on a net grant basis in Vote 38: Health 2015 in subheads I.1 to I.4.

Accordingly, the outturn for 2014 and 2015 may not be directly comparable.

A surplus of €8.43 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

The Human Resource function is provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer of the Department of Public Expenditure and Reform is Accounting Officer for Vote 18 also and is responsible for the operation of controls within the Shared Service Centres.

The Accounting Officer for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within shared services. The audits are being conducted by a firm of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402) which is designed to report to user departments and their auditors on the controls within shared services.

The audits encompass (i) a readiness assessment to identify risks and related controls and provide a gap analysis followed by (ii) a report on the design and existence of controls, and (iii) an annual report on whether controls operated effectively.

The Accounting Officer of the Vote for Shared Services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls that are expected to be reported to me as set out in that letter.

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for Shared Services.

Financial control environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the Department.
- There are systems aimed at ensuring the security of the ICT systems.
- There are appropriate capital investment control guidelines and formal project management disciplines.
- The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department complied with the guidelines with the exception of one arrangement to the value of €55,000 (excluding VAT) which is listed in my annual return in respect of Circular 40/2002. This concerns a review of matters related to disability services in the South East by a Senior Counsel at the request of the Minister of State for Mental Health, Primary Care and Social Care (Disabilities and Older People).

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Jim Breslin
Accounting Officer
Department of Health

31 March 2016

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 38 Health

I have audited the appropriation account for Vote 38 Health for the year ended 31 December 2015 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration by his Department and for the regularity and propriety of all transactions in the appropriation account.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare each year, a report on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 38 Health for the year ended 31 December 2015.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, adequate accounting records have been kept by the Department of Health. The appropriation account is in agreement with the accounting records.

Seamus McCarthy

Comptroller and Auditor General

23 September 2016

Vote 38 Health

Appropriation Account 2015

Service			2015		2014
			Estimate provision	Outturn	Outturn
	€000	€000	€000	€000	€000
Administration					
A.1	Salaries, wages and allowances				
	<i>Original</i>	25,462			
	<i>Supplementary</i>	(2,500)	22,962	22,477	22,078
A.2	Travel and subsistence		654	349	356
A.3	Training and development and incidental expenses		944	766	663
A.4	Postal and telecommunication services		528	378	400
A.5	Office equipment and external IT services		1,824	1,669	1,352
A.6	Office premises expenses		625	576	496
A.7	Consultancy services and value for money and policy reviews				
	<i>Original</i>	1,650			
	<i>Supplementary</i>	(500)	1,150	814	1,554
—	<i>HSE – Salaries, wages and allowances and other administration expenses of Corporate HSE</i>		—	—	63,955
—	<i>Value for money and policy reviews</i>		—	—	377
Grants					
B.1	Grants to research bodies and other research grants		36,500	34,566	34,852
B.2	Grants to health agencies and other similar organisations (part funded by National Lottery)		3,286	3,286	3,286
B.3	Drugs initiative		6,358	6,347	7,267
Other services					
C.	Expenses in connection with the World Health Organisation and other international bodies		2,600	2,590	2,347
D.	Statutory and non-statutory inquiries and miscellaneous legal fees and settlements				
	<i>Original</i>	10,093			
	<i>Supplementary</i>	31,300	41,393	38,261	17,047
E.1	Developmental, consultative, supervisory, regulatory and advisory bodies				
	<i>Original</i>	55,923			
	<i>Supplementary</i>	(5,000)	50,923	49,956	47,808

			2015	2014
			Estimate provision	Outturn
		€000	€000	€000
			Outturn	Outturn
		€000	€000	€000
Other services (continued)				
E.2	The Food Safety Promotion Board		5,474	5,474
E.3	The National Treatment Purchase Fund Board and Special Delivery Unit		5,100	5,100
E.4	Ireland/Northern Ireland INTERREG			
	<i>Original</i>	2,190		
	<i>Supplementary</i>	<u>(1,000)</u>	1,190	1,020
F.1	Payments in respect of disablement caused by thalidomide		745	386
F.2	Payments in respect of persons claiming to have been damaged by vaccination		1	—
F.3	Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunal Act 1997 and 2002			
	<i>Original</i>	24,786		
	<i>Supplementary</i>	<u>(5,000)</u>	19,786	17,800
F.4	Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002			
	<i>Original</i>	3,849		
	<i>Supplementary</i>	<u>(900)</u>	2,949	2,949
G.	Dissemination of information, conferences and publications in respect of health and health services			
	<i>Original</i>	1,513		
	<i>Supplementary</i>	<u>(400)</u>	1,113	1,111
Corporate Administrative				
H.	Pension lump sum payments			
	<i>Original</i>	72,000		
	<i>Supplementary</i>	<u>24,000</u>	96,000	92,168
HSE Regions and Other Health Agencies				
I.1	HSE – Dublin Mid Leinster Region			
	<i>Original</i>	1,296,543		
	<i>Supplementary</i>	<u>39,000</u>	1,335,543	1,337,688
I.2	HSE – Dublin North East Region			
	<i>Original</i>	1,153,144		
	<i>Supplementary</i>	<u>36,000</u>	1,189,144	1,191,068
I.3	HSE – South Region			
	<i>Original</i>	1,821,037		
	<i>Supplementary</i>	<u>57,000</u>	1,878,037	1,881,036
			1,881,036	1,998,150

			2015	2014
			Estimate provision	Outturn
		€000	€000	€000
I.4	HSE – West Region			
	<i>Original</i>	2,023,498		
	<i>Supplementary</i>	66,000	2,089,498	2,092,827
I.5	Grants in respect of certain other health bodies including voluntary and joint hospital boards			2,215,638
	<i>Original</i>	2,117,495		
	<i>Supplementary</i>	160,000	2,277,495	2,296,934
Other HSE Services				
J.1	Health agencies and similar organisations (part funded by the National Lottery)		7,513	4,289
J.2	Payments to Special Account – Health (Repayment) Act 2006		4,000	1,670
J.3	Payment to special account established under section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme		1,500	—
J.4	Service developments and innovative service delivery projects		50,000	40,000
J.5	Payment to State Claims Agency			
	<i>Original</i>	96,000		
	<i>Supplementary</i>	93,000	189,000	205,227
J.6	Economic and social disadvantaged (dormant account funding)		2,700	1,915
—	<i>Hospital, inpatient, out-patient and counselling services for persons who have contracted Hepatitis C from the use of immunoglobulin anti-D and the provision of services under the Health (Amendment) Act 1996</i>		—	—
				14,210
Care Programme				
K.1	Primary care reimbursement services and community demand led schemes			
	<i>Original</i>	2,485,800		
	<i>Supplementary</i>	151,000	2,636,800	2,617,877
K.2	Long term residential care			2,540,112
	<i>Original</i>	873,900		
	<i>Supplementary</i>	23,000	896,900	895,300
				954,093

Notes to the Appropriation Account

1 Operating Cost Statement 2015

	2015	2014
	€000	€000
Expenditure on administration	27,029	26,899
Expenditure on services and programmes	13,313,719	167,863
Gross expenditure	13,340,748	194,762
<i>Deduct</i>		
Appropriations-in-aid	527,975	4,702
Net expenditure	12,812,773	190,060
Changes in capital assets		
Purchases cash	(141)	
Depreciation	144	
Loss on disposals	12	
	15	78
Changes in net current assets		
Increase in closing accruals	10,666	
Increase in stock	(6)	
	10,660	(1,354)
Direct expenditure	12,823,448	188,784
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	9,383	9,329
Notional rents	2,004	2,004
Net programme cost	12,834,835	200,117

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 38 borne elsewhere.

	2015	2014
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 167	258
Vote 12 Superannuation and Retired Allowance	e 7,486	7,288
Vote 13 Office of Public Works	e 1,466	1,536
Central Fund – Ministerial pensions	e 264	247
	9,383	9,329

“e” indicates that the number is an estimated value or an apportioned cost

2 Balance Sheet as at 31 December 2015

	Note	2015 €000	2014 €000
Capital Assets	2.2	590	593
Current Assets			
Stocks	2.4	71	65
Prepayments		259	173
Accrued income	2.5	156	10,595
Other debit balances	2.6	8,335	42,247
Net Exchequer due	2.8	18,534	(14)
Total Current Assets		27,355	53,066
Less Current Liabilities			
Accrued expenses		606	293
Other credit balances	2.7	1,063	203
Bank and cash	2.3	25,806	42,030
Total current liabilities		27,475	42,526
Net Current Assets/ (Liabilities)		(120)	10,540
Net Assets		470	11,133
Represented by:			
State Funding Account	2.1	470	11,133

2.1 State Funding Account	Note	2015 €000	2015 €000	2014 €000
Balance at 1 January			11,133	9,857
Disbursements from the Vote				
Estimate provision	Account*	12,821,200		
Surplus to be surrendered	Account*	(8,427)		
Net vote			12,812,773	190,060
Expenditure (cash) borne elsewhere	1		9,383	9,329
Non cash expenditure – notional rent	1		2,004	2,004
Other non-cash item – capital accrual			12	—
Net programme cost	1		(12,834,835)	(200,117)
Balance at 31 December			470	11,133

*Note: "Account" refers to the face of the Appropriation Account

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2015	2,563	1,960	4,523
Additions	118	35	153
Disposals	(377)	(39)	(416)
Cost or valuation at 31 December 2015	2,304	1,956	4,260
Accumulated depreciation			
Opening balance at 1 January 2015	2,038	1,892	3,930
Depreciation for the year	94	50	144
Depreciation on disposals	(365)	(39)	(404)
Cumulative depreciation at 31 December 2015	1,767	1,903	3,670
Net assets at 31 December 2015	537	53	590
Net assets at 31 December 2014	525	68	593

2.3 Bank and Cash

	2015 €000	2014 €000
at 31 December		
PMG balance	(25,807)	(42,075)
Commercial bank account balance	1	45
	<u>(25,806)</u>	<u>(42,030)</u>

2.4 Stocks

	2015 €000	2014 €000
at 31 December		
Stationery	20	17
IT Consumables	51	48
	<u>71</u>	<u>65</u>

2.5 Accrued Income

	2015 €000	2014 €000
at 31 December		
Pay related deductions due from IBTS*	—	10,280
Other	156	315
	<u>156</u>	<u>10,595</u>

*In January 2016, the Minister for Public Expenditure and Reform directed that the sums currently held in escrow by the Irish Blood Transfusion Board amounting to €10 million should be disposed of by transfer to the Irish Blood Transfusion Service Superannuation Fund and utilised as funding in respect of liabilities of that fund.

2.6 Other Debit Balances	2015	2014
at 31 December	€000	€000
Recoupable salaries	76	81
Recoupable travel expenditure	8	6
Recoupable travel pass scheme expenditure	135	132
Hepatitis C Compensation Tribunal	4,175	1,200
Other debit suspense items	3,941	40,828
	<u>8,335</u>	<u>42,247</u>

2.7 Other Credit Balances	2015	2014
At 31 December	€000	€000
Amounts due to the State		
Income Tax and Universal Social Charge	—	2
Pay Related Social Insurance	(3)	(4)
Professional Services Withholding Tax	96	24
Value Added Tax	16	5
Pension contributions	—	7
HSE cash undrawn	789	—
	<u>898</u>	<u>34</u>
Other credit suspense items	165	169
	<u>1,063</u>	<u>203</u>

2.8 Net Exchequer funding due	2015	2014
at 31 December	€000	€000
Surplus appropriations to be surrendered	8,427	11,909
Exchequer grant undrawn	(26,961)	(11,895)
Net Exchequer funding due	<u>(18,534)</u>	<u>14</u>

Represented by:**Debtors**

Debit balances: suspense items	8,335	42,247
	<u>8,335</u>	<u>42,247</u>

Creditors

Due to State	(109)	(34)
Bank and cash	(26,595)	(42,030)
Credit balances: suspense	(165)	(169)
	<u>(26,869)</u>	<u>(42,233)</u>
	<u>(18,534)</u>	<u>14</u>

2.9 Commitments	2015	2014
at 31 December	€000	€000

(a) Global Commitments

Procurement subheads	977	1,223
Grant subheads	5,614	6,946
	<u>6,591</u>	<u>8,169</u>

(b) Multi-Annual Capital Commitments

Note: Individual capital projects involving total expenditure of €6,350,000 or more should be shown separately in the multi-annual capital commitments table

	Cumulative expenditure to 31 December 2014	Expenditure in 2015	Project commitments in subsequent years	Expected total spend lifetime of project 2015	Expected total spend lifetime of project 2014
	€000	€000	€000	€000	€000
Health Research Board Clinical Research facilities:					
St James's Hospital and Dublin Clinical Research Network	9,309	1,067	2,437	12,813	12,390
Total	<u>9,309</u>	<u>1,067</u>	<u>2,437</u>	<u>12,813</u>	<u>12,390</u>

3 Programme Expenditure by Subhead

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the original estimate provision by more than €100,000, and by more than 5% (25% in the case of administration subheads). There is an overall surrender with the excess spending on some subheads met through a combination of a Supplementary Estimate and virement of savings on some other subheads.

Description	Sub-head	Less/ (more) than provided	Explanation
		€000	
Salaries, wages and allowances	A.1	2,985	<p>The original budget provision in 2015 was based on a whole time equivalent of 374 staff. The actual number of staff at end of 2015 was 340 WTEs .</p> <p>The lower than anticipated level of staffing resulted in a €3 million variance, of which €2.5 million was vired as part of the supplementary estimate.</p> <p>The reason for the lower than expected level of staff can be attributed to two factors</p> <ul style="list-style-type: none"> • Delays in securing replacement staff for the high level of leavers in 2015 arising from transfers and secondments, resignations and retirements and • Delays in filling new posts associated with the significant organisation development under the Working Better Together programme. <p>The delays were in the main caused by the absence of Public Appointments Service panels for key grades until early 2016. The main areas affected were Research Services (largely economists), Health Strategy and Policy and Health Service Performance. The balance of posts filled in early 2016 were arising across all divisions of the Department.</p>
Travel and subsistence	A.2	305	Spending on travel was less than anticipated and less than the previous year.
Postal and telecommunication services	A.4	150	The savings arose due to the reducing cost of telephone charges.
Consultancy services and value for money and policy reviews	A.7	836	Consultancy costs were €0.836 million less than provided for due to delays in commencing a number of projects including the development and implementation of several National Clinical Guidelines (€0.317 million), the development of policy relating to nursing, midwifery and related grades (€0.115 million), the utilisation of professional actuarial services (€0.1 million), the provision of alcohol labelling research (€0.096 million) and work relating to Drugs and Alcohol Task Forces (€0.079 million).

Description	Sub-head	Less/ (more) than provided	Explanation
		€000	
Grants to research bodies and other research grants	B.1	1,934	The original allocation incorporated provision for additional research projects anticipated to arise from the creation of an enhanced research function in the Department in the context of the Working Better Together programme. In the event, the timing of the restructuring and filling of senior posts resulted in €1.7 million not being required in 2015. The balance of the variance relates to lower than budgeted pay costs in the National Cancer Registry Board, arising mainly from the non-replacement of a staff member and staff working part time rather than full time.
Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	D	(28,168)	The original provision of €10.093 million was increased by €31.3 million in the Supplementary Estimate to meet the costs of the Symphysiotomy Payment Scheme and medical negligence claims. In practice, some of these claims did not arise for payment in 2015 leading to a saving of €3.132 million.
Developmental, consultative, supervisory, regulatory and advisory bodies	E.1	5,967	<p>The Department advances funds to health agencies up to the approved level of expenditure or actual expenditure, whichever is the lesser amount. Actual expenditure was less than budgeted for a number of agencies as follows.</p> <p>Expenditure by Health Information and Quality Authority was €1.7 million lower than budgeted due to delays in filling sanctioned posts and less than budgeted spending on information technology, publications and training.</p> <p>Expenditure by the Mental Health Commission was €1.2 million lower than budgeted due to delays in filling sanctioned posts, lower than expected expenditure on legal fees and a delay in the commencement of an ICT development project.</p> <p>The savings of €0.5 million made by CORU arose on pay and legal costs and increased buoyancy in receipts from registration fees.</p> <p>The savings of €0.1 million by the Pre Hospital Emergency Care Council was due to an increase in income generated.</p>
Ireland/Northern Ireland INTERREG	E.4	1,170	Payments under this subhead are requested by the Special EU Programmes Body, based on actual payments made to projects under the Scheme. The original provision of €2.19 million was reduced in the Supplementary Estimate by €1m with further savings of €0.17 million as a number of projects had concluded. The timing of funding requests may be unpredictable given the INTERREG verification processes in place and estimates can be subject to change.

Description	Sub-head	Less/ (more) than provided	Explanation
		€000	
Payments in respect of disablement caused by thalidomide	F.1	359	The Department continued to make monthly payments to Irish survivors of Thalidomide in 2015. The Department is participating in a legal mediation process, managed by the State Claims Agency, with twenty two thalidomide survivors who have lodged High Court personal injury claims against the State. The savings arose as the mediation process has not concluded.
Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunal Act 1997 and 2002	F.3	6,986	As the Department is not in a position to precisely forecast the number or value of awards made by the Hepatitis C and HIV Compensation Tribunal, the original provision of €24.786 million was reduced in the Supplementary Estimate by €5 million with further savings of €1.986 million.
Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	F.4	900	As the Department is not in a position to precisely forecast the number or value of awards made by the Hepatitis C and HIV Compensation Tribunal, the original provision of €3.849 million was reduced in the Supplementary Estimate by €0.9 million. A Reparation Fund payment is fixed at 20% of the Tribunal award.
Dissemination of information, conferences and publications in respect of health and health services	G	402	The original provision of €1.513 million was reduced in the Supplementary Estimate by €0.4 million with further savings of €0.002 million. A number of projects associated with Healthy Ireland and other health promotion and protection projects did not conclude.
Pension lump sum payments	H	(20,168)	The original provision for HSE pension lump sums was €72 million. This was increased by €24 million to €96 million in the Supplementary Estimate to provide for the estimated additional cost of funding pension lump sums for HSE retirees during 2015. The final outturn for pension lumps sums was €92.2 million. The anticipated expenditure was overestimated by €3.8 million due to the scale and number of retirements in any financial period being difficult to predict with certainty.

Description	Sub-head	Less/ (more) than provided €000	Explanation
HSE – Dublin Mid Leinster Region	1.1	(41,145)	The original provision for subheads 1.1 to 1.5 was €8,412 million. The main reasons for the difference between the actual expenditure outturn of €8,799 million and the original estimate totalling €388 million are summarised below :
HSE – Dublin North East Region	1.2	(37,924)	
HSE – South Region	1.3	(59,999)	€222 million related to higher than budgeted expenditure in hospitals. This was due to urgent and significant service demands, with attendant increase in staff numbers, and the underachievement of some cost reduction initiatives including targeted savings on agency staff.
HSE – West Region	1.4	(69,329)	
Grants in respect of certain other health bodies including voluntary and joint hospital boards	1.5	(179,439)	<p>€68 million related to initiatives approved by Government after the estimate had been developed as follows:</p> <ol style="list-style-type: none"> 1. Delayed discharges initiative (€30 million) in relation to home care/transitional beds 2. Waiting list initiative (€28 million) which included additional expenditure in HSE and private hospitals to reduce inpatient, day case and outpatient waiting lists. 3. Winter initiative (€10 million) which included additional expenditure aimed at addressing capacity and escalation challenges at hospitals to deal with overcrowding issues that arise in winter months. <p>Social care costs were some €53 million higher than budgeted comprising €5 million in Older People Services and €48 million in Disability Services. The increase in Disability Services payments mainly arose due to costs of extra staffing and emergency placements, and additional investment to achieve infrastructure compliance with national standards.</p> <p>Hospitals are funded from the Vote on the basis of the net funding required which takes account of expenditure less the other income collected by the hospital. The Vote provided for additional receipts of €131 million as a result of new arrangements with insurers. As agreement was not reached with all insurers in 2015, the additional receipts amounted to €120 million resulting in a shortfall of €11 million which required additional funding from the Exchequer.</p> <p>€28 million additional pension payment arose due to more staff retiring than was provided for in the Estimate.</p> <p>€5 million was provided for the additional cost of overseas treatment.</p> <p>The original provision was increased by €358 million in the supplementary estimate to give a revised</p>

			estimate of €8,770 million and the additional expenditure (over the revised estimate) was met by virement of savings from other subheads.
Health Agencies and Similar Organisations (part funded by the National Lottery)	J.1	3,224	The original 2015 provision for Subhead J1 was €7.5 million. The National Lottery expenditure was less than forecast due to grants not being paid until the conditions of the grant are fulfilled. Delays occur due to outstanding information requirements such as tax clearance certificate and quotations.
Payments to Special Account – Health (Repayment) Act 2006	J.2	2,330	The original 2015 provision for Subhead J2 was €4 million. Payments under this Subhead were less than forecast leading to a saving of €2.33 million against the original provision. This saving arose because the HSE National Co-ordinating Unit can only make repayments under the Health Repayment Scheme on claims which have been fully validated through the various stages of the repayment process, which includes receiving data from service providers, checking details and amounts provided, audit of repayable amounts, issuing offers and checking appropriate acceptance of the offers.
Payment to Special Account est under section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme	J.3	1,500	The original 2015 provision for Subhead J2 was €1.5 million. The anticipated expenditure was overestimated because no claims made by Approved Insurers for the payment of benefits under this Scheme were completed to the point of making payments to the Special Account established under Section 4 of Hepatitis C Compensation Tribunal during 2015.
Service developments and innovative service delivery projects	J.4	10,000	The original 2015 provision for Subhead J4 was €50 million. The anticipated expenditure was overestimated by €10 million due to timing factors associated with the implementation of new developments in mental health services (€7.1million) and delayed discharge initiatives (€2.9 million).
Payment to State Claims Agency	J.5	(109,227)	The original 2015 provision for the State Claims Agency (SCA) was €96 million. This was increased by €93 million to €189 million in the Supplementary Estimate. Precise cost prediction in this area has proven to be extremely challenging and deficits in recent years have been met each year by way of supplementary funding at year end. The anticipated expenditure for the SCA turned out to be €16 million higher than the Final Estimate provision owing to the submission of unexpected late claims by the State Claims Agency to the HSE, which the HSE was statutorily required to pay. The Supplementary Estimate provision of €93 million and the additional unexpected payment of €16m led to €109 million in excess spending.

Description	Sub-head	Less/ (more) than provided €000	Explanation
Economic and social disadvantaged (dormant account funding)	J.6	785	The original 2015 provision for Subhead J6 was €2.7 million. The outturn for this subhead was €1.9 million leading to a saving against the original allocation of €0.785 million. The anticipated expenditure was overestimated as under the detailed process for the approval and payment of funding to Dormant Account projects, a certain proportion of funding can be drawn down at contract stage, with the balance drawn down at a later stage. It was not possible for approved projects to draw down the balance by year end.
Primary care reimbursement services and community demand led schemes	K.1	(132,077)	<p>The original provision for Subhead K1 was €2,486 million. The outturn was €2,618 million.</p> <p>Expenditure was higher than budgeted in the following areas.</p> <ul style="list-style-type: none"> ▪ High tech drug schemes €69 million — the cost increase was driven by an increase in demand for new and existing drugs. ▪ Long term illness scheme €65 million. In Qtr.4 2014, the average spend on the scheme was €13m per month. By Qtr. 4 2015, this had increased to €16 million per month. The budget allocated to PCRS for 2015 had a growth expectation built in but anticipated that the rate of growth would stabilise. The stabilisation did not occur. <p>The increase in expenditure was driven by an increase in demand for the scheme as a result of new patients diagnosed with a qualifying LTI and a move by patients who have or previously had a medical card to accessing approved medicines under the LTI scheme rather than the GMS scheme.</p> <ul style="list-style-type: none"> ▪ GMS pharmacy drugs €23 million. The increased pharmacy drug cost fee is as a result of increased cardholder numbers in the system than that budgeted for in 2015. An additional 26,000 medical cards were in the system at 31 December 2015 than was provided for when the budget was agreed in October. <p>Local Demand Led Schemes came in €17 million above the original estimate. It is typically difficult to estimate demand growth in this area. The main expenditure drivers within Local Schemes are hardship medicine and drug refund schemes which represent almost 100% of the deficit in this area.</p> <p>The higher than expected expenditure in areas (outlined above) were offset by lower than expected expenditure in the following areas</p> <ul style="list-style-type: none"> ▪ GP fees and allowances €25 million. The

reduction was primarily a result of the delay in introducing Free GP Care to Under 6s and Over 70s, which was budgeted to commence in March 2015, but commenced in July and August 2015 respectively.

- Dental treatment services €9 million. This was directly linked to a reduction in the number of patients presenting for treatment.
- Drug Payment Scheme €5 million. Expenditure was lower than budgeted as a result of a drop off in the number of families claiming under the scheme in the early part of 2015. The reduction in claiming was driven by a combination of the reduction in the cost of certain drugs through the implementation of Reference Pricing and the co-payment threshold level. The lower referenced priced drugs resulted in less claimants reaching the threshold.

The original provision was increased to €2,637 million (an increase of €151 million) in the Supplementary estimate.

The final outturn was less than projected in the Supplementary Estimate due to a lower than expected growth rate in expenditure across a number of PCRS schemes in the final months of the year.

Long term residential care K.2 (21,400)

The original provision (€873.9 million) was based on providing long term residential care to 22,361 clients each month at an average net weekly cost of €750 per bed per week.

This was increased to €896.9 million (an increase of €23 million) in the supplementary estimate to provide additional placements to bring the total supported to 23,650 clients per month at 31 December 2015 to ensure that commitments relating to maintaining a waiting period of no more than four weeks were met.

The final outturn was €895.3 million. The anticipated expenditure was overestimated by €1.6 million due a slightly lower than average number of clients per month than was anticipated being supported over all of 2015.

Grants in respect of building, equipping (including ICT) L.1 3,379

Expenditure was €3.379 million lower than budgeted as planned projects in the following areas did not progress as anticipated due to timing factors associated with the delivery of ICT projects for the Health Information and Quality Authority and National Cancer Registry Ireland, ICT and accommodation and other projects for CORU.

4 Receipts

4.1 Appropriations-in-aid	€000	2015	2015	2014
		Estimated	Realised	Realised
		€000	€000	€000
1. Recovery of cost of health services provided under regulations of the European Community	<i>Original</i> 275,500 <i>Supplementary</i> 65,000	340,500	342,764	—
2. Receipts from certain excise duties on tobacco products		167,605	167,605	—
3. Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund		3,000	2,831	—
4. Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund		3,000	6,304	—
5. Miscellaneous receipts		1	195	148
6. Dormant accounts		2,450	1,915	—
7. Receipts from pension-related deduction on public service remuneration		3,915	6,361	4,554
Total	<i>Original</i> 455,471 <i>Supplementary</i> 65,000	520,471	527,975	4,702

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Description	Less/(more) than estimated €000	Explanation
Recovery of cost of health services under regulations of the European Community	(67,264)	Ireland is reimbursed by the United Kingdom in respect of health services provided under EU Regulations based on an estimate of the number of persons falling within eligible categories and an estimate of the average cost of providing healthcare treatment. The amount payable is agreed bilaterally following compilation of relevant data and discussions between the two administrations. The projected receipts of €275.5 million represented an initial estimate in advance of such discussions. In the event, a total of €342.764 million was received and included a one off final settlement of €73 million for 2009.
Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund	169	The ophthalmic benefit reimbursement from the Social Insurance Fund increased over the initial estimate by €0.169 million.
Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund	(3,304)	The dental benefit reimbursement from the Social Insurance Fund increased due to an increase in the number of recipients.
Miscellaneous receipts	(194)	As amounts due in any year are difficult to predict, a nominal amount of €1,000 is included in the estimate. Receipts in 2015 comprised of receipts for licence fees under the Misuse of Drugs Act, refunds of unspent Drugs Initiative funding and pension scheme remittances.

Description	Less/(more) than estimated	Explanation
	€000	
Dormant accounts	535	The funding received from Dormant Accounts is based on the amount paid from Subhead J6 during the year.
Receipts from pension-related deduction on public service remuneration	(2,446)	The amount due to the Department from health agencies in respect of the pension related deduction on public service remuneration is difficult to estimate as it is dependent on the number of public sector employees and the pay due to these employees by the agencies, both of which can vary (see note 2.5).

5 Employee Numbers and Pay

The number of staff at year end includes a number of non-commercial state agencies that are not in receipt of Exchequer funding.

The pay and allowances and other remuneration details in Note 5 relate to Department of Health staff only. Detailed information in relation to pay in respect of agencies is available in the relevant annual reports or directly from the agencies concerned. The agencies have been requested to provide this information on their websites.

	2015	2014
Number of staff at year end (full time equivalents)		
Department	341	339

Agencies

Health Service Executive

HSE direct employees	68,771	—
Voluntary (Section 38) acute and non acute services employees	37,624	—
	106,395	—
Other Agencies	1,522	1,640
	108,258	1,979

	2015	2014
	€000	€000
Pay	21,184	20,708
Higher, special or additional duties allowances	122	217
Other allowances	1	5
Overtime	136	145
Employer's PRSI	1,034	1,003
Total pay	22,477	22,078

5.1 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2015 €	Maximum individual payment 2014 €
Higher, special or additional duties	18	4	16,817	19,065
Other Allowances	11	-	350	2,508
Overtime	33	4	21,816	18,003
Number of individuals who received extra remuneration in more than one category	7	4	23,670	19,923

5.2 Payroll Overpayments

Salary overpayments amounted to €46,141 (12 cases) at end 2014 and €39,837 (10 cases) at end 2015. In all cases recovery plans are in place.

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2015	2015	2014
		Estimate	Outturn	Outturn
		€000	€000	€000
B.2	Grants to health agencies and other similar organisation (part funded by National Lottery)	3,286	3,286	3,286
J.1	Health agencies and similar organisations (part funded by the National Lottery)	7,513	4,289	4,289
L.3	Building, equipping and furnishing of health facilities (part funded by the National Lottery)	2,539	2,539	2,539

Under subhead B.2, a total of €3.286 million was paid to health agencies and other similar organisations. Details of the funding paid are available on the Department's website "www.health.gov.ie"

6.2 Legal Costs

Compensation and Legal costs awarded	2015	2014
	Total	Total
	€000	€000
Claims by members of the public	37,718	16,897
	37,718	16,897

6.3 Contingent Liabilities

The Department is involved in a number of claims involving legal proceedings which may generate liabilities, depending on the outcome of the litigation.

6.4 Special Obstetrics Investment Fund

In 2008, the Minister for Health established a Special Obstetrics Indemnity Scheme. Under the scheme, the Minister agreed to indemnify Bon Secours and Mount Carmel Hospitals in respect of specified obstetric claims. A Fund was established with contributions from the two hospitals covered, the Medical Protection Society and the Department of Health. Claims are paid by the State Claims Agency as they arise. The Minister for Health authorises the State Claims Agency to drawdown monies from the Fund to cover the cost of claims. At 31 December 2015 the balance on the fund totalled €5.47 million. The Fund is managed by the National Treasury Management Agency and the related income and expenditure is reflected in the annual financial statements of the State Claims Agency.

6.5 Late Payment Interest and Compensation Payments

	2015	2014
	€000	€000
Total of interest payments due	4	1
Recipients of €10,000 or more	—	—