

Tithe an
Oireachtais
Houses of the
Oireachtas

An Oifig Buiséid Pharlaiminteach
Parliamentary Budget Office
**Total Health Spending in
Ireland & HSE Commentary**

Publication 9 of 2024

Séanadh

Is í an Oifig Buiséid Pharlaiminteach (OBP) a d'ullmhaigh an doiciméad seo mar áis do Chomhaltaí Thithe an Oireachtais ina gcuid dualgas parlaiminteach. Ní bheartaítear é a bheith uileghabhálach ná críochnúil. Féadfaidh an OBP aon fhaisnéis atá ann a bhaint as nó a leasú aon tráth gan fógra roimh ré. Níl an OBP freagrach as aon tagairtí d'aon fhaisnéis atá á cothabháil ag tríú páirtithe nó naisc chuig aon fhaisnéis den sórt sin ná as ábhar aon fhaisnéise den sórt sin. Tá baill foirne an OBP ar fáil chun ábhar na bpáipéar seo a phlé le Comhaltaí agus lena gcuid foirne ach ní féidir leo dul i mbun plé leis an mórfhobal nó le heagraíochtaí seachtracha.

Is de chineál ginearálta í an Fhaisnéis. Baineann éiginnteacht le ráitis réamhbhreathnaitheacha agus d'fhéadfadh go dtiocfaidh nithe suntasacha chun cinn mar thoradh ar an bhFaisnéis. Ní sholáthraítear ráiteas cinntitheach leis an bhFaisnéis i ndáil le haon saincheist ar leith nó i ndáil le himthoisc phearsanta. Ní comhairle atá san Fhaisnéis. Ní mór a dheimhniú duit féin go bhfuil an Fhaisnéis a sholáthraimidne, an Oifig Buiséid Pharlaiminteach agus Coimisiún an Oireachtais (lena n-áirítear seirbhísigh, gníomhairí agus conraitheoirí na hOifige agus an Choimisiúin) oiriúnach agus iontaoifa. Ní ghlacaimid aon fhreagracht as cruinneas ná oiriúnacht, ná eile, na Faisnéise agus ní thugaimid aon ráthaíocht ná aon ghealltanas ná aon bharánta i leith an chéanna; ná go mbeidh ár leathanaigh ghréasáin nó an Fhaisnéis nó ábhar eile saor ó earráidí, saor ó víris nó saor ó shárú. Ní ghlacaimid aon dlíteanas (lena n-áirítear i leith éilimh maoine intleachtúla) a eascróidh as aon ábhar tríú páirtí nó aon suíomh gréasáin tríú páirtí a gcuirfimid nasc ar fáil chuige nó dá ndéanfaimid tagairt. Ní ghlactar le haon dlíteanas ar bith, a mhéid is mó a cheadaítear faoin dlí is infheidhme nó (i) as aon iontaoibh a chuirfear san Fhaisnéis nó san ábhar ar ár leathanaigh ghréasáin nó (ii) as aon chaillteanas nó damáiste a eascróidh as an úsáid a bhainfidh tú as na leathanaigh ghréasáin sin nó i dtaca leis an úsáid sin. Féach ár [bhFógra Séanta cuimsitheach anseo](#). I gcás aon easaontacht a bheith idir an Séanadh seo agus ár bhFógra Séanta cuimsitheach, is ag an gceann deireanach a bheidh an forlámhas.

Disclaimer

This document has been prepared by the Parliamentary Budget Office (PBO) for use by the Members of the Houses of the Oireachtas to aid them in their parliamentary duties. It is not intended to be either comprehensive or definitive. The PBO may remove, vary or amend any information contained therein at any time without prior notice. The PBO accepts no responsibility for any references or links to or the content of any information maintained by third parties. Staff of the PBO are available to discuss the contents of these papers with Members and their staff, but cannot enter into discussions with members of the general public or external organisations.

The Information is general in nature. Forward-looking statements involve uncertainties and matters may develop significantly from the Information. The Information does not provide a definitive statement in relation to any specific issue or personal circumstance. It does not constitute advice. You must satisfy yourself as to the suitability and any reliability of the Information that we, The Parliamentary Budget Office and Oireachtas Commission (including its servants, agents and contractors), provide. We accept no responsibility for, and give no guarantees, undertakings or warranties concerning, the accuracy or suitability or otherwise, of the Information; or that our webpages or the Information or other content will be error free, virus free, or infringement free. We accept no liability (including in respect of intellectual property claims) arising out of any third-party content or any third-party website to which we link or refer. To the fullest extent permitted by applicable law, no liability whatsoever is accepted (i) for any reliance placed on the Information or content on our webpages or (ii) for loss or damage arising out of or in connection with your use of this webpages. See our comprehensive [Disclaimer Notice here](#). In any conflict between this Disclaimer and our comprehensive Disclaimer Notice, the latter will prevail.

Total Health Spending in Ireland & HSE Commentary	2
<i>Purpose</i>	2
<i>Key Messages</i>	3
<i>General Trends in Health Spending</i>	5
Health Spending and the HSE	9
<i>Budget Allocations & Existing Level of Service</i>	10
<i>HSE Expenditure 2018 to 2022</i>	14
Pay & Pensions	17
Non-Pay Spending	20
Grants to Outside Agencies	21
Agencies in receipt of €100,000 or more	22
Conclusion	24

Total Health Spending in Ireland & HSE Commentary

Purpose

This paper expands on work undertaken by the Parliamentary Budget Office (PBO) in 2023.¹ It updates some of this earlier work to set the context for a focussed look on information published as part of the Health Service Executive's (HSE) Annual Report and Financial Statements. This includes some analysis of spending by the HSE, trends in staffing and a summary of agencies funded by the HSE. The aim of this report is to highlight major drivers of Health spending, recent changes made to the Health vote, and highlight challenges faced by external bodies conducting analysis on the HSE and the Health vote.

This paper looks at health spending from 2015 onwards as prior to this the Department of Health and the HSE were treated as distinct Votes within the Budgetary process (Votes 38 and 39 respectively). Since 2015 Dáil Éireann approves a single health allocation under Vote 38, with the Minister of Health then providing funding to the HSE via a letter of determination (sometimes referred to as the LoD in HSE documentation).²

¹ PBO, [Health Spending in Ireland 2015 – 2023](#) (2023).

² For more information see PBO, [The HSE National Service Plan and its Relationship with the Health Vote](#) (2018).

Key Messages

General Trends in Health Spending

- Health spending has increased year-on-year since 2015. For 2024 it is estimated to be just under one quarter of gross government spending in Ireland.
- In November a Supplementary Estimate of €1,034 million was approved by Dáil Éireann, an increase of roughly 4.8% over the initial allocation.
- As of end December 2023, the Health Budget finished the year €3 million below profile (accounting for the supplementary allocated).
- Demographic changes, namely population ageing, will create additional pressures on the Health Service.
- However, non-demographic factors have been the main drivers of recent public Health spending increases. Non-demographic factors include policy changes, price inflation, and pay increases.
- Disability services were transferred from the Vote 38 (Health) to Vote 40 (Children, Equality, Disability, Integration and Youth) in 2023; however, the responsibility for service delivery in this area remains with the HSE.

Health Spending and the HSE

- Spending by the HSE has increased annually between the years 2018 to 2022, with a total increase of €7.26 billion (45%) in this period.
- The Existing Level of Service (ELS) components of Health spending identified in each Budget have varied considerably year-to-year, making clear comparisons impossible.
- The PBO view that the earlier approach to ELS is preferable, breaking down ELS into three distinct elements which combined drive ELS spending.
- Non-pay related category spending was €15.58 billion in 2022. This accounts for 66.7% of the total Health budget. Non-pay spending has increased by 48% between 2018 and 2022.
- Pay and pensions comprised €7.79 billion of HSE spending in 2022 (34% of HSE spending for the year).
- Total pay and pensions spending has increased by 38% from 2018 to 2022.

- As of end December 2023, the HSE workforce comprised of almost 145,985 Whole Time Equivalent (WTE) (163,792 workers). This is an increase of 28,129 (+23.9%) since December 2018.
- In 2022 the HSE issued 677 grants valued at €100,000 or more. Altogether, these grants totalled almost €6.29 billion.
- Currently comparison between the HSE and the Health Vote is difficult, this is due to the differing structures in terms of how the budget is categorised, as well as differing accounting methodologies. The HSE's long-running Integrated Financial Management System (IFMS) due to be implemented by the end of 2025, may in future facilitate this.

General Trends in Health Spending

Government spending has been increasing since the recovery from the 2008 global financial crisis and Ireland's exit from the EU-IMF-ECB Fiscal Adjustment Programme. Health spending, in particular, has gradually increased over the period 2015 to 2024³, although notably it accelerated significantly in response to the COVID-19 pandemic in 2020, as highlighted by figure 1 below. Figure 1 also presents the percentage of government spending allocated to Health over the period.

As of end December 2023 the Health budget finished the year €3 million below profile, this variance accounts for the supplementary allocated.⁴

- Current spending was €21,207 million and €3 million below profile, and
- capital spending had no variance with a total spend of €1,183 million for the year.

A Supplementary Estimate for more than €1,034 million was considered by the Select Committee on Health on the 29th of November,⁵ and agreed to in Dáil Éireann that evening.⁶ This is an increase of roughly 4.8% over the initial allocation.

While demographic change, namely population ageing, creates additional pressure on the Health service, previous research found that non-demographic factors are the main drivers of public Health spending increases.^{7,8} Non-demographic factors can include policy changes, price inflation, and pay increases.

³ Gross Government Expenditure in 2015 was €54,594 million compared to €96,287 million for 2024.

⁴ Department of Finance *Fiscal Monitors 2023* (2023).

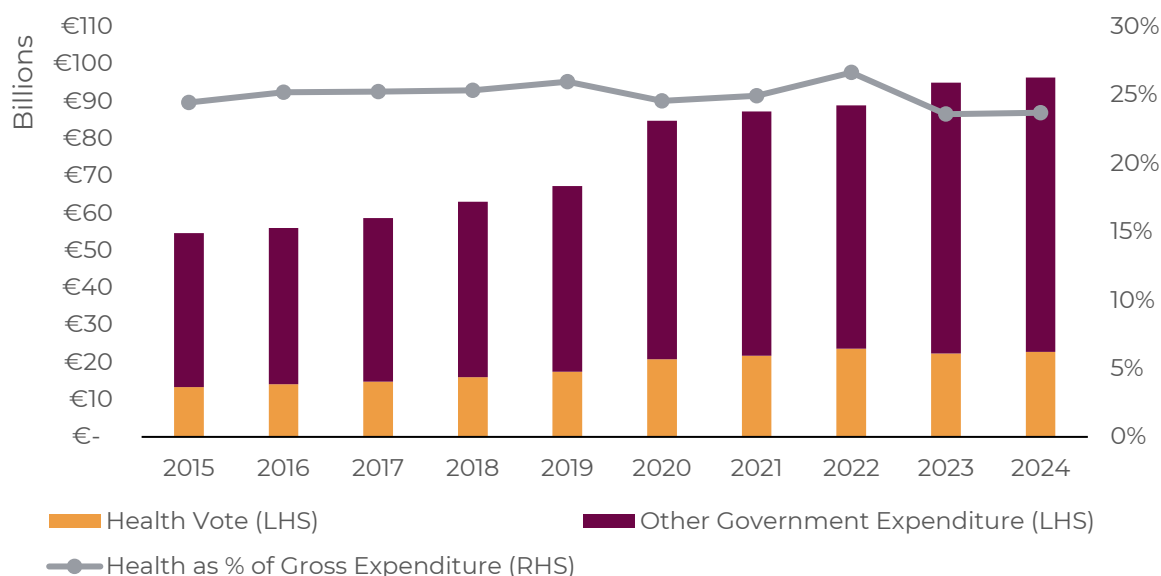
⁵ [Select Committee on Health](#) (29 November 2023).

⁶ [Dáil Éireann debate](#) - Wednesday, 29 Nov 2023 1046(5).

⁷ Lindberg, C. & McCarthy, T. *Impact of Demographic Change on Health Expenditure 2022-2025* (2021).

⁸ Parliamentary Budget Office *The Effect of Changing Demographics on Irish Health Expenditure – An Analysis of Different Approaches and Findings* (2019).

Figure 1: Health Spending as a % of Gross Government Expenditure 2015 - 2024



Source: PBO based on the Department of Public Expenditure, NDP Delivery and Reform, [The Revised Estimates for the Public service](#) and; the Department of Public Expenditure & reform – [Databank](#).

Box 1: Transfer of Functions

In 2023 a [Further Revised Estimates for Public Services](#) (FRE) was necessitated to reflect changes to the structures of Vote 38 (Health) and Vote 40 (Children, Equality, Disability, Integration and Youth).

This FRE was necessitated to reflect a [transfer of functions](#) from the Department of Health to the Department of Children, Equality, Disability, Integration and Youth. The HSE describe this transfer as follows:

Following a Government decision, and subject to the relevant legislative changes, responsibility for policy, functions and funding relating to specialist community-based disability services is to transfer to the Minister for Children, Equality, Disability, Integration and Youth (MCEDIY) in 2023.⁹

Table 1: 2023 Gross Allocation Timeline (Votes 38 and 40) (millions)

Vote	Revised Estimates 2023	Further Revised Estimates 2023	Revised Estimates 2024
Health	€24,005.8	€21,358.4	€22,392.8

⁹ HSE, [National Service Plan 2023](#) (2023) p.78.

Children, Equality, Disability, Integration and Youth	€3,276.2	€5,923.6	€7,428.21
---	----------	----------	-----------

Source: PBO based on [Revised Estimates for Public Services 2023](#) (2022), [Further Revised Estimates for Public Services](#) (2023), and [Revised Estimates for Public Service 2024](#) (December 2023).

Note: Allocations are rounded to the nearest €100,000.

Table 1 shows how the transfer of functions from Vote 38 to Vote 40 resulted in a significant reduction (-€2,647.4 million) in the allocation for Vote 38 (Health). This transfer resulted in a range of new subheads being established under Programme D (An Equal and Inclusive Society) of Vote 40, most substantial of which is D.11 Specialist Disability Services.

It should be noted that **this transfer of functions will distort the analysis of spending in the respective Votes over time.**

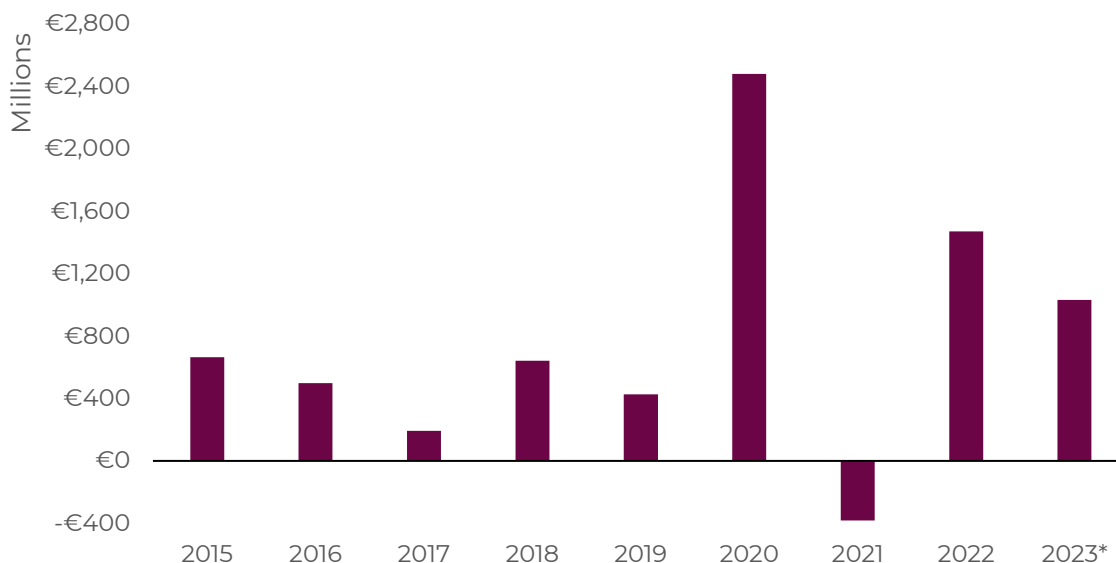
As noted in the HSE's *National Service Plan 2023*, it remains responsible for the delivery of specialist community-based disability services. In 2024, these services have a gross allocation of ~€2.89 billion.

Figure 2 compares spending at end-year to the amount initially allocated for that year.

- Positive figures indicate that additional funding was subsequently allocated, resulting in positive variance (spending above the level initially estimated).
- Negative figures reflect that spending was ultimately lower than initially estimated.

A modified 2023 series is illustrated with an asterisk to show that spending in 2023 was ultimately about €1 billion greater than initially projected. This modified figure accounts for the transfer of specialist community-based disability services from Vote 38 to Vote 40 (see Box 1 above).

Figure 2: Health Vote Variance 2015-2023



Source: PBO based on the Department of Public Expenditure, NDP Delivery and Reform, [The Revised Estimates for the Public service](#) and; the Department of Public Expenditure & reform – [Databank](#).

Note: 2023 spending is sourced from the [December Fiscal Monitor](#) which is the most accurate at the time of publication.

As noted earlier, the Health budget has been increasing year-on-year, with Health spending exceeding its initial allocation every year since 2015, excluding 2021. The variance between the allocation and expenditure ranges from a 1.7% underspend in 2021 to a 13.5% overspend in 2020. On average the variance on spending is 4.46% above the initial allocation.¹⁰

Variance reflects ongoing issues in accurately profiling the resourcing needs of the Health Sector. While variance has averaged +4.46%, this is significant in monetary terms due to the size of the Health budget (the single largest Voted allocation in 2024).

¹⁰ Using the modified 2023 figures showing positive variance of €1,032 million (+4.8%) over the initial 2023 allocation as of the [Further Revised Estimates for Public Services 2023](#) (March 2023).

Health Spending and the HSE

The PBO has noted previously the relationship between monies allocated in the Health Vote in the REV and the HSE is complex.¹¹ There are a number of reasons for this, these include differing accounting methodologies (the HSE's Financial reporting is on an accruals basis, with the budget being cash based).¹² Furthermore, the Department of Health acts as an intermediary between the budget process and the budget allocation to the HSE, with the Minister for Health issuing a Letter of Determination to the HSE, which informs the HSE's National Service plan for a given year.

Box 2: The HSE National Service Plan & the Health Vote

In 2018 the PBO discussed the complex relationship between the HSE and the Health Vote.¹³ This relationship has only grown more complicated in 2023 due to the transfer of responsibility for disability services from the Department of Health to the Department of Children, Equality, Disability, Integration and Youth as part of the HSE's National Service Plan for 2023 (see Box 1 p.6).¹⁴

In simple terms, the structure of funding as described in the Estimates for Public Services and Revised Estimates for Public Services differs from the financial reporting structure utilised by the HSE. This means that aligning these documents is not possible. For that reason, this paper also includes data from the HSE's Annual Reports and Financial Statements in an effort to more accurately describe where spending occurs.

The HSE National Service Plan for 2024 outlines the health and social care services to be provided to the people of Ireland for the year. The plan has an increased focus on eHealth initiatives, digital solutions, and health information systems capability to enable better management and use of health information, and access to that information by clinicians and patients.¹⁵

The plan intends to build on the improvements seen in 2023 to achieve maximum waiting times of 15 months for outpatient appointments and

¹¹ Parliamentary Budget Office [The HSE National Service Plan and its Relationship with the Health Vote](#) (2018).

¹² Accruals based accounting records income and expenditure at the point of creation, not necessarily when they are received or issued e.g., in accruals a credit is recorded when an invoice is issued, whereas in cash based accounting, it is recorded when that invoice is actually paid.

¹³ PBO, [The HSE National Service Plan and its Relationship with the Health Vote](#) (2018).

¹⁴ HSE, [National Service Plan](#) (2023) p.22.

¹⁵ HSE, [National Service Plan](#) (2024).

nine months for inpatient/day case treatment and GI scopes. Alongside this the plan aims to provide more than 2,200 additional staff for 2024.¹⁶

Budget Allocations & Existing Level of Service

Existing Level of Service refers to funds allocated specifically to maintain the Existing Levels of Service into a new Budget year. **It is very important to note that the components of Health spending identified in each Budget have varied considerably year-to-year, making clear comparisons impossible.** For example, ELS was first formally included in 2022 and comprised three elements:

- Demographics,
- Carryover and other ELS Pressures, and
- Allocation from Central Pay Agreement Provision.

In the latest publication for 2024, ELS now only comprises of one element:¹⁷

- Increase for Existing Levels of Service.

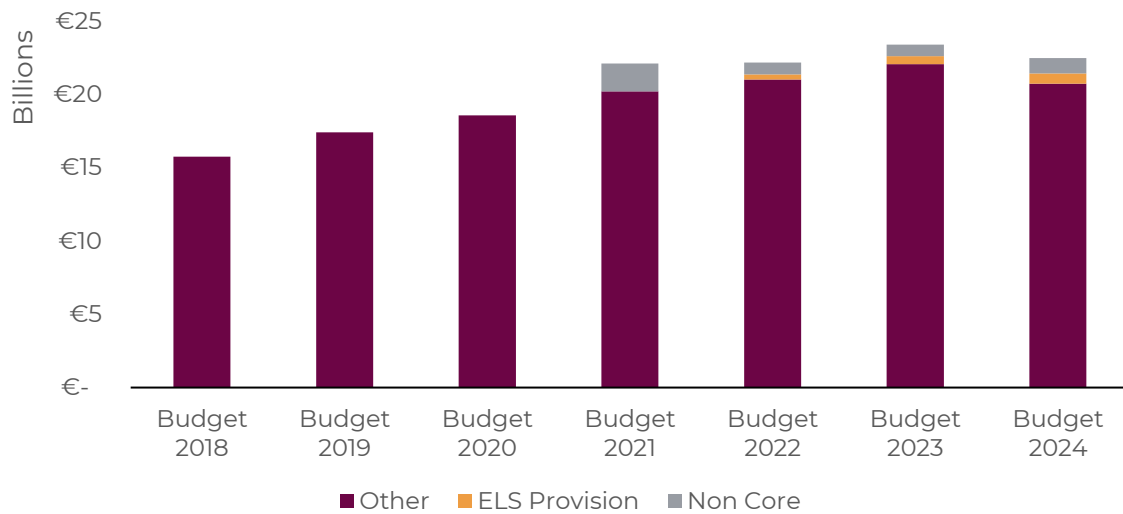
Figure 3 shows the Budget allocation for Health for Budgets 2018 to 2024 and illustrates recent trends in Health allocations while distinguishing non-core spending as well as the Existing Level of Service (ELS) component. Pre-2022 ELS costs are presented by the PBO based on descriptions of certain allocations in the relevant Expenditure Reports.

Non-core spending relates to spending which is short-term or once-off in nature and should not result in long-term commitments. It has generally been used to categorise spending on measures responding to Brexit, the COVID-19 pandemic, and the Russian invasion of Ukraine.

¹⁶ HSE, [National Service Plan](#) (2024) p.20.

¹⁷ PBO, [Existing Level of Service \(ELS\) Explained](#) (2024).

Figure 3: Breakdown of the Health Budget 2018-2024



Source: PBO based on Department of Public Expenditure, NDP Delivery and Reform, *Expenditure Report 2018 to 2024* (2017, 2018, 2019, 2020, 2021, 2022, [2023](#)).

Note: Budget 2024 is the first year in which Existing Level of Service (ELS) was provided for as a standalone component in the reconciliation of the Health Vote’s Expenditure Ceiling.

Using the components that form ELS, the PBO has tried to categorise spending from 2018. Table 2 shows the relevant elements of ELS from recent Expenditure Reports detailing how the rising costs of maintaining Existing Levels of Service contribute to the Expenditure Ceilings for the coming Budget Year. **In each year these descriptors have changed.**

Table 2: Demographics and ELS in Budgets 2018-2024

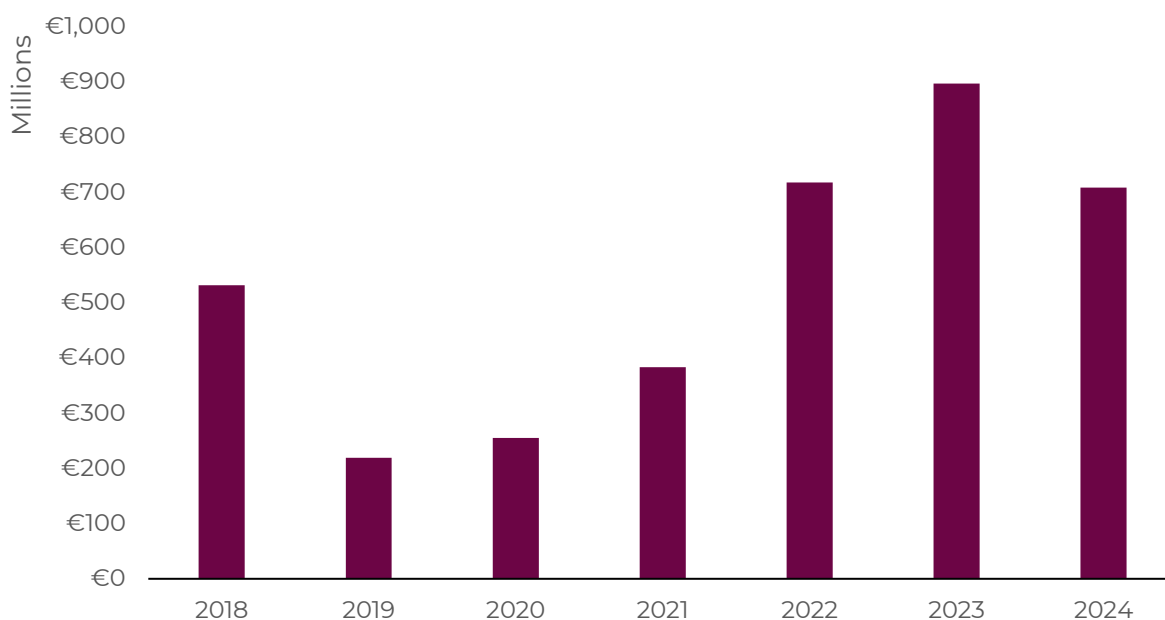
Year	Descriptor	Value (million)
2024	Increase for Existing Levels of Service	€708
2023	Carryover, Demographics and other ELS Pressures	€553
2023	Central Pay Agreement Provision (incl. Existing Building Momentum Deal)	€343
2022	Demographics	€177
2022	Carryover and other ELS Pressures	€344
2022	Allocation from Central Pay Agreement Provision	€196
2021	Demographics	€180
2021	Carryover of Budget 2020 Measures	€80
2021	Allocation from Central Pay Agreement Provision	€123

2020	Carryover of Budget 2019 Measures	€55
2020	Allocation from Central Pay Agreement Provision	€200
2019	Carryover of Budget 2018 Measures	€50
2019	Allocation from Central Pay Agreement Provision	€169
2018	Allocation of additional resources to fund existing services and new measures	€269
2018	Carryover	€97
2018	Allocation from Central Pay Agreement Provision	€165

Source: PBO based on the Summer Economic Statement [2021](#), [2022](#) and [2023](#); Mid-Year Expenditure Report [2021](#), [2022](#) and [2023](#); Expenditure report [2022](#), [2023](#) and [2024](#).

Based on the data available the PBO has charted the ELS allocations which can be seen in figure 4 for the period 2018-2024. It is important that in future the description of the factors contributing to changes in the Expenditure Ceiling be as consistent as possible to enable inter-year comparisons.

Figure 4: ELS allocation associated with Health in Budgets 2018-2024



Source: PBO based on the Summer Economic Statement [2021](#), [2022](#) and [2023](#); Mid-Year Expenditure Report [2021](#), [2022](#) and [2023](#); Expenditure report [2022](#), [2023](#) and [2024](#).

The PBO view that the earlier approach to ELS is preferable, breaking down ELS into three distinct elements which combined drive ELS spending. This approach, as in the [Expenditure Report 2022](#), gives greater clarity as to what factor(s) most significantly drive ELS.

Box 3: Existing Level of Service

In Budget 2023 (September 2022) €896 million was provided for ELS in Health, but the HSE's National Service Plan for 2023 estimated ELS costs of almost €950 million (before savings).¹⁸ The HSE projected a net cost of ELS of €897.2 million after savings and technical adjustments have been accounted for, **it is important to note that savings might not arise.**

Importantly, ELS in Health was described in three components for 2022 (the first year in which ELS was formally included in Budget documentation), this declined to two components for 2023, and further declined to one measure for 2024. **This represents a backward step, obscuring the relative importance of each component of ELS.** Without a clear and consistent reporting structure, it becomes challenging to pinpoint exactly what is driving ELS costs in a Vote.¹⁹

Reporting of ELS in the HSE National Service Plan has also changed, which makes year on year analysis and comparison between the Budget and the HSE difficult. The PBO would recommend a common structure of categorising measures be implemented in both the Budget documents as well as the HSE's National Service Plan, allowing detailed comparative analysis in the future.

Table 3 indicates the differences in both sources estimating the ELS required. There may be a number of reasons for these differences, including differing accounting methodologies (the HSE's Financial reporting is on an accruals basis, with the budget being cash based).²⁰

Table 3: 2023 Gross Allocation Timeline (Votes 38 and 40) (millions)

Year	Budget - Value (millions)	HSE - Value (millions)
2022	€717.0	€696.8
2023	€896.0	€897.2
2024	€708.0	€700.20

¹⁸ HSE, [National Service Plan 2023](#) (March 2023) p.74 & p.89. The savings arose from a reduction in workforce targets for 2023 (-769 WTEs) compared to the maximum workforces numbers in 2022. With the "granular impact of this on individual service areas [to] be determined later and reflected in a revised LoD [Letter of Determination]".

¹⁹ PBO, [Existing Level of Service \(ELS\) Explained](#) (2024).

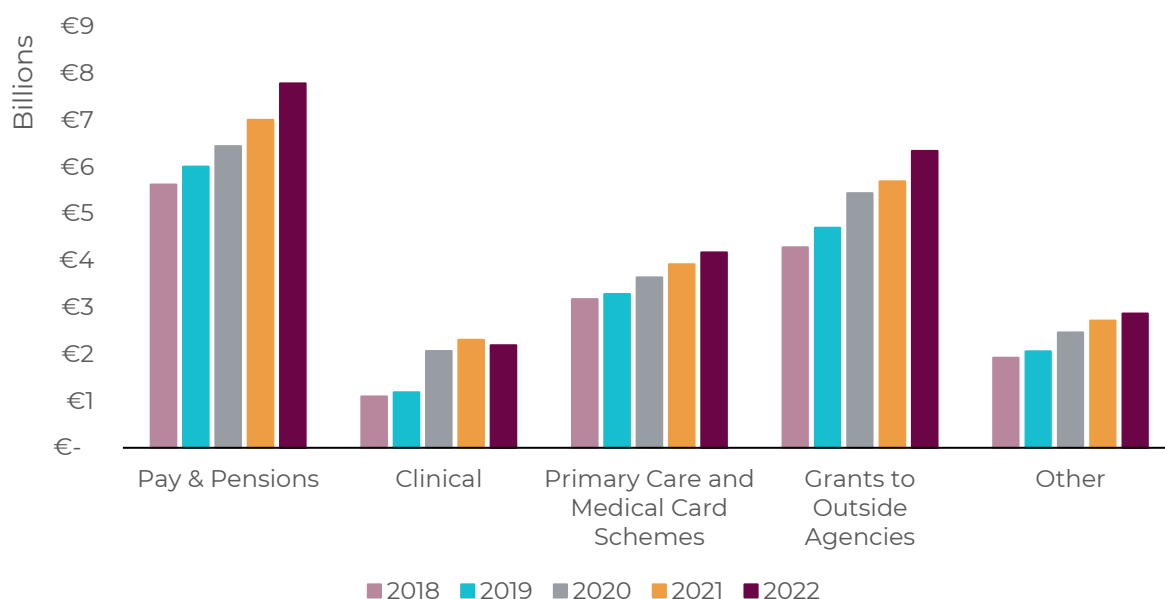
²⁰ Accruals based accounting records income and expenditure at the point of creation, not necessarily when they are received or issued e.g., in accruals a credit is recorded when an invoice is issued, whereas in cash based accounting, it is recorded when that invoice is actually paid.

There appears to be a significant decrease in the estimate of ELS in the Budget between 2023 and 2024, as no breakdown was provided it is unclear as to where the savings arise or if provisions are in place for a public sector pay deal.

HSE Expenditure 2018 to 2022

Spending by the HSE has increased annually between the years 2018 to 2022 as can be seen in figure 5. There has been an increase of €7.26 billion or 45% in spending in the period 2018-2022.²¹ In that same period Government expenditure as a whole has increased by €22.06 billion or 43.8%.²² In 2022 the HSE’s total net spend accumulated to €23.36 billion out of a total Government spend of €72.4 billion. In 2022 Non-Pay related categories accounted for €15.58 billion which is 66.7% of the total Health budget in 2022.²³

Figure 5: Breakdown of HSE spending from 2018 to 2022



Source: PBO based on [HSE Annual Reports and Financial Statements](#).

²¹ PBO based on [HSE Annual Reports and Financial Statements](#) (2022).

²² PBO based on [Department of Public Expenditure, NDP Delivery and Reform Databank](#).

²³ HSE, [Annual Report and Financial Statements 2022](#) (2023) p.156.

Table 4: Detailed breakdown of HSE spending from 2018 to 2022 (€ millions)

Category	2018	2019	2020	2021	2022
Pay & Pensions: Clinical	€3,530.9	€3,842.6	€4,127.3	€4,390.6	€4,911.2
Pay & Pensions: Non-Clinical	€1,231.0	€1,268.3	€1,368.3	€1,562.2	€1,739.7
Pay & Pensions: Other Client / Patient Services	€860.8	€895.8	€950.7	€1,052.5	€1,134.6
Non-Pay: Clinical	€1,098.5	€1,186.9	€2,066.7	€2,306.8	€2,189.0
Non-Pay: Patient Transport and Ambulance Services	€69.5	€74.7	€135.7	€113.1	€108.6
Non-Pay: Primary Care and Medical Card Schemes	€3,176.0	€3,285.7	€3,642.4	€3,923.6	€4,177.7
Non-Pay: Other Client / Patient Services	€6.2	€6.9	€8.8	€30.7	€32.7
Non-Pay: Grants to Outside Agencies	€4,283.5	€4,699.3	€5,442.8	€5,691.4	€6,342.2
Non-Pay: Housekeeping	€259.0	€269.5	€383.6	€363.0	€372.1
Non-Pay: Office and Administration Expenses	€609.9	€618.2	€795.2	€1,002.1	€1,090.1
Non-Pay: Other Operating Expenses	€12.2	€12.2	€0.8	€12.0	€12.2
Non-Pay: Long Stay Charges Repaid to Patients	€0.2	€0.001	€0.06	€0.02	-€0.4
Non-Pay: Hepatitis C Insurance Scheme	€0.5	€0.6	€1.1	€0.4	€0.8
Non-Pay: Payments to State Claims Agency	€318.7	€390.9	€372.7	€461.3	€482.6
Non-Pay: Nursing Home Support Scheme (Fair Deal) - Private Nursing Home Only	€649.4	€686.0	€767.9	€732.9	€770.3
Total	€ 16,106	€ 17,238	€ 20,064	€ 21,643	€ 23,363

Source: PBO based on [HSE Annual Reports and Financial Statements](#). Note: Figures are in millions.

Table 4 shows that spending has grown across most areas as reported by the HSE. Excluding the areas with the greatest change (Other Client / Patient Services (+431%) and Long Stay Charges Repaid to Patients (-290%), the average change in spending by 2022 compared to 2018 was 47.2%. However, looking specifically at the six areas comprising the majority of

HSE spending in 2022, alongside 'other' categories combined places total changes in context.

Table 5 shows that the total increase in spending over the period 2018-2022 (+€7.26 billion) was largely driven by increased spending in a small number of service areas, in particular, a greater than €2 billion increase in grants to outside agencies (discussed further in Grants to Outside Agencies at p.21). Broadly speaking, the relative sizes of each service area have remained static over the period i.e. **each service area accounts for a similar % of spending in 2022 than they did in 2018.**

Table 5: Spending Changes in 2022 (by area, baseline 2018)

Pay/Non-Pay	Area	Change (2018-22) (€ millions)	% change (2018-22)
Pay & Pensions	Clinical	€1,380.250	39%
Pay & Pensions	Non-Clinical	€508.691	41%
Pay & Pensions	Other Client / Patient Services	€273.800	32%
Non-Pay	Clinical	€1,090.526	99%
Non-Pay	Primary Care and Medical Card Schemes	€1,001.638	32%
Non-Pay	Grants to Outside Agencies	€2,058.738	48%
Non-Pay	Other	€943.474	49%
Total	All	€7,257.117	45%

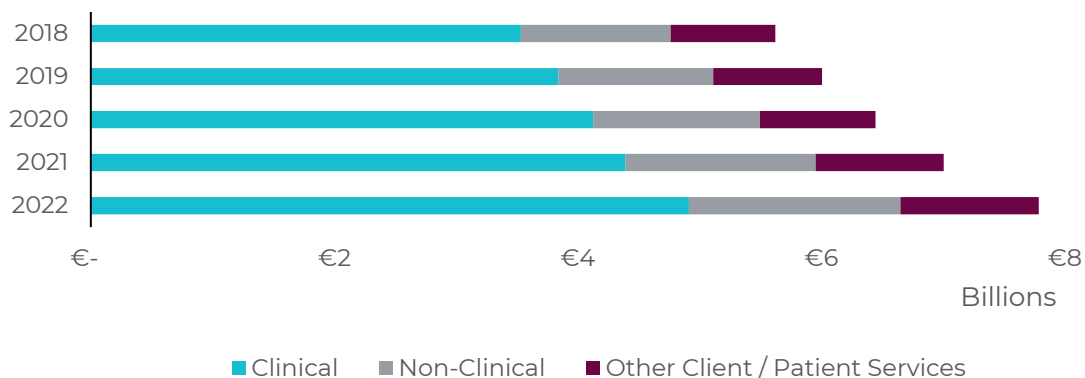
Source: PBO based on [HSE Annual Reports and Financial Statements](#).

Pay & Pensions

Pay and Pensions comprised €7.79 billion of HSE spending in 2022.²⁴ This was almost 34% of HSE spending for the year. Figure 6 shows total spend on the three categories within Pay and Pensions has increased over the five years in tandem with the overall budget of the HSE. Pay and Pensions comprises of three categories;

- Clinical: accounting for the largest portion of spending within the three categories, with a total spend of €4.91 billion or 21% of the total HSE budget in 2022,
- Non-Clinical: had a spend of €1.74 billion or 7.5% of the total HSE Budget in 2022, and
- Other Client / Patient Services: accounted for €1.13 billion or 4.9% of the total HSE Budget in 2022.

Figure 6: Pay & Pensions



Source: PBO based on [HSE Annual Reports and Financial Statements](#).

As of end December 2023, the HSE workforce comprised of almost 145,985 Whole Time Equivalents (WTE) (163,792 workers). In WTE terms, this is an increase of 28,129 (+23.9%) since December 2018. The growth in each staff group can be seen in figure 7. Figure 7 shows over the last five years the nursing and midwifery staff group has been the staff group with the highest number of employees with just under one third of employees reported as per the HSE employment report.²⁵

²⁴ HSE, [Annual Report and Financial Statements 2022](#) (2023) p.156.

²⁵ HSE, [Health Sector Employment Report](#) (DEC 2023) p.1.

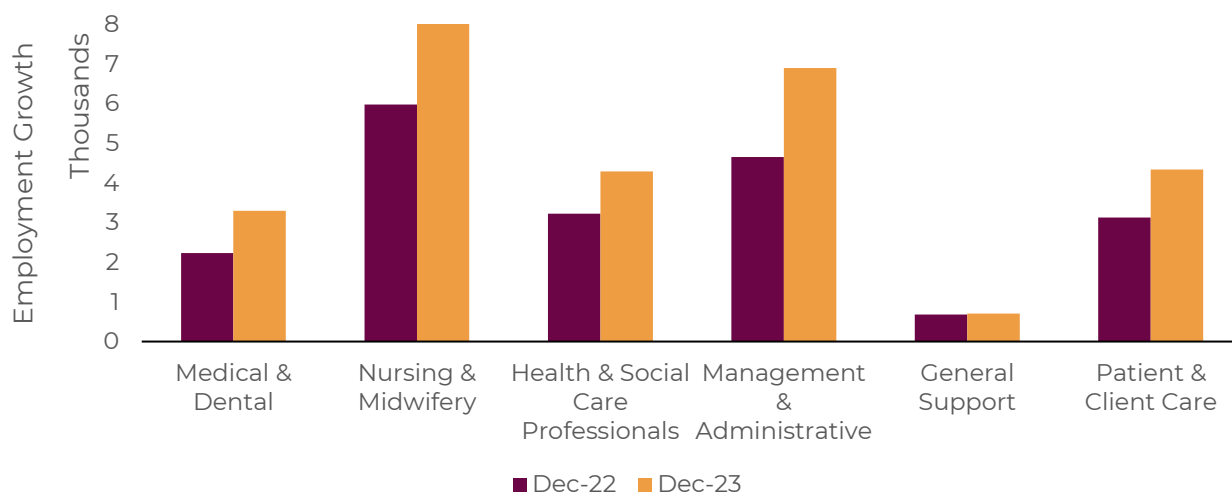
Figure 7: Employee Growth per Staff Group



Source: PBO based [HSE, Health Sector Employment Reports](#).

Figure 8 builds on Figure 7 by focusing on the changes in employee numbers (WTEs) compared to December 2018. In WTE terms, growth is concentrated in Nursing and Midwifery, and Management & Administrative groups, with the most significant growth (in % from December 2018 baseline) being in Management & Administrative staffing (+37.3%).

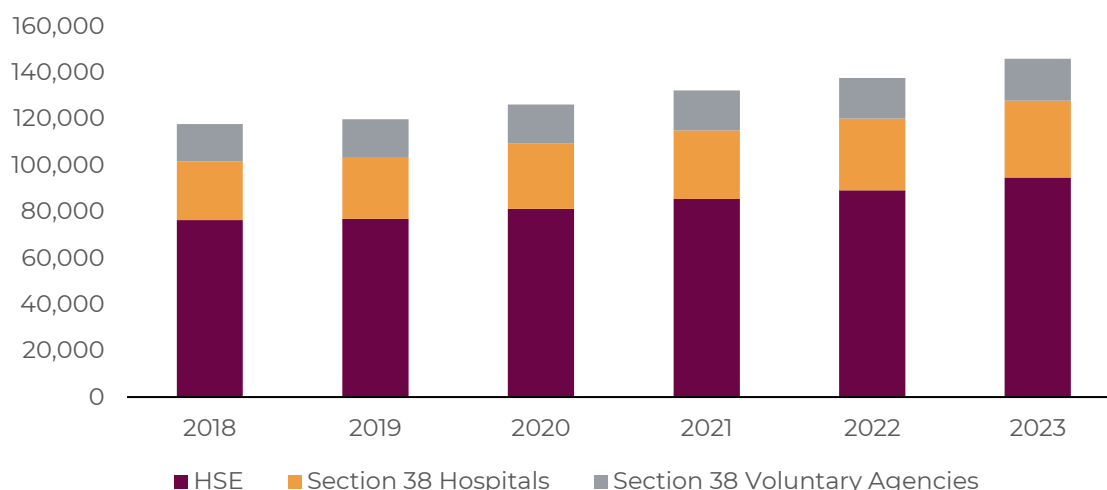
Figure 8: Employee Growth (WTE) by Staff Group (baseline December 2018)



Source: PBO based [HSE, Health Sector Employment Reports](#).

As of end December 2023, 64.9% or 94,696 of the total workforce was directly employed by the HSE with the remaining 51,289 or 35.1% being employed between section 38 hospitals and section 38 voluntary agencies as illustrated by figure 9.

Figure 9: Employment Section



Source: PBO based [HSE, Health Sector Employment Reports](#).

Box 4: Section 38 & Section 39 Organisations

Section 38 and Section 39 providers are agencies that receive funding from the Health Service Executive (HSE) in Ireland. Section 38 providers are non-acute agencies and voluntary acute hospitals that receive funding under Section 38 of the [Health Act 2004](#). There are currently 23 non-acute agencies and 16 voluntary acute hospitals that fall under this category.²⁶

Section 39 providers are non-acute/community agencies that receive funding under Section 39 of the Health Act, 2004. This includes all agencies except for the 39 agencies funded under Section 38. The HSE has a tiered approach to the level of governance, and separate documentation is used for agencies in receipt of funding above/below €250,000.²⁷

There is an ongoing debate about the differentials in pay between Section 38 and Section 39 organisations in Ireland. Staff of bodies funded under Section 38 are classified as public servants and are subject to the standard salary scales for the Health sector, while Section 39

²⁶ HSE, [Section 38 Documentation](#) (2022).

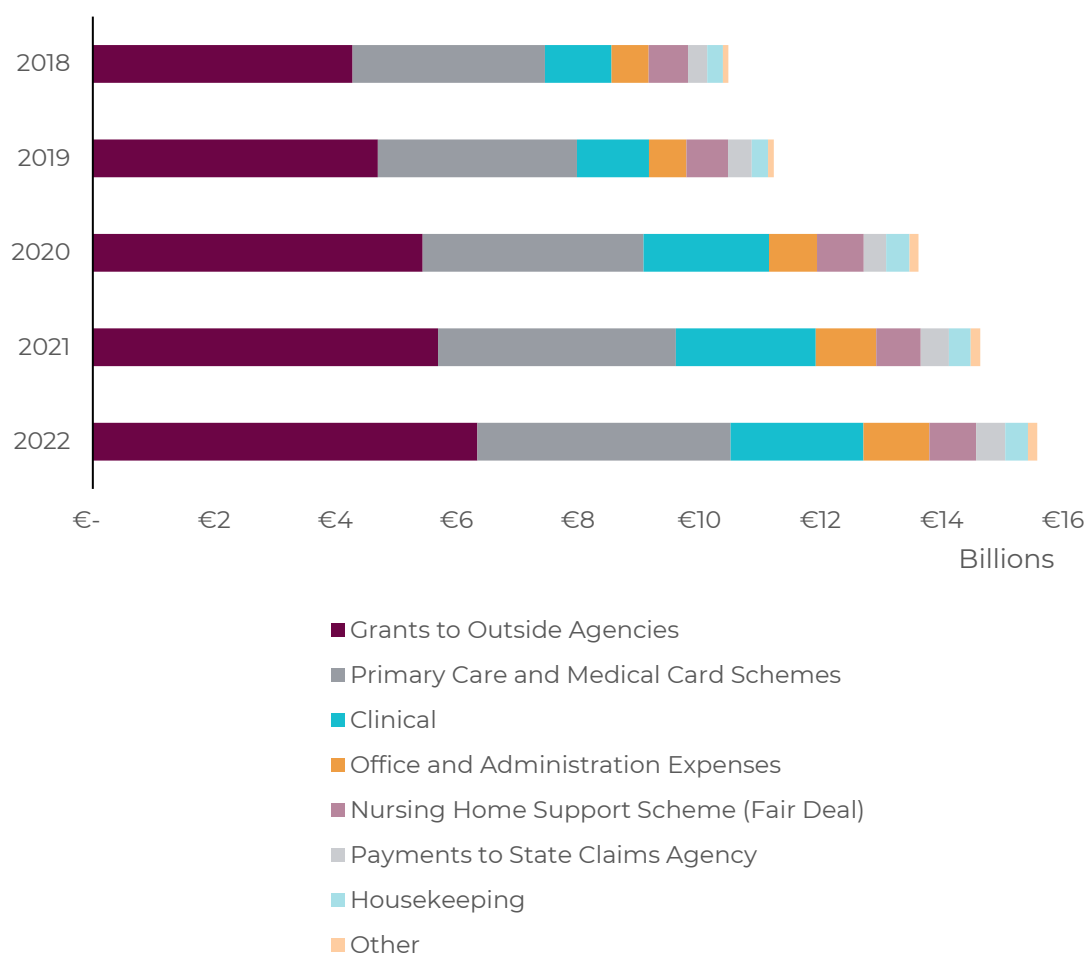
²⁷ HSE, [Section 39 Documentation](#) (2022).

organizations are partly funded by the State, and their employees are not classified as public servants.^{28,29}

Non-Pay Spending

In 2018 the total cost of non-pay spending was €10.48 billion, which increased to €15.58 billion in 2022, a 48.6% increase in a period of five years. Figure 10 shows the primary areas of non-pay spending by the HSE in the period 2018 to 2022. It highlights that the single largest area of HSE spending is on grants to outside agencies. Primary care and medical card schemes are the next biggest cost to non-pay spending within the HSE, accounting for 26.8% of the total non-pay spend for 2022.

Figure 10: Non-Pay Spending



Source: PBO based on [HSE Annual Reports and Financial Statements](#).

²⁸ Irish Examiner, [Relationship between State and institutions is not always healthy](#) (2019).

²⁹ Irish Government News Service, [Statement by Minister for Health on Remuneration in Section 38 Organisations](#) (2014).

Grants to Outside Agencies

In 2022, grants exceeded €6.3 billion. The recipients of these grants are largely set out in Appendix 1 of the HSE's Annual Report and Financial Statements. Agencies with grants exceeding €100,000 are shown on an individualised basis whereas recipients of less than €100,000 are compiled together.³⁰

Agencies in receipt of less than €100,000

Organisations in receipt of less than €100,000 received a total of almost €53.3 million in 2023, indicating that at least 532 organisations were supported, but potentially a considerably larger number of organisations are in receipt of these smaller HSE grants.

The report describes that 691 agencies were in receipt of grants of €100,000 or more in 2022, however, on closer analysis, the PBO has identified 14 organisations incorrectly included amongst organisations receiving more than €100,000. Table 6 sets out agencies that got more than €100,000 in grants in 2021, but in 2022 received under €100,000. These agencies were included on the list of recipients that received grants in excess of €100,000 in 2022, therefore it is unclear whether the sum of €53.3 million is accurate – as it may not include the €789,000 in grants to the agencies listed in Table 6.

Table 6: Agencies receiving grants of under €100,000 included on individualised list

Name of Agency	Revenue Grants 2022 €'000
The College of Anaesthetists of Ireland	93
Sligo County Council	90
Drumsna Development Association	88
Behaviour Detectives Ltd, Kilkenny	83
Kinsale Youth Support Services	83
Letterkenny Women's Centre	70
Holy Family School	63
Recovery Academy Ireland	62
Turners Cross Social Services Ltd	56
Carrick on Suir Day Centre for Elderly	39
Capuchins	30
Walkinstown Association For Handicapped People Ltd	24
Ballymun Regional Youth Resource (BRYP)	6
Kingsbridge Private Hospital	2
Total	789

³⁰ HSE, [Annual Report and Financial Statements 2022](#) (2023) pp.192-214.

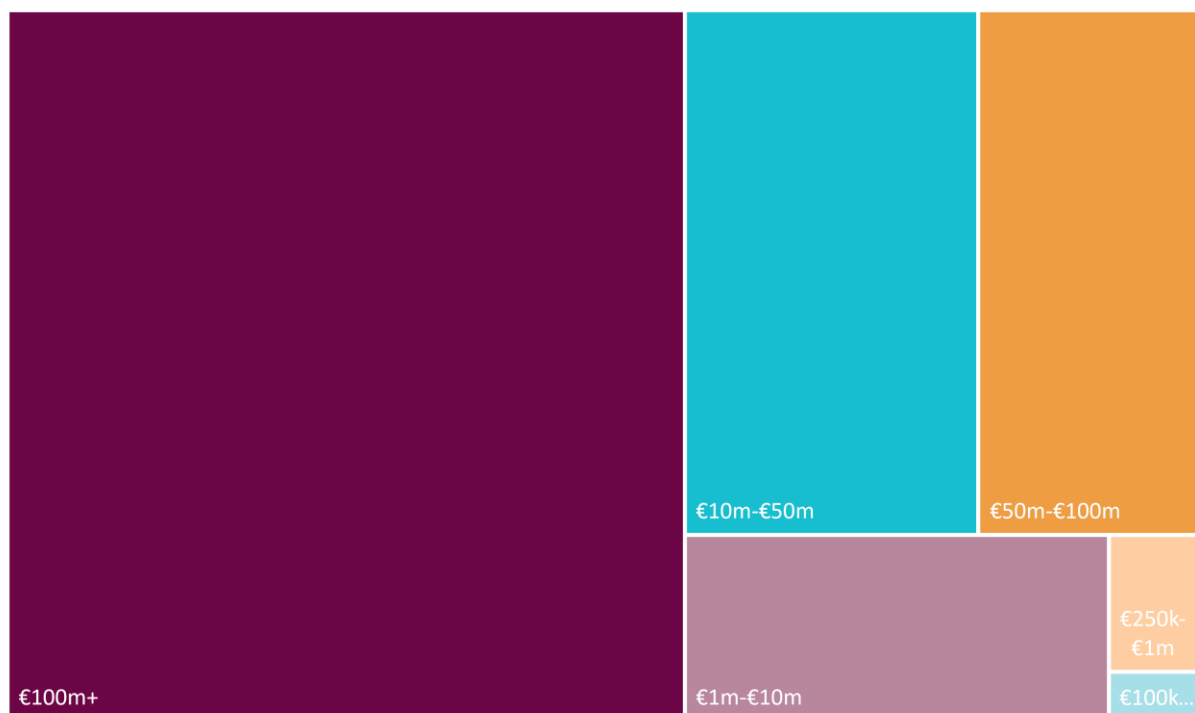
Agencies in receipt of €100,000 or more

In 2022, the HSE issued 677 grants valued at €100,000 or more. Altogether, these grants totalled more than €6.288 billion. In 2022, 677 agencies received grants of €100,000 or more from the HSE, of these:

- 13 received more than €100 million,
- 12 received between €50 and €100 million,
- 48 received between €10 and €50 million,
- 180 received between €1 and €10 million,
- 208 received between €0.25 and €1 million, and
- 217 received between €100,000 and €250,000

Figure 11 shows the total value of grants in each of the categories listed above. For example, while 217 agencies received grants in the lowest value category (€100k-€250k), these grants reflect just 0.6% of grants from the HSE (valued at €100k or more). Grants in excess of €100 million were paid to just 13 agencies, but these grants reflected 56.4% of all grants (valued at €100k or more).

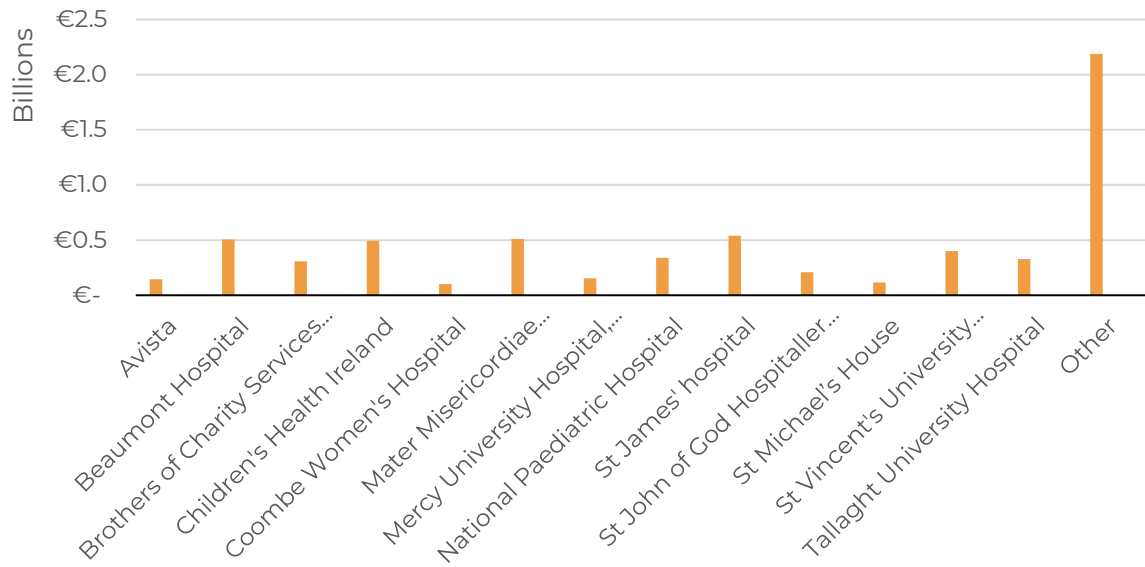
Figure 11: Total Value of Grants in Value Categories



Source: HSE, [Annual Report and Financial Statements 2022](#) (2023) pp.192-214.

Figure 12 shows all recipients of grants in excess of €100 million in 2022 as well as an 'other' category, which represents the total grants to bodies of less than €100 million. St. James hospital was the highest beneficiary of these grants receiving 8.5% of the total available followed by Mater Misericordiae University Hospital Ltd and Beaumont Hospital respectively both receiving roughly 8%. In total the three Dublin based hospitals combine for just under a quarter of the annual grants spend in 2022.

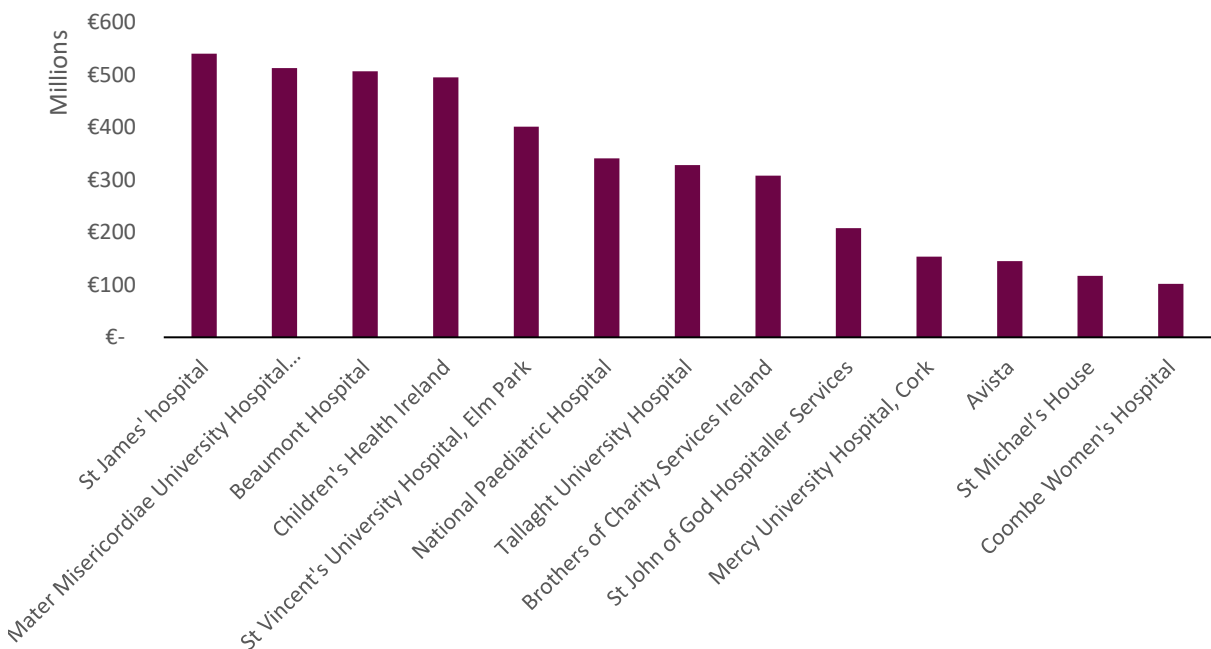
Figure 12: Outside Agencies in Receipt of HSE Grants 2022 (>€100 million)



Source: HSE, [Annual Report and Financial Statements 2022](#) (2023) pp.192-214.

Figure 13 shows the same agencies as in Figure 12, excluding the 'other' category (agencies in receipt of less than €100 million). Sorting these agencies by the value of grant received in 2022 shows a group of agencies clustered at around €0.5 billion in grants.

Figure 13: Outside Agencies in Receipt of HSE Grants 2022 (>€100 million) (focussed)



Source: HSE, [Annual Report and Financial Statements 2022](#) (2023) pp.192-214.

Conclusion

Government spending on Health in Ireland has been increasing since the country's recovery from the 2008 global financial crisis and its exit from the EU-IMF-ECB Fiscal Adjustment Programme. This trend has been particularly pronounced from 2015 to 2023, with a notable acceleration in response to the COVID-19 pandemic in 2020. Key factors contributing to this increase include:

- Demographic change, such as population aging, and
- Non-demographic factors, including policy changes, price inflation, and pay increases.

A Supplementary Estimate for more than €1,034 million was approved by Dáil Éireann on the 29th of November. By the end of December 2023 Health spending was ultimately about €1 billion greater than initially projected.

The transfer of responsibility for disability services from the Department of Health to the Department of Children, Equality, Disability, Integration and Youth (DCEDIY) makes understanding the resourcing, spending and ultimately the performance of the HSE potentially more challenging to understand and oversee. The already complex funding and oversight relationship between the HSE and the Department of Health has potentially become more complex by the addition of a second ministry into the equation. However, the transfer of certain functions to DCEDIY presents an opportunity for enhanced oversight of the resourcing and resulting service delivery of the HSE.

Currently comparison between the HSE and the Health Vote is difficult due to a number of factors, not least the differing structures in terms of how the budget is categorised, as well as differing accounting methodologies. The HSE's long-running Integrated Financial Management System (IFMS) may, in future, facilitate more detailed analysis and has the scope to mitigate the impact of differing accounting methodologies.^{31,32}

³¹ HSE, *IFMS Project: Frequently Asked Questions* (July 2023).

³² Committee of Public Accounts, '[Debate - Thursday, 5 Oct 2023](#)' (Accessed 29 January 2024).

Contact: pbo@oireachtas.ie

Go to our webpage: www.Oireachtas.ie/PBO

Publication Date: 16 February 2024