



FINANCE REPORT TO AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING 23 NOVEMBER 2021

1. PURPOSE

The purpose of this paper is to provide the Audit, Risk and Governance Committee with information on the financial performance of the Health Information and Quality Authority for the ten months to 31 October 2021.

Financial performance is expressed by reference to the revised financial forecast for the year prepared by the Executive in the light of changed circumstances since the original budget was finalised.

2. PERFORMANCE TO END OCTOBER

As was outlined at the last meeting of the Committee a full financial reforecast was carried out at the mid-year point to produce a revised budget. The reforecast is based on actual outcome for the first six months of the year and a refreshed forecast for the remaining six months.

The revised budget anticipated that the organisation will balance income and expenditure over the course of the year. An expected reduction in income of **€2.2m is matched by a similar reduction in expenditure**. The key driver of these reductions relates to the funding to implement the recommendations of the Nursing Homes Expert Panel (NHEP). The expected 2021 spend against the **€5m NHEP** allocation is **€2.9m, with €1.4m** cost incurred to the end of July and **a further €1.5m** expected over the course of the year.

At the end of October total expenditure of **€24.2m**, is slightly behind the revised budget **by €463,000**, due to the underspend which has arisen in October. **Income at €26m** is **€424,000** ahead of the revised budget, but most of this difference is due to timing.

3. INCOME

At the end of October total **income at €26m is €424,000** more than the revised budget. The variance is primarily driven by **€500,000** more cash having been drawn down from the Department of Health than planned. This variance will reverse over the rest of the year. Every effort will be made to ensure that the available grant from the Department of Health is fully drawn down but this is dependent on expenditure being in line with the revised budget.

The most significant variation to expected income over the course of the year relates to funding of **€5.0m** allocated in 2021 for the implementation of the recommendations of the Nursing Homes Expert Panel (NHEP). This was based on a business case submitted by HIQA in August 2020. This business case **sought €1.2m for accommodation related costs which the Department** will now fund from other sources. In addition the time taken to recruit staff associated with delivery of the NHEP recommendations has resulted in **savings of a further €1.1m**.

HIQA now expects to draw down €2.68m from this fund in 2021. This is primarily to fund the 49 additional permanent posts sanctioned by the Department to be recruited. The Department has committed that it will fund for these posts into the future.

4. EXPENDITURE

At the end of October expenditure is broadly in line with the revised forecast, although a number of small variances have been identified.

The most significant of these variances are:

Category of Expenditure	Variance - Under/(Over) Budget €'000
Payroll	94
Staff Development	(66)
Travel and accommodation	87
Repairs and maintenance	168
Professional fees	42
Information technology	52

Commentary follows on each of these categories.

4.1 Payroll, under **revised budget by €94,000**

Basic monthly salaries are almost exactly in line with budget.

The largest variance in the payroll area relates to agency staff costs. This comes about as a result of a number of agency staff having been recruited by HIQA onto its own payroll as well as number of agency staff having left and not having been replaced.

4.2 Staff Development, **over budget by €66,000**

Staff development is over budget and this is expected to continue for the rest of the year. Additional courses have been delivered including Management Fundamentals training and Human Rights training. There have also been expenditure on specialist individual programmes. Academic support currently is **€13k over** budget.

4.3 Travel and Accommodation, **under budget by €87,000**

Travel costs were significantly reduced in the revised budget and continue to be lower than expected. This results from continued precautions resulting from the pandemic.

4.4 Repairs and Maintenance, under **budget by €168,000**

The biggest area of underspend is building maintenance which is **€212k under** budget. Plans to carpet the Smithfield office have been delayed and the expected costs are significantly less than a quote that was included in the budget. There is expected to be around **€112k** of savings for the year.

4.5 Professional fees, under budget by **€42,000**

In this category legal fees and professional fees are very close to budget. There is a small underspend in the recruitment area resulting from the timing of activities in this area.

4.6 ICT costs, under budget **by €52,000**

The underspend in this area results from a number of expected costs that had been expected in Quarter 4 being deferred to 2022.

5. CAPITAL EXPENDITURE

ICT programme spend for the year to date is €1,343,000. The largest elements of this expenditure relate to the Digital and Data Transformation Strategy and associated solutions to support Regulatory Programmes.

6. CONCLUSION

At the end of October there is a material albeit small variance against the revised budget. **The variance is €464k or just under 2% of** expenditure to date. Information from management is that this underspend is unlikely to reverse and **an overall underspend in the region of €480k is** possible at year end. This may have an impact on the final draw down of funding from the Department.