

Health Information and Quality Authority

ARGC 21 March 2022

Budget 2022

1. Purpose of the Paper

The purpose of this paper is to invite the Audit Risk and Governance Committee to review and to recommend approval to HIQA Board for approval, a financial budget for 2022. The detailed budget is set out in the slide deck included in the ARGC pack. A detailed presentation will be given at the meeting.

The budget shows a significant increases in both income and in expenditure over what was actually incurred in 2022. The budget has been developed on the basis that income and expenditure balance to produce a break even position over the year.

2. Department of Health Funding

The key figure in the construction of HIQA's budget is the grant from the Department of Health. While the 2022 Letter of Determination from Department of Health has not yet been received, it has been informally indicated that an increase of **€2m grant (10.3% increase)** will be awarded to HIQA, equating to a 2022 revenue **grant of €21.369m to fund** existing HIQA business.

Further grant funding **of €4.1m from Department of Health** is expected to fund Nursing Home Expert Panel (NHEP) activities for 2022. This is **an increase of €.13m over 2021 grant drawn down of €2.7m.**

A grant of €430k is expected from the Department of Children, Equality, Disability, Integration and Youth (DCEDIY) to fund the initial programme of work on International Provision of Accommodation Services (IPAS) monitoring, which is expected to commence in 2022.

3. Other Funding

The most significant source of funding other than grant from the Department are the fees that are generated providers of designated centres. The budget shows a very small decrease on 2021

4. Payroll Expenditure

Payroll costs are by some margin the biggest category of expenditure incurred by HIQA. The **budget of €25m** (NHEP and HIQA Core) on payroll associated costs makes up 73.2% of all expenditure. This is an 11% increase on costs incurred in 2021. Full details are provided in the pack but in summary the increase is driven by:

- A sustained increase in costed headcount throughout the year, from 347 on average in 2021 to 393 in 2022
- Impacts of October 2021 award from the *Building Momentum* agreement
- Pay increments, consistent with normal public sector pay policy
- Expected retirements resulting in additional pension costs.

Experience in the organisation is that recruitment does not always happen as quickly as planned, unplanned leavers result in vacancies and open positions are often filled by existing staff. This leads to savings against budget. While work has gone into identifying such savings a budgetary assumption has been made that a further **€538k will be identified over the course of the year**. This is reflected in the HIQA Corporate centre as a saving against payroll. There is some risk associated with this assumption. It is planned that this risk will be managed through close and ongoing monitoring of cost variances.

5. Other Costs

Full details of the breakdown of all costs are provided in the attached pack. In summary the most material changes compared to prior years relate to:

- Building Rent and Services Charges, as have the building operating costs, reflecting the part year effect of the two new leased premises in Galway and Cork
- Travel and subsistence, where assumptions have been made around increased levels of travel compared to 2021, although still not at the same level as before the pandemic
- Information technology related costs mainly in managed services for mainstream ICT and the National Care Experience Programme and Cloud Services/Licences
- Professional fees across a range of functions of the organisation.

6. Conclusion

The ARGC is invited to recommend the attached budget **to HIQA's Board** which has been developed in line with the expected funding available to HIQA in 2022. The budget is aligned to the Business Plan for the year. The Executive will continue to report financial performance to the Board highlighting any variances between the budget and actual results and reporting on corrective actions being taken.