Health Budget Oversight Group

Meeting: Tuesday 17th May 2023, 4pm

DPENDR, 7-9 Merrion Row - Thekla Beere

1. Minutes from Previous Meeting - 02/05/2023

- DPENDR, HSE and DoH agreed to discuss the Minutes of the prior HBOG on the 6th June.

2. Acute Hospitals Expenditure Challenges

- The significant levels of overspend experienced in the Acute Hospitals s sector for the first quarter of 2023 were discussed. DPENDR enquired as to nature of the performance framework for Acutes to ensure spending is within profile and what is being done to ensure that the sector is brought back within its existing allocation.
- DoH will respond to the letter sent by the Minister for PENDR on 30 March. This reply will include a focus on proposing savings that do not target patient services.
- HSE noted it has issued the financial control framework, which aligns with the NSP. The main focus is on unfunded pay and areas outside clinical non-pay, which are volume driven and not price driven. Additionally, the HSE will introduce a targeted pause on the recruitment of Management and Administrative posts in a large number of hospitals from end May to late June. The HSE will provide numbers as to what hospitals will be affected and the particular areas of focus.
- DoH welcome this measure and are focusing on right sizing for estimates in 2024. Beginning to categorise management and admin in a clearer way, will in DoH's view, create a more objective viewpoint of the necessity of certain posts.
- DoH indicates at this point that the best impact in expenditure control is on progress in appropriately managing unfunded pay. DoH noted the importance of demographics on spending challenges.
- The HSE has asked hospitals to assess controls around pay, including controls on the hours on rosters. Each site should be able to explain how pay has moved in volume from end 2019 to end 2022, in order to find what drives unfunded pay. The aim is for hospitals to come back to the HSE by middle of June. The HSE will then assess what funding is valid and what could/should cease.
- DoH pointed to the acceleration of the "Safe staffing" initiative under the Pay and Numbers Strategy and the need to understand its impact on the management of

Agency and Overtime as the pilots show that areas with safe staffing have shown significant reductions in Agency and Overtime costs.

- DPENDR inquired if the HSE measures on administration staffing would be reflected in revised PNS targets (by staff type and service area). In response, it was noted that DoH and HSE have agreed elements of the PNS. The HSE will remain flexible in terms of prioritising targets. The budget affordability limit of 6,000 staff is understood and agreed by all parties.
- On Non-Pay issues, Private Hospitals shows up in non-pay headings including the transitional care scheme, which sends hospital patients to nursing homes for respite. However, DoH and HSE will identify areas that can cease.
- Hospital income – the financial control framework also addresses this area. There are a lot of variables to consider according to the HSE. This is not seen as an urgent priority for DoH as a policy area given its potential conflict with Sláintecare objectives. However, the HSE is legally required to levy income, and asks patients if they are public or private - this must be done in a way so that the patient experience is not affected.
- DPENDR pointed to the importance of ensuring that income collection meets profile to the greatest extent possible and that policy changes should not be anticipated. DPENDR also sought more details on what was being done to control non pay acute expenditure given its contribution to the overrun.

3. Covid Acute and Community Expenditure

- Discussions took place on the COVID responses embedded in Acute & Community settings categories and ways to reduce COVID costs. The issue of large unallocated categories of spend was also discussed (i.e. what is contained in categories such as "miscellaneous").
- DoH's view is that will not justify the acute and community spending lines for longer than is needed and emphasised the need for cessation measures to commence soon. DoH pointed to the need for items such as transitional care and drugs to be moved into core, having two budget lines and a COVID line is opaque, which results in poor governance. Additionally, DoH was of the view that given there was duplication in the two expenditure lines, no business case was required to recode COVID expenditure to Core.
- DPENDR disagreed with this approach as a transfer to a different subhead requires a business case and appropriate prior sanction unless there is a clear mistake in coding which can be explained in advance of any re-allocations. Any transfer for whatever reason must be approved in advance. This had been previously agreed and is consistent with the Public Financial Procedures.
- HSE and DoH aimed to have an agreed position on the Covid acute and community expenditure to be ceased after meeting on Friday 19th. DoH committed to providing an update on this to DPENDR.

- DPENDR queried the Additional Requirements and Miscellaneous measures provided in the 2023 Q1 Covid Acute and Community expenditure table.
    - Miscellaneous measures are in relation to private hospitals according to the HSE.
    - The number of variables makes it difficult for understanding, there is much more detail available in a paper published on 8th May.
    - 1/3rd of cost relates to renal transport for dialysis as per COVID protocols. There has been a 12% increase in taxi rates.
- DPENDR also enquired as to the €8 million Acute and Community Expenditure categorised for Private Hospitals.
    - DoH has clarified that these are local arrangements. While there are not many arrangements, they are substantial in cost.50% of the cost is related to winter arrangements.
    - The same levers for the winter crisis environment were used in this scenario.

4. Overall Expenditure Management Programme by Department of Health and HSE – Actions and Timelines

- DPENDR enquired as to the measures being taken in order to control spend on Agency and Overtime give the scale of the increases. DPENDR expressed some concern regarding the level of progress reported in the scoping documents, the lack of targets and the risk that the expenditure/efficiency groups would not lead to expenditure savings which could materially affect the end year position.
- DoH pointed to the fact that these were clearly framed as works in progress and good progress was being made. In relation to agency and overtime. DoH reported that that IGEES unit within DoH and the HRB are commencing a project to identify levers to control the pay bill. This will include a review of the attractiveness of models that make Agency work beneficial for nurses and other staff.
- The current policy and legislation surrounding agency work isn't effective enough in the view of the HSE.

5. AOB

- DoH enquired as to the position regarding funding of the expanded winter flu vaccine. DPENDR explained that the Expanded winter flu vaccine funding is not within the vote, but held in a central contingency fund. A Government decision on influenza vaccination is covered for one year and does not cover for future years. Therefore, it requires Government approval.
- DoH noted that it may require a supplementary estimate in order to access contingency. DPENDR noted that this determination on funding has yet to be made.

- DoH enquired as to the status of the Transfer of functions to DCEDIY. DPENDR noted it has carried out its duties in relation to the transfer.
- DoH requested that the sanction to make payment for HEP-C is given.
- DPENDR noted its concerns on the Cash Acceleration Request for the HSE.
- DPENDR also noted it had just received a draft and provisional note (yet to be finalised) from DoH on the proposed accounting treatment arising from the revised Letter of Determination but highlighted again its continued concerns regarding the implications of same for the draft HSE annual financial statements (i.e. the receivable) and the potential Exchequer risks.

6. Actions

- HSE to follow up on the impact of the administration staff recruitment slowdown (numbers, savings).
- DoH to share list of cessation of individual Covid Acute and Community expenditure measures with DPENDR.
- DoH to share list of acute hospital savings measures with DPENDR.
- HSE end of year revised forecast to be provided as agreed in the reporting schedule.
- DPENDR to clarify requirements of memo on flu vaccinations.
- DoH to share Bed Census with DPENDR (action from 2 may meeting).