Health Budget Oversight Group

Meeting: Tuesday 25th July 2023, 2:30pm

DPENDR, 7-9 Merrion Row - Thekla Beere

Minutes

- ## Minutes from Previous Meeting - 06/06/2023
    - The Minutes were circulated on the 21st July and the HSE will review and provide feedback in the next meeting.
    - The HSE also requested there would be further engagement on the issue of flexibility around online attendance for specific circumstances.

- ## Industrial Relations Update from DoH
    - DoH was of the view that it would be premature to discuss Industrial Relations at this moment in time due to leave absences of key employees.
    - It was agreed that this Issue would be discussed at a later date upon the return of key employees.

- ## Discussion on HSE Procurement
    - The Office of Government Procurement (OGP) provided a general update on centralised arrangements. It noted that the HSE has undertaken a low volume of centralised arrangements where it is Government policy for such arrangements to be used.
    - The HSE responded, noting that on the hospital side, the hospitals are improving on the use of centralised arrangements. The low uptake of centralised agreement figure observed by OGP may be higher due to poor visibility of the use of centralised arrangements.
    - HSE and OGP have agreed to meet and discuss the use of centralised arrangements with an update to be provided to DPENDR post-budget.

- ## HBOG Finance update
    - DPENDR noted that over the course of several Ministerial meetings and HBOG meetings, it has stressed the importance of broader, more specific and meaningful measures to mitigate the significant overrun in the acutes service area.
    - DPENDR welcomed the August 1 Resource Management Memo from HSE CEO to the COO, CFO, CCO and National Director of HR. DPENDER enquired about the follow up actions, specifically on agency and overtime, which were the subject to recent high level discussions.
    - DoH expected a further communication to be issued on resource management setting out areas of specific attention. Both the Department of Health and the HSE expressed

reluctance to implement broader, measures with specific targets to mitigate overruns, on the basis that both believe that such measures would have a significant negative impact on "patient-facing activity" and may impact certain hospital sites more than others.

- DPENDR noted that if all activity is categorised as patient facing, this could essentially lead to weak incentives for effective expenditure management across the system.

I&E – Core

- Discussions took place on the significant rises in non-pay costs. The HSE informed DoH and DPENDR that there is significant inflationary pressures, in tandem with a backlog in the increase of non-pay costs, as fixed contracts have expired. The HSE is seeing more contracts with price increases where it has held back new arrangements as long as possible.
- DPENDR noted that the percentage increases in certain non-pay costs in the acute service area seem significantly higher than inflation and sought an explanation of same from the HSE. The HSE agreed to revert with more detail.
- DoH raised that a pressing issue is to ensure a reduction in Agency and Overtime Expenditure, where the HSE is significantly above target levels, noticeably in Scheduled Care due to a 10-15% rise in activity on waiting lists.
- Further, DoH noted that each hospital group and CHO are monitored on activity and finance. There is a framework to identify what categories are the highest users of Agency and Overtime. Hospitals are currently identifying pay growth since 2019 and identifying roles that are funded versus unfunded.
- According to DoH, Implementation of safe staffing is a lever to reduce expenditure on Agency and Overtime, but there are phases to this. Phase 1 and 2 relate to Emergency wards but do not apply to outpatient and other areas.
- DPENDR enquired as to the reasoning behind a sudden rise in the pensions expenditure deficit over the last two reporting months. The HSE agreed to revert with a specific rationale at a later date on what could be driving the scale of recent spending increases. Several potential reasons were discussed, such as unforeseen retirements earlier in the financial year and a higher number of retirements post COVID.
- DPENDR enquired as to the drivers for the significant expenditure spent on Overseas Recruitment. The HSE will respond to DPENDR with a VFM analysis of this spend. The HSE noted that the Mental Health and Acute service areas benefit greatly from spend on overseas recruitment.
- DPENDR noted the strong levels of growth in Management and Administration recruitment and asked what is being done to ensure that recruitment remains within PNS target levels. The HSE informed DPENDR that a letter has been issued by the CEO of the HSE, instructing all service areas that are above target as of end-June to pause all Management and Administration recruitment.

I&E – COVID

- Discussions took place on COVID expenditure, which experienced a reduction in the deficit levels from May to June. DPENDR noted the increased efforts by DoH to address the spending challenges. The HSE confirmed that some private hospital expenditure, categorised as COVID expenditure in error, has been moved into Core expenditure. This is the only expenditure that has been transferred from COVID to Core as of present
- DoH/HSE reiterated their intention to transfer some elements of covid expenditure into core as a "correction" of mis-categorisation of certain winter emergency measures such as GP out of hours payments.
- DPENDR emphasised the requirement to underpin any transfers with a prior sanction and business case as appropriate as these transfers would involve moving expenditure between different subheads.
- DoH/HSE subsequently clarified that while previous documentation may have indicated that expenditure was transferred as of April 1st, this is not the case and expenditure has not yet been transferred.
- DoH clarified that further work would be done to assess the analysis carried out by the HSE and to increase the level of ambition in winding down certain expenditure lines under Covid Acute & Community spending.

• AOB

- DPENDR requested a detailed note on the note on the control environment regarding payments made to high earners and payments to this cohort that were "inconsistent" with Government Guidelines and Pay Policy.

• Actions

- HSE and OGP have agreed to meet and discuss the use of centralised arrangements, with an update to be provided to DPENDR post-budget.
- DoH to share the HSE follow up to the August 1 Resource Management memo.
- HSE/DoH to provide detailed note on the note on the control environment regarding payments made to high earners before the next HBOG
- The HSE is to clarify the level of price increases for key non pay costs (such as food).
- HSE/DoH to provide more detail on the drivers of the sudden rise in pensions deficit before the next HBOG.
- HSE/DoH to provide details of the VFM of overseas recruitment.
- DoH to revert with a more ambitious plan to cease/wind down Covid acute & community expenditure.