

16/01/2014

St. Vincent's healthcare

GROUP LIMITED

Elm Park  
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web: www.stvincents.ie

From: Professor Noel Whelan, Chairman

23<sup>rd</sup> December 2013.

Mr. John McGuinness TD,  
Chairman – Public Accounts Committee,  
Leinster House,  
Dublin 2.

Dear Chairman,

I think it is important that, in current circumstances, you should be aware of a letter I have sent today to Mr. Tony O'Brien, Director General, HSE, re the current public pay compliance controversy.

I therefore append a copy of my letter to Mr. O'Brien for your information.

Also, we note that in yesterday's media (Sunday Independent, 22<sup>nd</sup> December 2013) comment has been made on the asset situation in St. Vincent's in the context of the creation, building and development of St. Vincent's Private Hospital. The following is the net position in relation to this matter: St. Vincent's Healthcare Group signed a grant agreement with the HSE to fully protect the State's interest in St. Vincent's University Hospital on 14<sup>th</sup> October 2010.

I am also writing today to the Minister for Finance on similar lines as above.

I would be grateful if you would have this letter and my letter to Mr. O'Brien, HSE, - attached - put on the public record of the Public Accounts Committee. Many thanks.

With kind regards.

May you have a happy Christmas and a successful New Year 2014.

Yours sincerely

A handwritten signature in black ink that reads "Noel Whelan."

**Professor Noel Whelan**  
Chairman

St. Vincent's  
Healthcare  
GROUP LIMITED



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Dr. Michael Somers

From: Professor Noel Whelan, Chairman

23<sup>rd</sup> December 2013.

**HIGHLY CONFIDENTIAL**

Mr. Tony O'Brien,  
Director General,  
Health Service Executive,  
Office of the Director General,  
1st Floor, Dr. Steevens' Hospital,  
Dublin 8.

Dear Mr. O'Brien,

Thank you for your letter of 20<sup>th</sup> December 2013 to me. As a follow-up to it the SVHG Board is issuing to you later today a statement which includes disclosure of remuneration levels of senior staff members in St. Vincent's Healthcare Group which we construe as being relevant to the current disclosure requirements. As I shall be away, I have asked the Group CEO to send this statement to you on behalf of the Board, with a copy to the Minister for Health, the Secretary General, Department of Health and the Chairman, Public Accounts Committee. **The context in which the SVHG Board is disclosing the remuneration levels I refer to is as follows:**

- **The Board wishes to be fully compliant with the public pay policy. There is no ambiguity about this. If the HSE considers the current policy to be non-compliant, we wish to work with the HSE to correct this;**
- **The position of the SVHG Board up to now has been that it believed, on legal advice, that it has been compliant with the current public pay policy because the funds used for extra remuneration in a few cases has come from totally private (non-charity and non-Exchequer) sources and were paid in respect of activity which was private to SVHG and not part of the public service. And the SVHG Board, as we saw it was cooperating actively with the HSE in this context. However, the Board has decided that, while it still believes it is technically compliant with the current public pay policy, it should put its legal advice aside and – in the spirit of full co-operation with the requests of the Minister for Health and the HSE – provide the details of the posts which attract extra remuneration and the amount of the remuneration. (As I state in my opening paragraph above, this information will be submitted today).**

You raise some other issues in your letter and the Board has asked the Group CEO of SVHG to reply to you immediately on these (viz: the legal opinions given to SVHG; and the disclosure to the HSE in 2009).

Regarding the discussion between us and the meeting which you propose for the week beginning 6<sup>th</sup> January 2014: I would be very pleased to have this meeting but I shall be in Africa doing voluntary work during January. This is an annual activity of mine and has been arranged several months ago. If you consider it useful I shall, of course, telephone you from Africa during the week beginning 6<sup>th</sup> January 2014 for a discussion on the issues raised in your letter.

As soon as I am back from Africa (in early February next) I shall arrange the discussion between the HSE and the SVHG Board concerning the extent to which a conflict of interest may arise by having a single individual with executive responsibility for both a public and a private hospital.

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I share fully the objective you express in the sixth paragraph of your letter regarding the Public Accounts Committee.

Please take and regard this letter as highly confidential. On our side, it will be treated with the utmost confidentiality.

With kind regards.

Yours sincerely



Professor Noel Whelan  
Chairman

St. Vincent's  
Healthcare  
GROUP LIMITED



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Sr. Agnes Reynolds

Dr. Michael Somers

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20 December 2013

Our Ref: TO'B/SB  
DG Ref: 280898

Mr Noel Whelan  
Chairman  
St Vincent's Healthcare Group  
C/O St. Vincent's University Hospital  
Elm Park  
Dublin 4

Dear Mr. Whelan,

Thank you for your letter dated 18 December 2013 (post marked 19 December 2013) received here today 20 December 2013.

I note that a copy of this was made available to the Public Accounts Committee yesterday together with correspondence for the committee's attention.

I would like to meet with you during the week commencing 6 January and my office will be in contact with you on Monday with a view to confirming a date and time for same.

It is important that we have a discussion about the situation pertaining to 3 senior staff members of St. Vincent's University Hospital and the impact of their salary arrangements on the compliance of that hospital with public pay policy. I note from correspondence that you have referenced legal advice which leads you to an interpretation that, notwithstanding the payment of additional sums to these post holders from funds that you describe as private funds, you are none the less in compliance with public pay policy. I would appreciate if you would bring copies of this legal advice so that we are in a position to discuss it when we meet and have a fuller understanding of your position in relation to this matter.

I also note that an assertion is made in your correspondence to the PAC that there was a disclosure concerning this matter to the HSE in 2009. I would be grateful if you would bring details of this disclosure as at present we are unable to find any record of such disclosure and such a disclosure, on the face of it, would not seem to be consistent with the information provided to the HSE during the course of the 2012 internal audit.

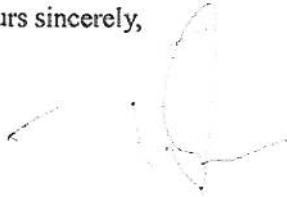
As I know you appreciate, it is our objective to reach a position in which the question of pay policy compliance is no longer an issue between us and where there is nothing further that requires investigation by the Public Accounts Committee. In this regard I believe the proposed meeting will prove useful for all concerned.

The Department of Health has raised with me the need for a discussion between the HSE and your board concerning the extent to which a conflict of interest that may arise by having a single individual with executive responsibility for both a public and a private hospital. This is something too that we should include in our discussions.

With regard to the content of your letter dated 18 December 2013 I welcome the progress you describe and look forward to hearing more about it.

I would like to take this opportunity of wishing you and your family a Happy Christmas and to express my best wishes for the New Year. I look forward to seeing you early in January.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tony O'Brien', written over a horizontal line.

**Tony O'Brien,**  
**Director General**