



**Briefing  
for  
Committee of Public Accounts  
on  
Payments by Health Service Executive to Rehab  
and related matters**

February 2014

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## 1. Introduction

Voluntary/non-statutory service providers have a long history of providing health and personal social services in Ireland. These organisations vary in scale and complexity, ranging from large acute hospitals to local community based organisations providing social care services.

The HSE acknowledges the role and contribution of such organisations in the development and provision of health and personal social services; it is committed to the continuous improvement of effective governance arrangements with the sector in accordance with the legislative intent of the Health Act 2004 and in accordance with the requirements of good practice.

## 2. Section 38 & 39 Arrangements

The HSE funds over 2,600 Agencies which operate over 4,200 separate funding arrangements to a value of approximately €3.3bn. 39 of these agencies, accounting for €2.4bn are funded under Section 38 of the Health Act, 2004 while the remaining agencies, in excess of 2,500, are funded under Section 39 of the Act.

Under Section 38 the HSE may enter in to an arrangement with a service provider for the provision of health and personal social service on its behalf.

Under Section 39 the HSE may give assistance to a person or body to provide a service that is similar or ancillary to a service that the Executive may provide.

The governance context in which the HSE engages with Section 39 agencies is distinctly different to that which applies in the case of Section 38 agencies. For example the employees of Section 39 Agencies are not public servants, are not members of public sector pension schemes and unlike their Section 38 counterparts are not directly bound by the Department of Health's Consolidated Salary Scales.

In a situation where a funding arrangement under Section 39 was reclassified as coming under Section 38 the cost to the State of providing that service would likely increase in a material sense in the immediate and long term due to increased public sector numbers, pay rates and pension costs as well as a loss on the current flexibility around development & reorganisation of services, No such reclassification has taken place in recent years.

## 3. Service Arrangements with RehabCare and National Learning Network

RehabCare and National Learning Network (NLN) are wholly owned subsidiary companies of Rehab Group and the HSE has contracted these two organisations to provide a range of services to support children and adults with a range of disabilities and mental health needs across our 4 regions in line with the agreed Service Arrangements under Section 39 of the Health Act, 2004.

A summary of the type of services that the HSE funds both companies to provide is outlined below:

- **RehabCare**

The HSE has service arrangements in place with RehabCare to deliver health and social care services to a wide age range of service users from children to older persons, including those with a disability or mental health condition, these include day services delivered primarily through resource centers, residential and respite care, supported accommodation, outreach and home-based services.

**Community based resource centres** - of which there are 49 across the country, assist people aged between 18 and 65 years of age, who have one or a combination of the following; intellectual disability, mental health issues, physical disability, autism, sensory disability, to achieve their full potential and a better quality of life. The resource centres provide people with access to a range of supports and activities on a one to one basis and in groups. Activities vary from centre to centre and depend on the interests of service users. Some examples include independent living skills, arts and crafts, drama, horticulture and leisure activities.

**Centre-based respite** - care services provide adults and children with disabilities with the opportunity to take a holiday, while at the same time providing the families/carers with a break from full-time caring.



**Home Based Respite** - is a service designed to give support and assistance to individuals aged under 65, who have psychical disabilities, sensory disabilities or mental health challenges. The aim of the Home Based Respite service is to improve the quality of life of the service user by providing basic assistance with activities of daily living while encouraging their independence. This home-based service supports service users by assisting with challenges in mobility, promoting safe living within the home, encouraging continued learning and providing social and leisure activities.

**Supported accommodation** - is available for adults with a disability and it allows individuals to remain independent while enhancing their living skills, fostering personal development and spending time with their peers.

**Residential Services** – which supports individuals to live as independently as possible and to achieve their maximum potential through a range of programmes, person centred plans and behaviour support plans. RehabCare facilitates community based living, personal development and social inclusion.

Service arrangements with Rehabcare are in general managed by the local Disability Manager with formal meetings scheduled regularly to review performance and activity in line with the agreed service commitments set out in the schedules to the service arrangements. In addition to these formal business meetings, there is regular contact between Rehabcare service units and health service disability management in respect of individual placements and service user review meetings.

- **National Learning Network (NLN)**

The HSE has service arrangements with National Learning Network to provide rehabilitative training across our 4 regions to enable with a disability to achieve their potential in a manner which takes account of their personal, social and environmental needs.

Rehabilitative Training (RT) Programmes are an important part of the services provided by NLN. RT Programmes constitute a number of tailored personal development programmes which are primarily geared to provide individuals with the appropriate life and social skills to progress onwards to mainstream vocational training or other mainstream services and to become an active citizen within their community. The programmes are of one to three years duration depending on the needs of the service users for whom the programme is developed.

The Service Arrangements with NLN in respect of these programmes are generally managed by HSE Rehabilitation Training Managers who process referrals, provide guidance and agree placement and monitor the progress of all programme participants during their placements. A dedicated national database assists with the monthly monitoring of attendances and payments are approved following validation of this data. RT Managers attend regularly at NLN locations in connection with the placement and monitoring of RT attendees

NLN services are funded not only by the Health Service Executive but also by the Department of Enterprise, Trade and Employment; the Department of Education & Science (VEC); and the EU in addition to their own resources and fund raising activity.

#### **4. Governance Arrangements**

- **National Governance Framework**

The HSE has a national and local governance framework in operation for all Agencies funded to provide health and personal social services. This framework applies a standardised approach to our engagement with agencies according to the level of funding and the scale and range of services provided.

The significant funding to both NLN and Rehabcare is managed by the application of the National Standard Section 39 Service Arrangement.

Under the HSE's governance framework for Section 39 agencies where the HSE's annual funding exceeds €0.250m the arrangement is required to be covered by a standard Service Arrangement which consists of two separate but inter-related parts.

- Part 1 is the main contract document setting out, inter alia, the principles of the arrangement, the roles and responsibilities of the parties, dispute resolution mechanisms etc.,



- Part 2 consists of a series of schedules specifying the detail in relation to, inter alia, service quantum, staffing, funding and quality and service standards.
- For the purpose of administrative coherence agencies are only required to sign one Part 1 per region but are required to ensure that each funding arrangement is covered by a set of schedules.
- Where the HSE's annual funding is below the €0.250m threshold the arrangement is required to be covered by a grant aid agreement.

Service Arrangements are managed on a day to day basis at local Area level by the relevant Disability Manager and team, reporting to the ISA Manager. Regional coordination of services provided across a region is managed by a lead area manager reporting to the Regional Director.

As part of this process, all agencies including Rehabcare and National Learning Network are monitored via regular review meetings with HSE Management at Area and Regional level. These review meeting include consideration of financial reports, human resources, activity data, planning, review of agreed performance indicators and compliance with quality and standards etc. There is also operational service planning meetings held regularly in relation to individual service users.

In line with the requirements of the service arrangement (part 1) and Schedule (Part 2) all agencies including RehabCare and NLN are required to submit information returns including:

- Audited Financial Statements
- Annual Report
- Memorandum and Articles of Association
- Mission Statement and Aims and Objectives
- Tax Clearance Statements/charitable status
- Insurances/Indemnities
- Key Performance Indicators (KPI) reports
- Activity Reports
- Service Reports
- Detailed Service Specification templates with resource allocation information to unit of service delivery.
- Human resource information
  - General all grades numbers
  - Detailed Senior Staffing Template

The HSE's National Business Support Unit, under the leadership of a senior health service manager, provides business/technical support to the local areas on the implementation of the governance framework with non-statutory agencies.

With the implementation of the new national structure, there is now for the first time a National Director of Social Care with responsibility for all of these services across elderly and disability, which provides an opportunity to develop an overall national process on the management of service arrangements across the sector.

#### • **Governance Arrangements – RehabCare and NLN (extracted from Service Arrangements)**

##### **RehabCare**

*“RehabCare is a company limited by guarantee and is a wholly owned subsidiary of the Rehab Group. Rehab Group and RehabCare have separate Boards. The Rehab Group Board has a number of sub committee which look across the group including Audit Committee, Best Practice Committee and Remuneration Committee. The Director of Health and Social Care Services has responsibility for RehabCare and reports to the CEO of Rehab Group and directly to the Board of RehabCare. The Rehab Group has an internal auditor ensuring compliance with legal financial requirements and with the Group policies and procedures relating to finance. The Audit Committee oversees an annual work plan for internal audit.*

*RehabCare's Financial Statements are prepared in accordance with Generally Accepted Accounting Practice in Ireland and are audited by external auditors (Price Waterhouse Coopers) annually. The statutory audited accounts are provided to the HSE on an annual basis.*



The Director of Health & Social Services has overall management responsibility for RehabCare services supported by a management team representing the four operational regions and central functions. RehabCare has a risk register and a robust Risk Management system”.

## National Learning Network

“National Learning Network is a company limited by shares and is a wholly owned subsidiary of the Rehab Group, which is a registered charity. The National Learning Network board is chaired by the Chief Executive of the Rehab Group. The Group Director of Finance also holds the position of Group Company Secretary and is responsible for corporate governance compliance. A separate Company Secretary is assigned to National Learning Network. A Group internal audit function ensures compliance with legal financial requirements and with Group policies and procedures relating to finance. An Audit Committee oversees an annual work plan relating to financial practice.

National Learning Network has its own organisational structure within the Rehab Group structure. The Rehab Group Director of Training & Employment Services has overall management responsibility for National Learning Network services supported by a management team representing the three operational regions and central functions”.

## 5. Summary of Service Arrangements, funding and services provided

The following details the separate service and funding arrangements in place with both companies throughout the country.

Table 1: Funding Arrangements

	DML	DNE	South	West	Corporate	Total - 2013
<b>Funding Provided</b>						
Rehabcare	15,459,144	4,942,761	3,848,920	16,805,859	7,000	41,063,684
NLN	3,807,608	2,347,778	4,014,236	3,352,619	0	13,522,241
<b>Total</b>	<b>19,266,752</b>	<b>7,290,539</b>	<b>7,863,156</b>	<b>20,158,478</b>	<b>7,000</b>	<b>54,585,925</b>
<b>Number of individual funding arrangements</b>						
Rehabcare	9	4	4	9	1	27
NLN	6	6	3	8	0	23
<b>Total</b>	<b>15</b>	<b>10</b>	<b>7</b>	<b>17</b>	<b>1</b>	<b>50</b>

Table 2: Summary of Service Quantum -Residential, Respite, Day and Home Support/Respite Services and Rehabilitative Training- 2013

Region	Rehabcare				NLN
	Number of service Users receiving Residential Supports	Number of Service Users receiving Day Service Supports	Number of Service Users in receipt of Home Support	Number of Respite Beds providing residential respite services	Number of Service Users availing of RT
Dublin Mid-Leinster	37	359	741	5 beds	340
Dublin North East	25	285	21	5 beds	166
South	51	377	42	2 beds	349
West	106	480	158	19 beds	201
<b>TOTAL</b>	<b>219</b>	<b>1,501</b>	<b>962</b>	<b>31 beds</b>	<b>1,056</b>

As the tables above demonstrate just over €40m is provided to Rehabcare for the provision of a very wide range and quantum of important client facing services. There are 219 service users receiving residential support nationally, over 1,500 receiving day service support, 962 receiving home support.

They also have a capacity of 31 respite beds nationally which is a very important service component in the overall spectrum of services funded by the HSE for persons with a disability.

The HSE provides just over €13.5m funding to National Learning Network to provide over a 1,000 rehabilitation places nationally.

The HSE is satisfied that in general both companies are discharging their roles and responsibilities under their respective service arrangement to an acceptable standard in terms of service delivery, quality and cost effectiveness.

## 6. Compliance with Public Pay Policy

Since the introduction of the *National Standard Governance Framework with the Non – Statutory Sector* the HSE has been continuously reviewing and strengthening these arrangements in accordance with the requirements of sound governance and accountability and in order to ensure that it is aligned with the ever changing exigencies of our health and personal social services. One such enhancement was the introduction in 2013 of a requirement on all agencies covered by a service arrangement, both Section 38 and 39, to complete a template setting out details of the remunerative arrangements for Senior Managers (Grade VIII and above).

The HSE placed priority focus on Senior Managers' salaries in the Section 38 Agencies as they account for €2.4bn (or 74%) of the €3.3bn allocated by the HSE to non statutory providers. In prioritising the Section 38 Agencies the HSE had regard to the fact that their employees are public servants, are members of public sector pension schemes and they are directly bound by the Department of Health's Consolidated Salary Scales.

Notwithstanding the foregoing it is important that all agencies in receipt of public funding would have due regard for overall Government pay policy. The HSE's Director of Human Resources wrote to the CEO's of the Section 39 funded agencies on the 10th December, 2013 stressing the importance for each such organisation to have due regard for overall Government pay policy in respect of the remuneration of their senior managers.

The HSE is currently involved in a process of verifying and validating the Service Managers' remuneration templates with a priority focus on the larger Section 39 Agencies who receive in excess of €5million in funding annually from the HSE. The HSE hopes to have a report on the outcome of this validation process by the end of the first quarter of 2014.

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Region	Number of service users receiving respite services	Number of service users receiving respite services	Number of service users receiving respite services	Number of service users receiving respite services
North	27	128	171	2 beds
East	23	185	21	7 beds
West	21	177	42	2 beds
South	107	889	101	13 beds
Total	218	1,981	385	27 beds