

RehabGroup

Investing in People, Changing Perspectives

Presentation to the Public Accounts Committee February 27th 2014

Mr. Chairman, Members of the Committee

Thank you for the opportunity of addressing your committee. The Rehab Group has been to the forefront of providing support and services to people with disabilities and others who need support for almost 70 years. We were established as an independent not for profit organisation with the purpose of promoting equality and fighting disadvantage through quality services and initiatives.

We are here today on a voluntary basis following an invitation to assist the committee to understand the type, volume and outcomes of the services we provide from payments from the HSE and SOLAS and to clarify the nature of the Charity Lottery Compensation Fund.

I want to state clearly at the outset that we are not a state run organisation, nor are any of our staff public servants. Our staff do not have access to public pension funds and like any other independent organisation we are responsible for paying all our own bills. Our contracts with Irish government agencies (otherwise called service level agreements or SLAs) are for one year duration or less (4 months) and we have no guarantees from Irish government departments to cover any of our deficits.

Many people will not be aware that the Rehab Group is made up of a number of charities and commercial companies in Ireland, England, Scotland, Wales, Poland, the Netherlands and the Middle East. We are headquartered here in Dublin and employ over 3,500 people. We re-invest any profits back into our services, in projects which benefit individuals with disabilities and social initiatives. We also provide support to other disability organisations both nationally and internationally.

In addition to what you will hear from my colleagues whose divisions contract with the HSE and SOLAS, I would like to add that we are Ireland's largest glass recycler, processing 96,000 tons of glass each year, 10,000 tons of electronic recycling and 2,400 tons of aluminium recycling. We also operate a number of retail shops and logistic facilities including warehousing, assembly, workwear manufacturing, keyboard printing, document scanning and destruction and packaging. We are also

the largest employer of people with disabilities in Ireland and are working not only to maintain but to increase jobs every year in Ireland.

We have grown from small beginnings to becoming a major Irish company with over 2,300 employees in Ireland today and a further 1,200 internationally. We face the same challenges as all other companies and charities due to difficult economic environments, changes in market conditions, and the need to attract highly able and skilled staff.

In all of this activity we affect the lives of some 60,000 clients Groupwide including 11,300 individuals throughout the length and breadth of Ireland. Each of our clients is someone's child, brother or sister, parent or friend. Our ethos is to help our clients achieve their potential, to live and work as independently as possible and to promote their skills and abilities. Rehab supports people with every kind of disability as well as people with mental health difficulties. Those who are unemployed who need additional help to get back to work are also assisted.

The clients of our services include children with autism who need respite care or after school services. We support young people who have challenging behaviour, and cannot live at home anymore, maybe having spent time in inappropriate placement in psychiatric care. Our day services give support to people with intellectual disabilities to plan their goals and support them in their achievements - be that getting a job, learning to cook or moving into their own home. We provide highly specialised support to people whose lives have been turned upside down by catastrophic brain injury following an accident or stroke. We help them to re-learn the skills they need to live independently. We help people for whom a mental health difficulty or a setback in life has meant that they cannot continue in their career and need help to rebuild their confidence and skills, retrain and get back into the workplace.

We are proud of what we do and how we do it. We are most proud of the achievements of our clients. We are known both nationally and internationally as an entrepreneurial "can do" and innovative organisation, willing to take risks for our clients, to enable them to live as full a life as possible and we do this while, at the same time giving value for money to our customers.

As I understand it the remit of this Committee is to review public expenditure and to ensure that the state is getting value for money and that services are delivered efficiently.

In addition to the review on the government spend on services provided through NLN and RehabCare we believe that today you have also a great opportunity to commence an important conversation regarding service provision. There are some 2,932 not for profit agencies delivering services to the HSE at a cost of some €3.46 billion in 2012.

The HSE is committed to ensuring value for money and has undertaken a number of measures to do so. We support the HSE in this goal, and believe that there is the potential to get even more value for money while at the same time building capacity, innovating and improving outcomes for clients.

It is the view of the Rehab Group that the coming together of these organisations could release funding to help deliver more services for clients. Mergers would enable many organisations to build operational capacity, further reducing overheads by sharing technology and assets and creating a more flexible, exciting and sustainable future. By sharing, organisations can focus their resources and capabilities thereby enhancing service delivery.

We believe that over a period of time savings of approximately €200 million per annum could be achieved which could then be applied to the development of new and additional services for the many thousands of children and adults with disabilities currently in need. With funding such as this significant progress could be made on the implementation of the Disability Act providing an independent assessment of needs for all children and adults with disabilities and the much needed therapies, residential and respite services.

If the government were to lead a positive and proactive partnership project to bring together those organisations of similar ethos who could merge, the Rehab Group and other not for profit organisations would rally behind it, and would give any assistance that we could.

Our structure is unusual and yes we are unique but that makes us no less valuable or effective. Our independence helps us articulate the needs of our clients and our financial independence allows us to invest in new ideas and new services. Our independence has allowed us to defend the ethos of our organisation, and our ability to do our job for our clients,

Your letter of invitation for today specifically mentioned three areas you wish to discuss: services delivered on behalf of the HSE ,services delivered on behalf of SOLAS and the Charity Lottery Compensation Fund. Rehab fulfils a major role in the provision of services in Ireland and we value the strong working relationships we enjoy with both the HSE and SOLAS.

There is a lot of confusion in the public mind as to how independent not for profit companies like ours receive funding from the public purse. The two main Rehab Group companies that contract with the Irish state are present; RehabCare and the National Learning Network. They are represented here today by their respective Executive Directors Laura Keane and Marie Kelly. We have provided all the detailed information that both contracting organisations require and this includes details of salaries and other costs.

John McGuire who is a Director of Rehab Lotteries is also here to help with the discussion on the Charity Lottery Compensation Fund and the unfair cap on Charity Lotteries.

We have come here today at short notice to provide support to you in your examination of public expenditure in these areas. We have also come to clear up misleading information regarding our lottery business and its related income.

I want to mention the issue of salaries that has been given some media space over the last months. The salary of the Rehab Group Chief Executive and the Group management team is set by the Board following advice from independent remuneration experts as to the rate for the jobs in the market. This team oversees not one charity but an international group of charities, commercial companies, joint ventures and limited liability partnerships. We are also involved at policy levels and are recognized internationally as experts in our fields. Such a diverse organisation needs expert management capable of operating across this wide domain.

While I am not privy to all of the deliberations of the Rehab Group Board, I am aware of the methodology used. Each job is evaluated by size, function and the sector in which it has relevance. There is a comprehensive scoring system involved and comparators are from a representative sample of private sector, state and semi-state companies. This system works out the market median i.e., the salary level in the middle of the market. For well over a decade all senior salaries in the Rehab Group have been advised by independent assessment and set in the median. However while the market median is the desired Rehab Group position, I can tell you that all the Group management team are at least 20% below that current market median for total remuneration and have been for some years.

With regard to the specific state contracts being discussed here today, all relevant details of the management salaries of the companies that contract with the HSE have been made available on a confidential basis to the HSE and are compliant with public pay guidelines of the funding agency. And for clarity, the salary of the Group Chief Executive is not being paid out of the funding being discussed here today.

In seeking to provide information about salaries Rehab needed time to take legal advice on the matter of further disclosures and has also received advice from the Data Protection Commissioner about salary disclosures as we are subject to the Data Protection legislation and the right of individuals to privacy.

In response to calls for the remuneration of the Group Chief Executive to be disclosed those rights were waived by me and Rehab to do so. We are now looking at ways to publish other salary data. This would give salary band information to those interested. We aim, taking into consideration the size and needs of the organisation, to have this in place by the end of this year.

There has been much comment on this matter, on market rates for salaries and indeed of the unique structure of the Rehab Group. Many have acknowledged this and recently Minister Varadkar used the analogy that Rehab was more like a semi-state company. I think that is not a bad comparison. We have a turnover similar to semi state organisations and we employ close to the average in the semi state sector. I think it is interesting to look at the 2011 McCarthy Report on State Assets where the average salary was €291,000 and the average total remuneration package was €439,767 within the 10 semi-state organisations reviewed.

In going about our business and dealing with our challenges we also believe that we must re examine our corporate structures and seek to develop a structure which is easier for everyone to understand, while at the same time providing for our complexities. This is currently underway and while it will undoubtedly be challenging it should result in more clarity for everyone, as to who we are and how we operate.

The last few weeks have taken a huge toll on the wider Rehab Group, our clients, staff and their families. We have wondered what we have done wrong. We don't recognise the picture of the Rehab Group that has been painted in recent weeks. In our long history we have had a constructive working relationship with the Irish state. Our attitude has always been proactive, business-like and professional. The issue of my salary has been a focus as has our participation in the Charity Lottery Compensation Fund. My total remuneration has been published and the Rehab Group has committed to publishing the total remuneration of the senior management team.

For the purpose of clarity allow me to explain the Charity Lottery matter.

There is an unfair cap on the prizes which charity lotteries can offer which does not apply to the National Lottery. We have to try and compete with a National Lottery which has no limits on its prizes while charity lotteries have to limit their entire prize fund to €20,000 per week. The Government, which owns the National Lottery makes the rules for the Charity Lotteries. This all has a devastating effect on the ability of Charity Lotteries to compete against the National Lottery which has a free reign.

The Charity Lotteries have been seeking fair play by the removal of the prize fund cap on Charity Lotteries for decades. In recognition of this inequality the Government, in agreement with the Charity Lotteries, set up the Charity Lotteries Compensation Fund 1997.

This agreement allowed the cap on charity lotteries to remain thereby protecting the National Lottery, allowing it to grow, while compensating the charity lotteries. The fund was reviewed periodically and found to be working well and achieving its objectives. In 2004 a major review of the fund by the Department of Finance recommended continuing the fund and acknowledged that the payments were compensation payments. I did not see this review included in the papers submitted to you by the Department of Justice, so I have brought along a copy for the members.

In 2012 the Minister for Justice, Equality and Law Reform announced the termination of the Charity Lotteries Compensation Fund without any discussion, without any warning, without any meeting. There is no sense in any argument that the fund should be abolished without the removal of the cap on the prize fund for charity lotteries. The conditions that pertained when the fund was established still remain – the cap is unfair and does not allow fair competition.

We now find ourselves under attack by misleading information about our involvement with this scheme and also for trying to get the unfair cap removed. If the purpose of these attacks was to put us off, it has not worked. Our resolve on this matter has become stronger. The sad thing about this is, that our door has been open, at all times, to any reasonable discussion to resolving this, but we could not get engagement. We have been forced to take court action to try to vindicate our rights. We did not want to take the Minister for Justice to court but we were left with no choice. Charity Lotteries will be eliminated if nothing is done.

Many of the recent comments about the Rehab Group relate to the Charity Lottery Compensation Fund. A report furnished to your committee found its way to the front page of a daily newspaper. The headline and the article gave an impression that substantial funds were used for lobbying and PR, and a reference was made to hospitality associated with lobbying. The impression given conjured up images of entertaining politicians. This is entirely false. Funds were not used for lobbying but for our advocacy work with clients, to help our clients advocate for themselves and to make submissions on major areas of policy. The hospitality refers to a total amount of €119.28 over one year for teas, coffees and refreshments for clients and staff who travelled to meetings and training sessions, not for lavish lunches with politicians.

There is one other matter I wish to raise. We are very concerned that comprehensive details of our service level agreements and lottery business appeared on the PAC website, details that could bestow a commercial advantage to our competitors. In giving this information to the government agencies we did so confidentially. We are regularly in competitive tender with both the private and not for profit sectors for contracts. This undoubtedly puts us at a disadvantage in future tendering and we need to bring this to your attention.

Overall we are glad of the opportunity to provide relevant information on our service delivery and to address the issues that have been causing us concern. The Rehab Group has been working in communities all over Ireland for decades. It has often been described as an organisation with social values commercially underpinned.

Rehab has a double bottom line - a mission and a margin and if you do not maintain financial sustainability then you will not be able to maintain your mission.

There are many individuals and families dependent on the services of the Rehab Group and we need to ensure that we continue to be there for them and ensure that

whenever possible we help them with their needs. Our clients are very much part of the fabric of Rehab and are involved in how the services are run. There are many families right across Ireland depending on their income from the Rehab Group. One of the key resources of the Rehab Group is our 3,500 professional and talented staff. Their skills and abilities make us who we are today. Their commitment and willingness to go the extra mile is evident in the outcomes which our clients achieve every day.

The Rehab Group is both fortunate and proud of the many thousands of volunteers and family members who support its activities, in very many different ways and at many different levels of the organisation. They ensure that we are relevant and connected to local communities. We also operate in partnership with a wide range of stakeholders including our clients and their families, our commercial customers, public bodies, state agencies and community organisations, all of whom play a crucial role in enabling Rehab to provide a quality and value for money service which impacts positively on the lives of our clients.

However the best people to tell you about Rehab are the people who use our services. We will now show you short video so you can hear from the students of National Learning Network and the service users of RehabCare

Angela Kerins
Chief Executive