Public Accounts Committee

Meeting
Thursday 5th December 2019

Opening Statement
by
Mr. Paul Reid
Chief Executive Officer
Health Service Executive
Chairperson and Members, thank you for the invitation to attend today’s meeting to discuss Chapter 15 of the C and AG Report 2017. The senior management colleagues joining me today are:

- Ms. Anne O’Connor, Chief Operations Officer
- Mr. Dean Sullivan, Chief Strategy Officer
- Mr. Stephen Mulvany, Chief Financial Officer

We have submitted information and documentation to the committee in advance of the meeting and I will therefore confine my opening remarks to the following issues:

**Financial Overview**

A key priority for the HSE is to maximise the provision of safe services to the people we serve, whilst operating within the funding provided to us. This continues to be a significant challenge in the context of the ever increasing level of demand for our services which is influenced by factors such as a growing population with an aging demographic, changes in technology and clinical practice, as well as on-going societal and economic change.

We have continued with our intensive focus on current year financial management and financial planning for 2020. Senior managers across the organisation have been engaging with us regarding activity and expenditure and the related challenges of operating within available resources.

The latest financial position, as at September 2019, shows a variance from budget, including 1st charge, of €319m or 3%. Of this, 37% or €119m, is in respect of our operational service areas. The comparable figure for the same period in 2018 was almost 100% higher at €636m, with 80% or €507m, in the operational service areas. Pension and demand led areas account for €200m of the variance as at September 2019.

The greatest cost pressures within our operational services are in respect of providing residential placements to people with an intellectual disability and the provision of specialist emergency care within the acute hospital setting, particularly in the context of an aging population with increasingly complex needs.

The costs within our pensions and demand led areas are in the main driven by policy, legislation, demographics and the macroeconomic environment and are not generally amenable to normal in year financial management.
State Claims Agency reimbursements are also within this area and there is a significant and on-going focus on mitigating, in so far as is practical, the underlying risks and issues which give rise to claims.

My monthly financial management meetings with CHO Chief Officers and Hospital Group CEOs will continue to year end. All areas are clear about their allocated financial limits and performance expectations up to year end in order to mitigate in so far as practical any deviations from those limits, thereby reducing the extent of any challenge to be dealt with in 2020. The discipline of these monthly financial meetings will continue throughout 2020.

A key focus of our on-going financial management efforts has been on improving compliance with our pay and staffing controls, including WTEs, agency and overtime. Although staffing levels will increase again in 2019, any increases must be managed in a way that is both planned and affordable. This necessary adjustment to the controls on pay and staffing is proving difficult but it must become part of our normal way of working. I acknowledge that this is a challenging process but I and the Board are committed to ensuring that there is an improved culture of delivery within the funding provided by the State. I fully believe that doing this will put us in a stronger position to secure investment for the future, which will ultimately be in the best interest of our service users and their families.

The HSEs National Service plan for 2020 was adopted by the Board on the 4th November and submitted to the Minister for consideration. The approval process is well advanced, with correspondence having been received from the Minister and replied to within the last week, and I expect that the plan will be published within the next week.

**Primary Care Centres**

The HSE welcomes the publication of the Comptroller & Auditor General’s Report on Primary Care Centres and notes that the four recommendations in the Report have been accepted and will be implemented in consultation with the Department of Health, and in line with the Sláintecare plan.

The development of Primary Care Centres, to accommodate the HSE’s Primary Care Teams and GPs in the one location, is a key enabler for the delivery of primary care services. A number of years ago the Primary Care Division of the HSE, in conjunction with HSE Estates, identified 341 locations for Primary Care Centres.
In 2012 these locations were prioritized on the basis of service need, existing facilities and level of deprivation. The most suitable delivery model of the primary care centre was also identified.

The three models used for the development of primary care centres are as follows:

- Exchequer Funded Development (Capital Plan)
- Public Private Partnership (PPP) Programme (Government Stimulus Programme)
- Operational Lease

Of the 341 locations identified during the 2012 prioritisation process, 127 locations are now operational. I can also advise that a further 77 Primary Care Centres are in the process of being developed. Taken together this represents 204 or 60% of the original 341 locations identified.

The HSE in 2020 will complete an overarching review of Primary Care Centres that will include an update of the rankings of the proposed locations, and a determination of how further delivery is to be prioritised. This review will help us better understand how Primary Care Centres are currently used and will also allow us to review the characteristics of these facilities to identify the most effective service models.

The review will consider the utilisation of centres and how this would increase as services in the community are expanded - commencing with the SláinteCare investment of €10m, rising to €60m. This will see up to 1,000 additional front-line staff employed in Community Services. This work will also insure an integrated system among key HSE stakeholders, and a consistent process for coding Primary Care Teams across Networks and Community Health Organisations.

**Home Support**

From January to September of this year the HSE has provided almost 13 million hours of home support nationally, with an expenditure of €320.8m. This service provides essential supports to over 50,000 people to either remain at home or to assist with their discharge from hospital. Demand for this service continues to outstrip funding levels and at the end of September, 7,667 people nationally were assessed as requiring new or additional services. The HSE Winter Plan will continue to support this service by allocating an additional 600 Home Care Packages, targeted at both acute hospital and community waiting lists.
Sec 38’s and 39’s
The HSE recognises and supports the essential work of the voluntary sector in providing health and social services. We wish to strengthen and deepen the on-going dialogue between our organisation and the voluntary sector, in line with the recommendations of the Day report.

We acknowledge that a number of voluntary organisations are facing difficult challenges, including financial challenges. Various factors may contribute to expenditure exceeding the funding level set out in the annual service agreement signed with the HSE, and any overruns arising require careful analysis of the specific causal factors lest they undermine budgetary discipline within the overall health sector. In the first instance, dealing with any in year or accumulated historic financial overruns within voluntary organisations funded under s.38 and s.39, is a matter for the boards of those organisations, and we know their boards take that responsibility very seriously.

This concludes my opening statement.

Thank you.