Opening by Ms. Rosemary Keogh, Chairperson, The Not for Profit Association

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The Report of the Independent Review Group rightly recognises that Ireland owes a debt of gratitude to the voluntary sector which was the first to provide hospital and social care services to the most vulnerable in Irish society and offered care at a time when the State did not. The current crisis in the sector calls into question the value the State now places on the sector, and more importantly, how the state prioritises the rights of the people who depend on the services the sector provides. The sector has grown to provide two thirds of all services to people with disabilities on behalf of the State, and the continued delivery of those services is dependent on the financial sustainability of voluntary organisations, including those represented by the Not for Profit Association.

Our Association represents the largest independent, national, not for profit organisations that are engaged in the provision of essential social care services on behalf of the State. Our membership comprises some of the State's largest social care and disability service providers - the Rehab Group, Irish Wheelchair Association, Enable Ireland, CRC, Cheshire Ireland, NCBI and Chime.

Collectively, our members manage an annual service delivery budget of over 200 million Euro behalf of the State. We employ 7,000 people in delivering services to over 30 thousand adults and children in every part of the country.

Notwithstanding the distinctions between Section 38 and Section 39 funded organisations as set out in the 2004 Health Act, we provide direct services on behalf of the HSE under the mandate of the Service Arrangement process. The services we provide are essential, not ancillary, and annually include:

- 1.8 million personal assistant hours
- 150,000 days of service in our Community Centres Nationwide
- 40,000 respite nights
- 125,000 clinical interventions
- As well as a wide range of other person-centred services including training, Education, Employment, and Independent Living.

The continued delivery of these vital services is now under immediate threat. Our member organisations are struggling to remain financially viable, some to the point of existential crisis, following years of cumulative deficits that have eroded financial reserves. These deficits have arisen due to austerity cuts that have never been restored; additional costs of compliance and regulation; ageing infrastructure and general inflationary cost increases as the economy continues to grow and where there has been no equivalent increase in State funding for services provided.

Our Association supports the IRG recommendation that government departments undertake a review of the financial position of voluntary organisations and put forward proposals for resolving deficits, as well as a move to multi-annual budgets to facilitate strategic service planning.

In 2018, Not for Profit Association member organisations reported a combined deficit of 8.3 million Euro, directly attributable to the shortfall between the cost of delivering services on behalf of the HSE, and the funding allocated by the HSE for those services. For 10 years, our member organisations have subsidised the cost of providing services on behalf of the HSE, from our own independently generated income and related reserves. Those reserves are now depleted and continued delivery of services is under immediate threat. Should our organisations have to cease providing services, the HSE will be required to resource and re-instate these services at full cost and with no scope for any savings.

We also support The IRG recommendation to review and simplify the HSE Service Arrangements process.

The issue of deficits for our organisations is compounded by the HSE's ongoing insistence that deficits are not recorded in the annual Service Arrangements process, and are therefore not provided for in funding allocations, and presumably, not included by the Department of Health for consideration in future year budgets and strategic service planning.

This is further compounded where service providers do record those deficits in service arrangements - thereby reflecting the true cost of delivering services – and the HSE threatens withholding of 20% of the already inadequate funding, thereby further compromising service delivery. Under the contractual terms of the Service Arrangements, there is no legal foundation for withholding funds on this basis. This practice also completely disregards and undermines our organisations' obligations under statutory corporate governance requirements, as companies limited by guarantee, to ensure the accuracy of information contained in legally binding contracts.

The State's lack of respect for the Sector is evident in its recent handling of the pay restoration process for Section 39 employees. Having had funding cut to ensure our employees took the same austerity cuts as public sector staff under FEMPI, those employees were left out of the original public sector pay restoration process that began in 2016. Last year, following a WRC intervention that included the HSE and Unions, but not the actual employers, the HSE agreed to a process of partial pay restoration for employees from just 38 out of over 2,000 Section 39 organisations, that will see those staff return to 2008 rates of pay by October 2021. Recent communications from the HSE state that there will be no funding for the pension element of pay restoration when historically service funding from the HSE, and previously the Health Boards, has always covered the pension element of service related pay. Our organisations, already operating at significant deficits arising from HSE under-funding of service costs, cannot fund the pension costs arising from pay restoration, and this will likely lead to further industrial action which will have a detrimental impact on service delivery, and the lives of people depending on it. This recent communication also states that "there is no expectation or requirement for Section 39 employees to be aligned with health service salary scales" and that it is a matter for each organisation to negotiate individual salaries. This is a seeming contradiction to the HSE's own Service Arrangements which clearly state the requirement to have regard for public sector pay scales, and the decades long practice of funding Section 39 pay at public pay rates. We now have a two-tier system for pay for social care workers, with those in the voluntary sector lagging behind their public sector peers, for doing exactly the same work. In a full employment economy, this has created huge challenges for staff recruitment and retention with the knock-on impact on service delivery already evident.

The publication of the IRG report should serve as defining moment in preserving the positive impacts of the voluntary sector into the future, and its recommendations the anchor that underpins a new relationship between the State and the Sector.

Failure to urgently implement the report's recommendations will result in many voluntary organisations being forced to terminate services. The biggest losers in this scenario will be the many thousands of people across the country that rely on these organisations to provide those essential services that support and enable them to live their lives

The government was able to find three billion euro to connect people virtually through the National Broadband plan. What is it now prepared to do, before it's too late, to connect thousands of vulnerable people, dependant on the services provided by voluntary organisation, to their communities and to society?