



**Ms. Éilis Fallon,
Committee of Public Accounts,
Leinster House,
Dublin 2.
D02 XR20**

4th March 2021

Ref: S0189 PAC33 / 17th February 2021- PAC debates No. 254

Dear Éilis,

I refer to your letter to me of 17th February 2021 regarding your Committee's review of my correspondence of 8th December 2020 in respect of non-compliant procurement. I now attach a detailed response to the questions raised by the Committee.

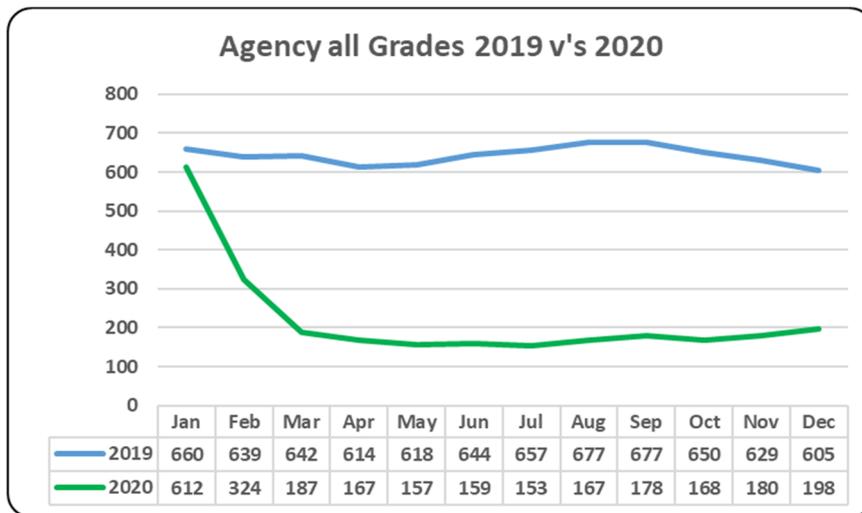
1. Current position on agency staff use by Tusla

Tusla has used agency staff providers since 2014 to access staff on a short term, emergency and shift dependant basis. In 2019 Tusla spent a total of €32.3m on agency staff. The dependence on agency staff grew from 2016 onwards and in late 2019, Tusla undertook a major exercise to reduce its dependence on agency staff.

This exercise resulted in a €19.5m (60%) reduction in the cost of agency staff to €12.8m in 2020, with further savings expected in 2021. This was achieved through the conversion of 407 staff from agency to Tusla direct employment contracts, providing more stability for both staff and the Agency.

The total number of agency staff fell from a high of 677 in September 2019 to 198 in December 2020. The total reduction in the use of agency staff by Tusla between 2019 and 2020 is set out in Table 1 below.

Table 1: Agency staff usage - All Grades in 2019 and 2020



Blue line = 2019 numbers by month
 Green line = 2020 numbers by month

It is acknowledged that Tusla will continue to rely on some agency staff to provide cover in emergency and shift dependent situations, but mainly frontline social work and health care staff.

Following the conversion of agency staff in early 2020, Tusla has set and operated within a target of no more than 250 agency staff, down from the 2019 levels of 677.

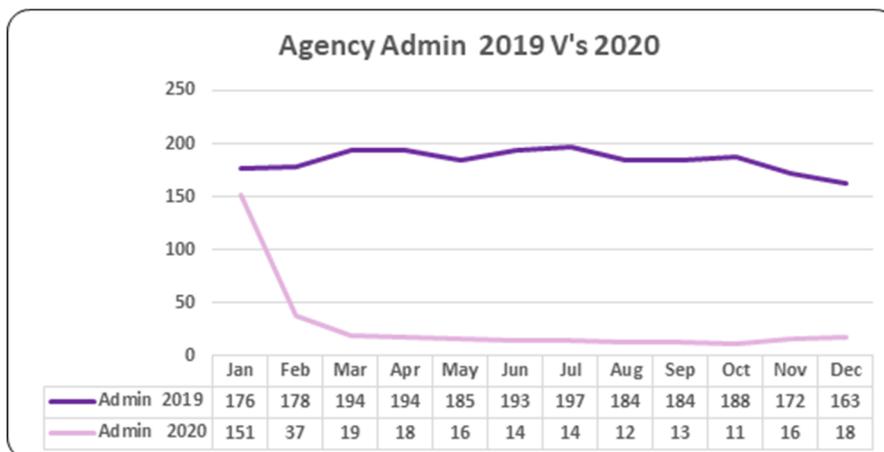
2. CPL services used by Tusla

CPL provides agency staff to Tusla and HSE under a contract for short term healthcare services. Tusla procures staff on a temporary, short-term or shift dependent basis and these staff are paid in accordance with approved public service pay scales.

Tusla paid CPL a total of €22.0m in 2019, including VAT, pay costs and a fee to CPL for the supply of staff. The pay costs are in line with approved public service pay scales and VAT was charged at 23%. Of the total amount paid to CPL in 2019, €16,3m was paid for the provision of social work and other front line allied health services, and all of this expenditure was compliant with procurement rules. The remaining cost of €5.7m was for administrative staff and, of this amount, it is the fee of €0.7m paid to CPL for the supply of these staff, that is the non-compliant expenditure in 2019.

The benefit of the agency conversion project undertaken by Tusla in 2020, was to reduce our reliance on all agency staff including administrative staff, which has also reduced the non-compliant expenditure. Tusla has reduced the number of agency administrative staff from 163 in December 2019 to 18 in December 2020 and this reduction is set out in Table 2 below.

Table 2: Agency administrative staff usage in 2019 and 2020



Dark line = 2019 agency admin staff numbers
 Light line = 2020 agency admin staff numbers

3. The use of the HSE (HBS) Procurement Services by Tusla

As part of the establishment of Tusla in 2014, Tusla became a customer of the newly established Health Business Services (HBS) division of HSE to provide Tusla with a range of core services that encompassed Financial, Human Resources, Estates, ICT, Payroll and Procurement. HBS was set up to create a shared service model of service delivery for these functions in order to capitalise on efficiencies, knowledge and governance.

In the case of procurement, HBS gave Tusla access to the more cost effective agreements that a large organisation such as HSE could access. It also gave Tusla access to existing contracts that were in place before its creation. The Office of Government Procurement's strategy also placed HBS as the main provider for the procurement of Health and Social Care services. In summary, the advantages for Tusla of being part of HBS Procurement include:

- Cost efficiencies and value for money
- Increased service quality and reliability through consistent and standard processes
- Access to specialised expertise
- Avoided duplication of cost and effort.

Whilst Tusla was able to take advantage of new and existing arrangements for procurement through HBS, it was however not in a position to undertake all of the major procurements for services that were not in contract, on its own. To a large extent, the small resource that Tusla had in the procurement service was dedicated to overseeing procurement arrangements in the high costs and priority services of Private Residential and Legal services as well as ensuring that other services that were running out of contract were procured.

Due to the high dependency of Tusla on HBS Procurement, Tusla was not in a position to successfully pursue a separate procurement for administration staff on its own, but sought instead to reduce its overall reliance on agency staff providers.

4. Track and Trace

We have noted the discussion of the Committee leading to your letter and in that context the reference to track and trace services is not applicable in any way to Tusla.

If you have further queries regarding any of these matters please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Bernard Gloster", with a long horizontal flourish extending to the right.

Bernard Gloster
Chief Executive