

# Public Accounts Committee

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## OPENING STATEMENT

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Bernard Gloster  
Chief Executive Officer

5<sup>th</sup> October 2023



Chairperson and Members, thank you for the invitation to attend today's meeting to discuss the HSE Financial Statements 2022.

I am joined today by my colleagues:

- Mr. Stephen Mulvany, CFO
- Dr. Colm Henry, CCO
- Ms. Anne Marie Hoey, National Director (HR)
- Mr. David Walsh, National Director (Community Operations)

I am supported by:

- Mr. Ray Mitchell, Parliamentary Affairs
- Ms. Sara Maxwell, CEO Office

In the context of addressing the Financial Statements for 2022 I am aware that the Committee has indicated particular interest in losses related to obsolescence (Covid-19 vaccines and PPE) and also high remuneration payments to certain employees.

Chair, at the outset I want to take this opportunity to acknowledge the recently highlighted difficulties for children with spina bifida and scoliosis and their families. The outcomes from two CHI (Children's Health Ireland) reports (Internal and Boston) are concerning at the higher end of the scale. The additional revelations regarding the use of unauthorised springs as internal devices are most concerning and have seriously damaged confidence in this most sensitive area of our health care system. To the parents, advocate groups and most importantly the children I want to apologise and give my assurance as CEO that these matters will be fully examined and responded to as part of the independent expert clinical review commissioned by the HSE, to be led by UK-based Orthopaedic Surgeon Mr Nayagam.

Addressing the Committee agenda for today I direct attention to the briefing paper provided in advance of the meeting. The briefing details are instructive on the evolving financial position of the HSE building from 2019, the impact of the Pandemic and once off supplementary allocations. The resulting pressures for 2023 are evident.

The current challenges in closing out 2023 are best described under three headings.

- Non Pay – Inflation is typically higher in a health context and non pay is also driven by higher volume spend associated with higher volume activity.
- Increased Demand – Demand for health and social care services is higher than expected with both post Covid pent up demand, increased morbidity and complexity within parts of that demand, and also demographic pressures seeing unprecedented levels of people requiring services.
- Control Environment – There is no doubt that as we move past the Covid years the control environment requires improvement and significant attention is being paid to this at the close of 2023 and will be required throughout 2024.

The briefing submitted to the Committee details the historical challenges with ELS (Existing Level of Service) funding and outlines the requirement for full funding of ELS prior to any additional or new developments in 2024.

Vaccine (Covid-19) obsolescence for 2022 was circa €33m (out of date) and €60m worth of vaccine with no further utility due to change in health guidance and the related excess of supply over demand.

PPE write-offs were in years predating 2022 and have previously been the subject of detailed hearings at this Committee. However continued storage costs of obsolescent PPE were recorded in 2022 at €1.7m. The briefing sets out the options and challenges of disposal. I am committed to a resolution of this cost subject to the results of various assessments regarding safe and cost-effective disposal.

Currently a HSE employee is defined as a high earner if they are earning above €300,000. This is likely to require adjustment, as the new consultant contract will mean that a significant number of additional employees will be above that figure when all dimensions of that contract are factored in. That noted, there are improvements required regarding the control environment and inconsistency of approach that results in some of the high earnings recorded. Despite contractual entitlement and legally correct application of terms, I do not accept that we can continue with a position where 8 staff earn above €500,000, in one case reaching above €700,000 and the highest above €900,000. Based on internal audit reports and the resulting action plans, we are working to address this issue.

In parallel with the financial context, 2022 saw the Health Service return to increased normal operational business across all services. The outturn for 2023 in service terms will show one of the highest rates of activity ever across many services.

The main focus for the remainder of the year is on the Waiting List Action Plan and the management of Unscheduled Emergency Care, in both of which we continue to make improvements.

This concludes my opening statement.

Thank you.