

Opening Statement

Public Accounts Committee

Secretary General Robert Watt

Thursday February 1st, 2024

Introduction

Good morning, Chairperson and Members of the Committee. I am delighted to be before the Committee this morning to consider the Appropriation Accounts for 2022.

I am joined here by my colleagues; Louise McGirr - Assistant Secretary, Derek Tierney – Assistant Secretary, Kevin Colman - Principal Officer, Patrick McGlynn - Principal Officer, and Sarah Treleaven - Principal Officer.

I am also joined by colleagues from the HSE and the CEO of the HSE.

I will address the issues that the Committee have raised with a particular focus on the priorities of the Department and the HSE to maximise the provision of safe and efficient health services.

Future Budgeting

In the face of growing healthcare demand year-on-year, there is a critical need to deliver services both safely and efficiently. Investment in healthcare has not always resulted in improved activity or performance, representing the so-called “productivity puzzle”. While we have succeeded in increasing activity in our

hospitals, and with better outcomes for our citizens, this has come at an increasingly high cost to the taxpayer.

Investment in acute care activity has increased by more than 80 per cent over the last seven years, from €4.4bn in 2016 to €8.1bn in 2023, with acute care expenditure now making up over a third of our overall spending. The hospital workforce has grown by 36 per cent over the same period.

This indicates 'real' increases in expenditure of over 50 per cent.

However, the number of patients treated has not kept up with this large increase in resourcing however, with increases between 10-20 per cent over the same period.

As members will be aware, the Minister for Health announced the establishment of a Productivity and Savings Taskforce, jointly chaired by myself and the CEO of the HSE.

Our key areas of focus on the Taskforce are;

- The use of new technology to provide services with data and insight to support better performance;
- New ways of working including streamlining operational processes and pathways, to drive productivity across the health sector;
- Delivering savings across a range of areas including medicines, procurement and standard utilisation of goods and services.

Ultimately, the aim of the Taskforce is to maximise value for money and patient outcomes.

Agency Costs

One of the key initial areas the Taskforce has identified as having potential for savings is the use and cost of agency staff.

Alongside our workforce increasing by over 26,000 since 2020, the spend on agency staff has continued to increase year on year in the same period. The CEO of the HSE has already announced several cost control measures over recent months, including a targeted reduction on expenditure on the use of agency staff within the public health service of 10 per cent and further reductions are being targeted in 2024.

There are levers to safely reduce agency costs and many of these are well underway across the HSE. Actions to reduce agency costs will continue and are intended to deliver a higher level of savings this year.

A key lever for reducing reliance on nursing agency is through the implementation of the Framework for Safe Nurse Staffing and Skill Mix. This Framework is an evidence-based way to determine workforce requirements to meet sustainable high quality safe care delivery and is being implemented across all acute hospital sites. To-date there have been over 1,200 whole time equivalents recruited. Plans for 2024 include agency conversion to continue to progress the roll-out of safe staffing.

Strong controls around sign off and procurement of agency staff also help to ensure value for money and appropriate use of agency. The HSE has worked with services in 2023 to strengthen these controls and will continue to do so in 2024.

Finally, the introduction of the Public Only Consultant Contract in March 2023 enables a work plan with extended and flexible working attendance over longer hours and weekends. Over 1700 consultants, 41 per cent of the total number, are now employed on this contract.

Budget Controls and Governance

Alongside a focus on making the health budget go further, the HSE and the Department will have a focus on tighter budgetary control and accountability throughout 2024.

There is currently extensive oversight and reporting to relevant stakeholders on the HSE financial performance through the year.

Once the annual budgetary allocation is made to the HSE it is, via the National Service Plan, distributed to services across the HSE for provision of health care. The Plan, which is submitted by the Board and agreed by the Minister, sets out how the HSE plans to use its resources and the services it will deliver in that year.

The HSE monitors spend and performance across the services, and I am sure the CEO of the HSE will be happy to talk more about the HSE's own processes.

The Department provides a further layer of governance and monitors and reports to stakeholders regularly on the spend of the HSE and all health agencies.

Higher level governance between the Department and the HSE is exercised through monthly performance meetings between the Secretary General of the Department and the CEO of the HSE as well as quarterly meetings held between the Minister of Health and the Chairman of the HSE Board.

Further scrutiny is provided through the Health Budget Oversight Group which is chaired by the Department of Public Expenditure attended by Department of Health and HSE officials. The Health Budget Oversight Group meets monthly to discuss financial performance and other issues as they arise.

The financial performance of Health is reported to Government on a regular basis through the Cabinet sub-Committee on Health and Quarterly Memorandum's to Government.

Notwithstanding the extensive monitoring and oversight processes there remain challenges in managing overruns and balancing the needs of patients and the costs of delivering health services.

Estates Management and Capital Works

A key area of investment that can help to improve both patient experience and productivity in the sector is the provision of safe high-quality infrastructure.

The overarching objective for the HSE in the Annual Capital Plan is to prioritise contractually committed projects that address known compliance and patient safety risks associated with healthcare infrastructure, equipment and fleet replacement and then continuing initiatives to support patient access to services taking account of available funding.

Regional Health Areas

Finally, the Committee has referenced the Regional Health Areas. Members will be aware that from March 2024, the HSE will be reorganised into six Health

Regions. Each Region, led by a Regional Executive Officer, will be responsible for the delivery of timely, integrated care for their residents.

Key milestones in the period ahead include the appointment of the Regional Executive Officers, which was announced last week, the rollout of a new Integrated Service Delivery model on the frontline and standing down Hospital Groups and CHOs by the end of 2024.

The overall governance arrangements in the new regions will continue to be progressed through 2024 together with the new Regional Executive Officers and their teams. The new arrangements should support both clear financial control and accountability and integrated regional care close to patients.

Conclusion

Lastly, I want to assure members that there is a shared focus between the Department and the HSE that we need stronger budgetary controls. We need to deliver more efficiencies and savings in the short term while continuing to improve delivery of health services to the public.

We must utilise new ways of working, better patient pathways and see more care delivered in the community.

As I have said before, there is no prospect of continuing to treat ever increasing numbers of sick patients in acute hospitals under our existing structures and pathways.

Ends.