The Committee met at 14.00 p.m.

MEMBERS PRESENT:

| Deputy John Deasy, | Deputy Mary Lou McDonald, |
| Deputy Paschal Donohoe, | Deputy Eoghan Murphy, |
| Deputy Sean Fleming, | Deputy Derek Nolan, |
| Deputy Simon Harris, | Deputy Kieran O’Donnell, |
| Deputy Michael McCarthy, | Deputy Shane Ross. |
Chairman: The first item is the minutes of the meetings of 25 and 31 October and 1 November. Are they agreed to? Agreed. As there are no matters arising therefrom, we will move to correspondence received from Accounting Officers and-or Ministers since Thursday, 1 November.

No. 3A.1 is correspondence, dated 1 November 2012, from the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, on the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Bill 2012. The correspondence is to be noted and published. The committee should respond in the context of the banking inquiry report which it completed and suggest consideration be given to it as a way forward. Is that agreed? Agreed.

No. 3A.2 is correspondence, dated 6 November 2012, from Mr. Ray Mitchell, parliamentary and regulatory affairs division, Health Service Executive, providing information requested by the committee at its meeting on 9 October. The correspondence is to be noted and published.

The committee also received correspondence which has not been circulated from Senator Fidelma Healy Eames on the payment of salaries and allowances in the voluntary sector, in particular concerning one individual and organisation. We will arrange to have that correspondence circulated today. I take the opportunity to mention it as the Senator contacted me and asked me to ensure it was mentioned that she had raised the matter and was anxious to have it dealt with. The committee will respond to it in due course.

No. 3C comes under the heading of individual correspondence and-or complaints. No. 3C.1 is correspondence, dated 26 October 2012, from Mrs. Barbara Bradley, Nurney, County Carlow, in relation to correspondence with the Commissioner of An Garda Síochána. The correspondence is to be noted.

No. 3D is documents relating to today’s meeting. No. 3D.1 is correspondence, dated 10 October 2012, from Mr. Tony O’Brien, director general designate, Health Service Executive, forwarding details of the payment of allowances in the Health Service Executive. The correspondence is to be noted.

No. 3D.2 is correspondence, dated 31 October 2012, from Mr. Ray Mitchell, parliamentary and regulatory affairs division, Health Service Executive, forwarding additional details of payments and allowances in the Health Service Executive. The correspondence is to be noted.

No. 3D.3 is correspondence, dated 31 October 2012, from Mr. Ray Mitchell, parliamentary and regulatory affairs division, Health Service Executive, re opening statement. The correspondence is to be noted and published.

No. 4 is reports, statements and accounts received since our meeting on 1 November. No. 4.1 relates to the Education Finance Board - financial statements for the year ending 31 December 2011. No. 4.1 relates to St. Angela’s College Sligo Limited - financial statements for the year ending 31 December 2011. No. 4.3 relates to the National University of Ireland Galway - consolidated financial statements for the year ending 31 December 2011.

No. 5 is our work programme which members should be able to see on the monitors. The committee will meet next week in private session to discuss its report on allowances. The suggestion is it meet in private session at 10 a.m. on Thursday, 15 November, to discuss the report.
Clerk to the Committee: We are working on the draft and hope to finalise it tomorrow evening, following which it will be forwarded to members, with any other necessary correspondence.

Deputy Kieran O'Donnell: Is there any matter on next week’s agenda for discussion in public session?

Clerk to the Committee: No. The committee will not meet again in public session until 22 November when it will deal with the National Treasury Management Agency.

Chairman: The draft report is a work in progress and relies on the input of members.

Deputy Kieran O'Donnell: When can we expect to receive it?

Clerk to the Committee: As I stated, we are finalising it. Some of it will relate to what happens at this meeting. We have done some work on it and it will be circulated tomorrow evening in order that everyone will have a chance to read it. I do not want members to see it for the first time on Thursday.

Chairman: Committee members will receive the draft tomorrow and will have until early next week to contact the Clerk.

Clerk to the Committee: We will hold informal meetings with members.

Chairman: It depends on members reflecting their views on the draft report. It is proposed to start at 10 a.m. on Thursday.

Deputy John Deasy: What is the process involved? We will have a meeting at 10 a.m. at which we will go through the draft report in private session. Is there a rough schedule as to when we will report on it?

Chairman: The Clerk outlined this last week.

Clerk to the Committee: We will have to make a number of changes to the draft report after next week’s meeting and will meet again early the following week with a view to publishing it. We will have to publish it the week after next.

Chairman: After our meeting on Thursday, we may have to hold another meeting. We may have to meet earlier on the following Thursday to meet the deadline.

Deputy John Deasy: Let us condense it and get this done. If we need to hold additional meetings within the two week period, let us do so while the information is fresh in people’s minds.

Clerk to the Committee: That is fine.

Chairman: We have agreed an agenda for the meeting on Thursday, 15 November.

Health Service Executive - Review of Allowances

Mr. Tony O’Brien (Director General Designate, HSE) called and examined.
Chairman: I remind members, witnesses and those in the Visitors Gallery to turn off their mobile phones because they can interfere with the quality of the transmission.

I advise witnesses that they are protected by absolute privilege in respect of the evidence they are to give to the committee. However, if they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against a Member of either House, a person outside the Houses or an official either by name or in such a way as to make him or her identifiable. I remind members of the provision within Standing Order 158 that the committee shall refrain from inquiring into the merits of a policy or policies of the Government or a Minister of the Government or the merits of the objectives of such policy or policies.

I welcome Mr. O’Brien, director general designate of the Health Service Executive, and ask him to introduce his officials.

Mr. Tony O’Brien: I thank the Chairman and members of the committee for the invitation to attend this meeting. I am joined by Mr. Barry O’Brien, national director of human resources, Mr. John Delamere and Ms Paula Lawler from the human resources department.

Mr. Fergal Goodman: I am a principal officer at the Department of Health.

Ms Oonagh Buckley: I am a principal officer at the Department of Public Expenditure and Reform and accompanied by Mr. Peter Brazel.

Chairman: I now invite Mr. O’Brien to make his opening statement.

Mr. Tony O’Brien: Members will have received, as requested, detailed documentation on allowances. Therefore, I intend to be brief in my opening remarks.

In 2011 the HSE Vote outturn was €13.9 billion. Of this, €6.4 billion represented expenditure on direct pay costs, excluding superannuation. At the end of 2011 health service employment stood at 104,392 staff in whole-time equivalents. In addition to basic pay, the health service incurs pay costs in the areas of night duty, weekend payments, overtime and on-call payments, locum costs, PRSI and allowances.

I take the opportunity to clarify that the schedule of allowances provided for the purposes of the Department of Public Expenditure and Reform review of allowances and premium payments is a subset of allowances as reported in the HSE statutory financial statements, namely, the appropriation account and the annual financial statement. There is a wider interpretation of allowances in the financial statements which use the classifications contained in the Department of Health’s consolidated pay scales. For example, the Department’s consolidated pay scales classify sessional and on-call payments as allowances. These types of payments are not allowances in the strict sense and have, therefore, been excluded, with the agreement of the Department of Public Expenditure and Reform, from our submission prepared for the purposes of that Department’s review of allowances and premium payments.

Further work is under way to refine the data provided for the Department of Public Expenditure and Reform. The HSE operates multiple legacy payroll systems which do not facilitate the automated reporting of the information required by the Department and the exercise required significant manual analysis within a very challenging timeframe. As a result, the information
provided has been estimated and extrapolated, where necessary. A full reconciliation with the statutory financial statements will be completed shortly and can be provided to the committee, if required. In this context, for 2011 the total cost of allowances in the health sector amounted to €166.5 million, or 2.61% of the total pay bill. Of this, €86.9 million was spent on allowances paid to nursing staff, with €36.3 million being paid to care and support staff and €29.3 million to medical and dental staff. The remaining €14 million was paid to management and administration staff who received €9.2 million and health and social care professionals who received €4.7 million. This is all detailed in a table provided for members.

A total of 41 allowances were identified as payable in the HSE as part of the review of allowances. Of these, 12 are particular to the nursing profession which accounts for 34% of all staff employed. A significant number of the allowances involved stem from the resolution of a protracted period of industrial unrest in the nursing profession in the second half of the 1990s. This process also involved a number of Labour Court recommendations on the allowance issue during this period. The main thrust in the granting of these allowances was to recognise the nursing staff working in areas in which specialised skills were required or in areas in which the nature of the work was particularly arduous. There was a severe shortage of nurses in Ireland at the time, with employers recruiting from countries such as the Philippines and South Africa. Members will note from the detailed information provided that the basic salary of a new entrant staff nurse is a scale running from €27,211 to €39,420.

It is worth noting that of the 41 allowances identified, 31 are legacy allowances, predating 2000, with the majority having their origins in the 1970s and 1980s through long-standing agreements and-or custom and practice which developed during the life of the former health board structure. Of these, nine are historical red-circled allowances that have not been paid to new employees for a considerable period of time.

In more recent times the necessity to remunerate staff for service developments has changed and in most cases allowances have been sanctioned only where legislative or regulatory changes have so dictated. An example of an allowance approved in 2011 is the forensic psychiatry out-of-hours service allowance which was put in place on foot of the recommendation made in the Barr report following the Abbeylara siege. Due to the challenges posed by the legacy payroll systems predating the HSE, it has been difficult to quantify with precision the exact number of staff and costs associated to individual allowances. However, the information available shows an estimated total of 36,887 staff in the HSE in receipt of an allowance. Of this number, the greatest number of staff in receipt of allowances relate to two specific allowances paid to nursing staff, namely, the location allowance payable to 6,164 staff at an estimated cost of €9.1 million and the specialist qualification allowance paid to 5,232 staff at an estimated cost of €14.5 million. These allowances have been approved as part of the Department of Public Expenditure and Reform, DPER, review, subject to further review, and my colleague, Mr. Barry O’Brien, national director of human resources, HR, will explain in more detail the background to these and the other allowances payable in the health sector.

It should be noted that the information provided to the committee today reflects national allowances paid across the health sector with the detail on costs and staff numbers provided for the HSE only. An exercise to capture the detail of allowances paid in the voluntary sector is currently being finalised for submission to DPER.

An area of high expenditure which has been an ongoing concern to management and is subject to current negotiation with the staff representatives is the area of acting up allowances. The estimated cost of acting up allowances for 2011 in the HSE is €17.7 million. As a 24 hour,
HEALTH SERVICE EXECUTIVE - REVIEW OF ALLOWANCES

seven day a week service it is essential to have the flexibility of staff to cover in a higher capacity, often at short notice, to ensure continued patient safety and minimal clinical risk. The cost associated with providing this high quality standard of care while working within a decreasing employment control framework has necessitated the need to reassess the viability of the HSE to continue to pay such costs into the future. In this regard, our current negotiations with the staff representatives is seeking to secure agreement that acting will only be payable where the acting up period exceeds 84 days. These negotiations are in keeping with the decision made by DPER on the outcome of the review in respect of acting up. We anticipate that negotiations will be concluded shortly and the new arrangement implemented with immediate effect, thereby facilitating considerable savings to the Exchequer.

Finally, it is worth acknowledging that there are approximately 600 different grades of staff employed across the health sector, with the majority of staff not in receipt of an allowance. Health services have evolved and developed over the past number of decades to meet the growing demands of our ageing population and the diversity of the health and social services now required, and this has been achieved through the dedication and commitment of all staff working in the health services. The health reform agenda under the programme for Government continues to be progressed through active engagement with the representative organisations in line with the public service agreement with resulting development of efficiencies, increased productivity in the use of resources and the generation of savings.

That concludes my opening statement.

Chairman: May we publish your statement?

Mr. Tony O’Brien: Yes.

Deputy Simon Harris: I welcome Mr. O’Brien, his officials and Ms Buckley. I thank them for attending what is probably the last day of our analysis of the various public sector allowances across the Departments and agencies.

There were two striking items in Mr. O’Brien’s opening statement. He stated: “Due to the challenges posed by the legacy payroll systems predating the HSE, it has been difficult to quantify with precision the exact number of staff and costs associated to individual allowances.” That is the first time we have been told by an Accounting Officer that they are not in a position to quantify the number of individuals and the amount of specific allowances. Perhaps he would expand on that point. I appreciate there is the issue of legacy payroll systems that predate the HSE, but the HSE is not a new entity as it has been in existence for more than a decade. Mr. O’Brien might update the committee on the current position with overhauling that payroll system. He also spoke about being unable to quantify with precision the exact number of staff and costs associated with them. To which allowances is he referring and how good is the estimate?

Mr. Tony O’Brien: The HSE was established on 1 January 2005. When I last appeared before the committee we spoke on a number of occasions about the absence of enterprise-wide information communications technology, ICT, solutions, which has been a feature of the life to date of the Health Service Executive. We are examining, both for the purposes of the HSE for the remainder of its life and for the purposes of the health sector beyond the HSE, the appropriate solutions to enable good extraction of data. With regard to the degree of confidence we have about the estimates, I will ask my colleague Mr. Barry O’Brien to comment on that.

Mr. Barry O’Brien: It is clear from our presentation that we are able to take from our data
that we are paying €166,482,000 on allowances overall. We are clearly indicating that this comprises all staff employed directly by the HSE and all staff fully funded by the HSE. If one breaks that down, therefore, we have approximately 65,000 staff directly employed and the remainder of the 102,000 are employed by voluntary hospitals and other voluntary agencies. That is the total figure from our financial data for what is being spent on allowances. That is the full scope.

That said, as Mr. Tony O’Brien said in his opening statement, a separate exercise is currently being prepared for the staff numbers and costs which we gave to the committee per allowance. In other words, if one looks at the data we gave the committee and I said there are X number of nurses on location and other allowances, they relate to HSE staff only. An exercise to capture the details of allowance paid in the voluntary sector is currently being finalised and will be with DPER, but it will deliver the totality of the sum which we declared in our opening statement.

Deputy Simon Harris: When Mr. Tony O’Brien says in his opening statement that he is unable to quantify with precision the exact number of staff and costs, does that include directly employed staff or does it only refer to staff in the voluntary sector?

Mr. Barry O’Brien: No, it is staff in the voluntary sector. We have given the committee specific data per allowance on location and qualification and exactly who is being paid that or the numbers.

Deputy Simon Harris: Does that refer to staff in the voluntary sector?

Mr. Barry O’Brien: The data is the HSE directly employed staff.

Deputy Simon Harris: Are there approximately 36,670 staff in the voluntary sector in 2011?

Mr. Barry O’Brien: Yes.

Deputy Simon Harris: So just over half of those the HSE directly employs work in the voluntary sector.

Mr. Barry O’Brien: We have approximately 65,000.

Deputy Simon Harris: Yes, and there are 36,670 in the voluntary sector. What is the position with that review and when does the witness expect to submit it to the Department of Public Expenditure and Reform?

Mr. Barry O’Brien: We are a long way into the review and we expect it to be concluded very shortly. There is a requirement of DPER to have it delivered as quickly as possible.

Deputy Simon Harris: Are the allowances that the voluntary sector receives similar to the allowances directly paid?

Mr. Barry O’Brien: It might be of benefit to the committee to point out that we are using the consolidated salary scales as approved by the Department of Health and on that basis the voluntary sector would be applying those pay scales as well; for example, every nurse who works in a qualifying area or has an additional qualification in the voluntary sector gets the allowances as well. If the committee requires further information on the breakdown of the number of nurses in our sector and in the voluntary sector, I can supply that.
Deputy Simon Harris: The second thing that was striking in the opening statement was the clarification of the difference between the amount for allowances in Vote 40 versus the amount in the review. Mr. Tony O’Brien pointed out that the Department of Health consolidated pay scales classify seasonal payments and on-call payments as allowances but that the DPER review did not, or with the agreement of the DPER they were not included as allowances. That is different from how we have dealt with every other Department. Perhaps Ms Buckley can clarify this. In the previous meetings I have attended we have included on-call allowances, although I cannot be sure of seasonal payments. Why did DPER consider it suitable not to include on-call allowances?

Ms Oonagh Buckley: The focus of the allowances review was on duty-based allowances, which is the intention. Some Departments, for completeness, included things such as shift allowances, on-call allowances and so forth, but they were not mainly the focus of the allowances review, which was what we call the duty-based allowances. In other words, allowances aimed at delivering a 24 hour, seven day per week working environment were not really the focus because, broadly speaking, they are closer to overtime and the like. It was primarily the allowances that dealt with whether people were being paid an allowance for a particular type of task that predates modern working environments and so forth. To a degree, allowances are based on being on-call and working shifts. They were submitted because of the confusion of language but they were not the primary focus of this. These allowances need to be paid in environments where we must offer a 24/7 service.

Deputy Simon Harris: I take Ms Buckley’s point. At this committee, we have already discussed the many allowances submitted that most people acknowledge are core pay. It would have been helpful to have submitted the full breadth of allowances, as other Departments have done, and I am unsure why they have been excluded. It seems at odds with how other Departments have interpreted the review. It is possibly inconsistent.

Mr. Barry O’Brien: The Deputy needs to understand the 365 day, 24/7 nature of the-----

Deputy Simon Harris: I do.

Mr. Barry O’Brien: From the perspective of certain grades, there was a requirement by the Department of Public Expenditure and Reform that we should not continue to pay new beneficiaries while the review was ongoing. The reality of having theatre nurses and consultants on-call remained a reality in the day-to-day service delivery model. The Department of Public Expenditure and Reform never envisaged a risk to service provision in reviewing allowances. The figure we have provided includes a portion of that but we focus on allowances formally approved and recognised for specific individual professional grades, which we submitted to the Department of Public Expenditure and Reform as part of the allowance review.

Deputy Simon Harris: I accept that point and no one wants to risk patient safety. At the same time, our remit is to try to get as great an overview of all payments beyond core pay and to delve into a discussion of whether certain allowances should be core pay. We have had good discussions on that. Who receives on-call payments?

Mr. Barry O’Brien: Medical grades receive on-call payments.

Deputy Simon Harris: Do consultants receive them?

Mr. Barry O’Brien: Yes, consultants have what is called a B-factor and a C-factor. The B-factor is specifically for having a liability to be on call while the C-factor is paid when one
is called out. All other medical grades, from interns to senior house officers to senior specialist registrars, receive on-call payments because of the liability to provide on-call services in the 365 day service.

**Deputy Simon Harris:** Does Mr. O’Brien have figures for the cost of on-call payments in the HSE in 2011?

**Mr. Barry O’Brien:** I do not have the figures specifically in the presentation but there is no issue in presenting the figures to the committee.

**Deputy Simon Harris:** That would be very useful. It would be particularly useful if we could have the figures broken down by grade in terms of how much is paid for nurses on-call and consultants. Much of our discussion at the many committee meetings Ms Buckley has attended concern where allowances are going. In many areas, the allowances go to relatively low paid employees. One may have a concern about the payments being called allowances but no one begrudges someone at the lowest end of a pay scale receiving what is effectively core pay. If a consultant is earning a very large salary and receiving additional allowances, it is of interest to the committee.

Returning to the opening statement and the reference to 41 allowances, the HSE submitted 20 business cases. For 21 of the 41 allowances, the HSE did not submit a business case. Can Mr. O’Brien clarify where those 21 allowances rest?

**Mr. Barry O’Brien:** We categorised allowances under various headings with regard to the allowances for which we submitted business cases, the allowances that should be abolished for new beneficiaries and those that will be subject to review for new beneficiaries and existing staff. I have supplied members with the table.

**Deputy Simon Harris:** Perhaps Mr. O’Brien can go through 20 of the 41 allowances for which no business case was submitted. The table supplied by Mr. O’Brien has been colour-coded, with red for allowances abolished for new beneficiaries, orange for allowances approved for new beneficiaries subject to further review, and green referring to allowances approved for new beneficiaries. The green and the orange coloured allowances should equate to the number of business cases.

**Mr. Barry O’Brien:** I have a table of allowances proposed for cessation pending further consultation with service management and trade unions. The first refers to the special allowance for weekend public holidays. These are allowances for which we have not submitted business cases. The second is the dual responsibilities allowance, the third is the midwifery qualification.

**Deputy Simon Harris:** We are drowning in tables.

**Mr. Barry O’Brien:** The numbers follow the same sequence in all the tables. We submitted four additional allowances due to changes in mental health legislation. We made four new business cases, which brings us to No. 41. We have not made business cases for the allowances from No. 17 onwards until No. 37.

**Deputy Simon Harris:** Are the allowances the HSE wishes to abolish for new beneficiaries those from No. 17 to No. 37?

**Mr. Barry O’Brien:** Yes.
Deputy Simon Harris: The table is a little confusing. Can the witnesses clarify the level of overtime costs in HSE? How much is the average overtime bill? How much was the overtime bill in 2011?

Mr. Seamus McCarthy: The figure of €169,857,000 relates only to the HSE employees and not to voluntary bodies.

Deputy Simon Harris: We have discussed absenteeism at the HSE on a number of occasions. How much of the overtime bill of €169,857 relates to medical demand?

Mr. Barry O’Brien: We report on five staff categories, medical and dental; nursing; support staff; health care, social care and others; and management and administration. The level of absenteeism, as of September 2012, runs at 4.69% while our target is 3.5%. It is incremental and slow but the improvement is consistent with any European country delivering health services. It is also consistent with Northern Ireland and the NHS. I advise the committee that there are no circumstance where anyone in management and administration is replaced in instances of sick leave. There are no overtime costs arising from absenteeism in the management and administration grade. It arises predominately in nursing, support staff and direct front line patient care staff. The best performing group for absenteeism are the medical and dental group, where the absenteeism rate amounts to 1.1%. There is occasion to replace a doctor in a crisis. The absenteeism rate for nurses is approximately 6.5%. One can see, therefore, that in those instances we are challenged to replace directly one for one. In the main, of the €169,857 in overtime, it is in both the medical and nursing areas. Obviously, it is not all due to absenteeism; it is to maintain rosters and rotas. I was asked about absenteeism and it is important to note that it is almost only in front-line services and not in all instances that we replace.

Deputy Simon Harris: Absolutely. I accept the point on front-line services but do we have a breakdown on how much of the overtime bill is derived from absenteeism, albeit on the front line?

Mr. Barry O’Brien: It is an extremely difficult exercise to give accuracy, simply because we would use both agency and overtime to replace people. It could happen that nurse A was replaced by overtime, while nurse B was replaced by an agency. It would be difficult, therefore, to align specifically how much involved overtime.

Deputy Simon Harris: Okay. Does Mr. O’Brien know how much agency nursing costs to replace nurses who are out due to absenteeism?

Mr. Barry O’Brien: An agency nurse is given the same rate of pay, as well as full regard for qualifications and years of service, having regard to the EU directive. One is paying a fee and VAT is involved as well, but obviously there is no pension cost associated with that so there is very little differential - it is slight - between the actual cost of an agency nurse and another nurse.

Deputy Simon Harris: I accept that and I do not want to badger on about the question. I am just trying to work out if the HSE has an estimate of the cost of absenteeism.

Mr. Barry O’Brien: As I said, we only ever use overtime for replacing front-line staff and I would be reluctant to guesstimate a figure. To be fair, there is a focused approach towards reducing absenteeism and making clear to everybody the shared responsibility for having good attendance management. It is difficult to give the Deputy a direct answer and say whether absenteeism results in additional overtime costs.
Deputy Simon Harris: I take Mr. O’Brien’s point, although I am not overly pleased with it. When I speak to private sector companies, they can clearly tell me the cost of absenteeism to their organisations. I accept that Mr. O’Brien is operating off a complex payroll system, but it would be interesting to have an idea of the cost to the taxpayer of absenteeism in the health service. If Mr. O’Brien wants to come back to the committee another time, he can do so.

Mr. Barry O’Brien: There is an organisational loss in that we are losing the capacity of everybody who is out sick. If one has a specific number of people out sick, they are not available for work, so productivity and outturn are lost.

Deputy Simon Harris: Yes.

Mr. Barry O’Brien: In the main, however, we replace critical front-line staff either through agency staff or overtime.

Deputy Simon Harris: How much do the agencies cost?

Mr. Barry O’Brien: The highest level of absenteeism arises in support staff, while the second highest level would be in nursing staff. Those are the two big areas in which we incur overtime costs on a replacement basis.

Deputy Simon Harris: Let me try a more straightforward way of putting the question. What is the cost of overtime for nurses?

Mr. Barry O’Brien: They get time and half.

Deputy Simon Harris: No, I mean what was the total amount spent by the HSE on overtime for nurses in 2011? Am I right in saying that figure is a cumulative one for the whole organisation?

Mr. Seamus McCarthy: Yes.

Deputy Simon Harris: I am just wondering if there is a breakdown for the figure of €169,857. How much of that is accounted for by nurses or consultants.

Mr. Barry O’Brien: I would be in a position to advise the Deputy tomorrow, if he wants, but I do not have the figure with me now.

Deputy Simon Harris: Okay.

Chairman: Can Mr. O’Brien let us have some of those figures?

Mr. Barry O’Brien: Yes, Chairman.

Deputy Simon Harris: We need a bit more detail before we can form a viewpoint on some of these. I wish to have a quick look at some of the allowances. I understand that the living-out allowance for registrars, house officers and interns is paid to non-consultant doctors who are rotating between hospitals to help them secure temporary accommodation which is not available on the hospital site. In Mr. O’Brien’s business case, the HSE has acknowledged that there might be merit in reducing the weekly allowance. I also know that the Labour Court has an opinion on the payment of the allowance and its continuance. Does Mr. O’Brien have an estimate of how much the HSE could save? I understand that if it is in the course of negotiation, he may not want to reveal that. How did the HSE originally set the rate for this allowance?
Mr. Barry O’Brien: The allowance has its origins in the 1980s. It was revisited on a number of occasions during formal contract negotiations. It was more recently determined in Labour Court recommendation No. LCR19702, which recommended the continuance of the allowance. The allowance of €61.20 per week was paid to a total of 5,251 staff in 2011 at a total cost to the HSE of €8.1 million.

Deputy Simon Harris: Does the HSE hope to review the rate of this allowance?

Mr. Barry O’Brien: Yes. We have highlighted that we wish to abolish it for new beneficiaries. It is on our priority for elimination for current beneficiaries.

Deputy Simon Harris: I will now move to allowance No. 23, which is the community allowance. To set this in context, this allowance is to compensate mental health nurses for loss of earnings when moved from a hospital to a community setting. Payment ranges from €4,962 to €5,722 per annum and the allowance cost about €3.4 million in 2011. I have a question arising from anecdotal experience. Is it necessary to offer this inducement? One of the main gripes that many nurses have - or one of the main challenges of their profession - is the long, anti-social hours. The fact that a nurse is moving to a community setting as part of a primary care team enables people to have a more regular work-rest lifestyle. Is it necessary to offer the inducement? I imagine that this type of work might suit many people within the nursing profession very well. How is the formula for loss of earnings, between the sums of €4,962 to €5,722 per annum, actually calculated?

Mr. Barry O’Brien: The community allowance in mental health has its origins in the 1980s. In 1984, the then Government’s policy on the development of mental health services was entitled Planning for the Future. It would have seen a major shift from institutional to community care. The norm at that time was for the majority of mental health nurses to work in a hospital setting, usually on a long day shift and seven-day fortnights. The first major move to the community took place in Castlerea. There is a well-known formula, called the Castlerea formula, established by Labour Court recommendation No. LCR13358, which determined the compensatory factors. What happened was that as we moved to the community, to compensate for the loss of access to premium earnings from weekend work and night duty, it was agreed that a community allowance would be introduced to entice staff to move from institutional care to community care. That continued and was repeatedly re-stated in many subsequent Labour Court recommendations. I can confirm, however, that this has no longer applied to any newly recruited mental health staff since 2010, as part of our changed programme under the public service agreement. It is very much a legacy matter.

Deputy Simon Harris: That is very good news. The idea of paying people because they do not have to work nights or at weekends was a bit bizarre.

The GP training allowance is payable at a rate of €11,430. It is paid to GPs and registrars in an approved scheme in lieu of 120 hours worked outside normal
working hours. Considering our GPs go on to establish what one would hope to be profitable practices, is this ever paid back by GPs? Will Mr. O’Brien explain the rationale and why the HSE is subsidising GP training?

**Mr. Barry O’Brien:** In our submission to the Department of Public Expenditure and Reform we have identified this as an allowance that should be reconsidered and subject to review for new beneficiaries. Under the Department of Health and Children circular 99/2000 on Non Consultant Hospital Doctors agreement, the contract agreement included an annual pensionable allowance payable to GP registrars on an approved scheme. This allowance is paid *in lieu* of 120 hours worked outside of normal working hours. The allowance is currently €11,430 per annum and was paid to 76 GP trainees in 2011 at a total cost of €553,131. The Labour Court recommendation LCR 19702 in 2009 on Non Consultant Hospital Doctors, NCHD, contracts for renegotiation recommended the continuance of the allowance.

**Deputy Simon Harris:** Does the HSE see a value from the allowance?

**Mr. Barry O’Brien:** No. We believe the allowance should be subject to review. At present we must give effect to what is a negotiated contract that has the recommendation of the Labour Court.

**Deputy Simon Harris:** I have two more questions. There is craft worker’s tool allowance, an allowance given to craft workers for the purchase of their tools. I understand it is abolished for new beneficiaries. I thought this was peculiar. We have this provision in other sectors, such as the local authorities. I understand 352 staff received this allowance in 2011 and it amounted to €280,497. What regulations are in place for this allowance? Is it vouched expenditure? Is all the money being spent on buying tools? Would it be more beneficial if the HSE were to provide the tools? Is it proposed that the HSE will buy the tools, with the suggested abolition of the allowance?

**Mr. Barry O’Brien:** The history of this allowance would have emerged from national pay negotiations in which deals would have been done for certain grades of staff. The craft workers would have what is termed an “analogue agreement”. Part of the analogue agreement would have contained specific reference to this allowance. Currently there are 352 staff receiving the allowance of €843.60c. The cost to the HSE is €280,497. It has been abolished for new beneficiaries. A substantial number of external providers are now engaged in maintenance and other works.

**Ms Oonagh Buckley:** I might add to Mr. Barry O’Brien’s contribution. That is a centrally negotiated allowance which is being examined by the Department of Public Expenditure and Reform. We will be considering it in the context of priority industrial relations negotiations. As members may be aware, we are not in a position to discuss those in detail but we have indicated that we would like to have it eliminated for new beneficiaries are we are prepared to discuss that with the staff side for serving staff.

**Deputy Simon Harris:** Let me reiterate, it would be useful to see on-call and seasonal allowances broken down by grade. One of the key bodies of work we have been doing in the past number of meetings is to try to look at where the allowances are going, the salary scale of those receiving the allowances so that we have an informed opinion on whether these people are earning a substantial public sector salary or trucking along. We need to have all the information. It would be very useful to have a breakdown of on-call and seasonal allowances. In terms of the reform of public expenditure, we need to establish the potential inconsistency in submissions
received from agencies and that might be something we can look at in our own report

**Mr. Barry O’Brien:** Is the Deputy referring to sessional allowances rather than seasonal allowances?

**Deputy Simon Harris:** Yes, I am referring to sessional allowances.

**Chairman:** Does the HSE have the information?

**Mr. Barry O’Brien:** Yes.

**Deputy Mary Lou McDonald:** Good morning Mr. O’Brien, Mr. O’Brien - so good they did it twice? We have a Mr. Barry O’Brien and Mr. Tony O’Brien.

I will deal with the payroll system. The picture that seems to be emerging is that there are figures for a HSE direct employee cohort and work is underway in respect of those engaged in the voluntary area. There are no figures for the cost of agency services or the cost of absenteeism. Mr. O’Brien referred to the complexities of calculating that. Is it correct to state the payroll system must be antiquated and disparate and not fit for purpose?

**Mr. Barry O’Brien:** No. We have figures for the total amount of money spent on agency staff and overtime. We have figures, but I do not have them with me today, because we were preparing specifically for the purpose of the committee agenda, the referencing of the allowances reviewed by the Department of Public Expenditure and Reform. We can certainly provide information on the amount of money spent on the level of overtime and agency staff in regard to nursing, medical and in each category of work. We can provide that information immediately to the committee tomorrow.

**Deputy Mary Lou McDonald:** I understand that, the other Mr. O’Brien, Mr. Tony O’Brien stated in his opening statement: “Due to the challenges posed by the legacy payroll systems predating the HSE, it has been difficult to quantify with precision the exact number of staff and costs associated to individual allowances”. I read from that there is an issue around the payroll systems.

**Mr. Tony O’Brien:** It is primarily related to the multiplicity of systems, rather than the inadequacy of any individual system. When I was here last we spoke at length on the absence of enterprise wide ICT solutions, which would enable us at the press of a button to extract information related to the totality of our direct employment. The fact that we do not have a single system means there is a significant amount of manual intervention required in order to piece together the information from a multiplicity of systems.

**Deputy Mary Lou McDonald:** Does Mr. O’Brien intend to rectify that situation and move to a single system?

**Mr. Tony O’Brien:** It is a key priority of the HSE to have a system which would be of greater utility in answering questions such as this. There is not yet a solution proposed.

**Deputy Mary Lou McDonald:** As Mr. O’Brien may know, one of the issues that is regularly referenced by the Minister on public sector reform is the idea of shared services. The idea is that all the users of a similar service are brought together for efficiency purposes. Is Mr. O’Brien thinking of doing that?

**Mr. Tony O’Brien:** We believe there is significant potential across a number of fronts for
the health service in exploiting shared service potential to the greatest extent and payroll is one of those areas. We are currently engaged with our staff on a particular initiative in that area, which involves a significantly new approach to the way we manage our payroll operations.

**Deputy Mary Lou McDonald:** What stage has the HSE reached on that initiative?

**Mr. Barry O’Brien:** We have a table for the action plan for the public service agreement for 2013 and a major initiative to develop a specific HR shared service for the entire health system. We employ in excess of 100,000 people, these are significant numbers to develop a shared service HR model. That will entail a process of detailed discussion and negotiation with the trade unions representing staff.

**Deputy Mary Lou McDonald:** In terms of that shared service model for HR and payroll in the HSE, will those services be retained in-house?

**Mr. Barry O’Brien:** Yes. The proposal we have put forward in our action plan is an internal shared services for HR in the health system. As one can imagine, there is a significant number of stakeholders involved. It would not be a short-term project. It would take a couple of years for it to fully materialise whereby all public health providers would be the end-service users of a shared service model. Currently in the HSE, all our recruitment is done on a shared service basis. All pensions and personal administration is being managed through a shared service model.

**Deputy Mary Lou McDonald:** I understand from Mr. Barry O’Brien that the HSE is looking for a shared service for HR, including payroll, and that he proposes that they will be in-house, and that the HSE is not proposing to outsource any of those functions. Is that correct?

**Mr. Barry O’Brien:** Payroll is a matter that falls to the finance function. We do not have the expertise in HR.

**Deputy Mary Lou McDonald:** Perhaps I can ask Mr. Tony O’Brien about payroll.

**Mr. Tony O’Brien:** We are not committed to retaining it in-house.

**Deputy Mary Lou McDonald:** How does that sit with the multiplicity of systems the HSE presumably has, with expertise scattered throughout the system? It strikes me that there is no reason the HSE cannot keep it in-house. Similarly, how does it sit with the Croke Park agreement which specifically provides that outsourcing should be a last resort when all other avenues have been exhausted?

**Mr. Barry O’Brien:** I will answer those questions. A specific appendix to the Croke Park agreement deals with external service provision options. There is a requirement on us all to achieve the maximum efficiencies for direct health service provision from the funding we receive. It might be more effective, including more cost-effective, to avail of an external provider to meet significant infrastructural requirements in areas such as information technology. That might prove to be a good solution from a staff perspective and in delivering the payroll function. It is not as if the staff would not be employed. Obviously, they would be redeployed within the wider health family, in line with the public service agreement. The Deputy might ask questions if we were investing substantially in payroll infrastructure when an external provider could provide the service in an efficient and cost-effective manner.

**Deputy Mary Lou McDonald:** How many staff work in payroll?
Mr. Barry O’Brien: Several hundred.

Deputy Mary Lou McDonald: The proposition is to outsource the payroll function and redeploy the several hundred officials in question.

Mr. Barry O’Brien: Yes, if it proves to be the most cost-effective option. We are committed to meeting specific requirements under the external service provision option. We have to give a detailed proposal to the unions involved. We are committed to operating within that framework and need to focus on where best to spend the limited resources we have available. Perhaps we might get a highly cost-effective payroll system externally, while redeploying the existing staff to front-line services. I will give an example. The number of management-administration staff is now at its lowest level for some time. It is close to December 2002 levels. One of the scarcest resources in the health system is a grade 3 clerical officer. It would be far better for them to be working on the front line - managing clinics and assisting consultants - than providing payroll services which are fundamental to any organisation. It is an option for consideration as we face our challenges.

Mr. Tony O’Brien: It is important to note that the employment control framework for the health sector envisages and requires a reduction from the current staffing level of approximately 103,000 to a level close to 95,000. In that context, we have an obligation to consider which services must be provided by directly employed staff and which services might be better provided in other ways. When I said we were not committed to this change, that is exactly what I meant. We are committed to using the resources available to us as best we can to provide the very best health services we can. That involves examining whether ancillary or back office activities might be better provided using a different mechanism, where it is more appropriate and where the national agreements provide for it to happen.

Deputy Mary Lou McDonald: The Government has indicated that there will be a further decrease in the number employed in the public service by 2014. What decrease does Mr. O’Brien envisage within the HSE?

Mr. Tony O’Brien: Between 102,000 and 103,000 people are employed in the health sector. The target will take us down to just over 95,000. Therefore, there will be a decrease of between 7,000 and 8,000 personnel.

Mr. Barry O’Brien: Our employment number at the end of September was approximately 101,850. It has been indicated that we may be given a target of 95,500 by the end of 2014.

Deputy Mary Lou McDonald: Has the HSE been given that target yet?

Mr. Barry O’Brien: It has been clearly indicated that we will be challenged with meeting that objective. Over 6,500-----

Deputy Mary Lou McDonald: Where was that indicated?

Mr. Barry O’Brien: It was indicated this time 12 months ago and we declared it to the unions. As part of our Croke Park action plan, we are required to agree methodologies to achieve an employment control framework level of 95,500. It has been in the public domain for well over 12 months.

Deputy Mary Lou McDonald: The outsourcing of the payroll function for these purposes would modernise and improve these services. They would be delivered externally. I do not
know whether the HSE’s cost analysis of that approach has been completed. The officials have suggested the HSE has one eye on the costings and one eye on reducing the number in its employment. Is that a fair summation of the HSE’s position?

**Mr. Tony O’Brien:** Clearly, we need both. We need an effective and efficient single payroll system that enables us to have a better grip on the information requested for the purposes of today’s meeting.

**Deputy Mary Lou McDonald:** Mr. O’Brien seems certain that an outsourced approach would be more efficient and cost-effective. Has he established whether that is the case, or is he still trying to figure it out?

**Mr. Tony O’Brien:** I have said we are not committed to doing this on a direct employment basis. That means we are open to other options. We have not finalised it. A process is under way.

**Deputy Mary Lou McDonald:** I understand there will be a process of discussion with the unions, on which I am not proposing to intrude. What stage is the HSE at with the cost-benefit analysis?

**Mr. Tony O’Brien:** As my colleague has indicated, it is part of the action plan for 2013.

**Deputy Mary Lou McDonald:** At what stage is it reckoned the HSE will have finished it?

**Mr. Barry O’Brien:** We have had preliminary engagement with the main union concerned. We are involved in a process of consultation and will outline all of the options under consideration. It will be consistent with the appendix set out in the public service agreement for external service delivery models.

**Deputy Mary Lou McDonald:** May I ask about the clinical director allowance?

**Mr. Barry O’Brien:** Yes.

**Deputy Mary Lou McDonald:** According to a table in the documentation furnished to the committee, the allowance was paid to 59 individual clinical directors in 2011 at a rate of €46,000 per annum and at a total cost to the HSE of €2.53 million. Will the officials explain to the committee what the rationale for the allowance is?

**Mr. Barry O’Brien:** As a result of legislative requirements, the title of “clinical director” was already in use in the mental health system before the consultants’ contract was finalised in 2008. Clinical directors had to meet specific requirements under mental health legislation. The title of “clinical director” was not in use outside the mental health service. As part of our negotiations on the 2008 contract, we sought to bring clinical leadership to the fore in the planning and delivery of all health services, particularly in acute hospitals. Some initiatives involving directorate and programmatic models, in which services are planned on a programmatic basis, had been pursued. As part of the negotiations on the 2008 consultants’ contract, it was agreed that clinical directors would be put in place with a view to providing direct clinical leadership for the body of consultants. That was a significant change from the previous contract which identified each consultant as an independent contractor. This brought the management, governance and accountability of consultants into line. On that basis, a role was developed for clinical directors. This was included in Appendix 4 to the 2008 consultants’ contract and became part of the agreement. We have introduced clinical directors across acute settings. The first
positions were filled within a short period. They were introduced and the clinical directors appointed by way of nomination and agreement among the consultant body. That term is now up. We intend to open interviews to fill clinical director posts across our system.

**Deputy Mary Lou McDonald:** Will Mr. O’Brien confirm, for the benefit of those who may be watching, that these positions are filled by consultant doctors?

**Mr. Barry O’Brien:** Yes.

**Deputy Mary Lou McDonald:** Is 59 the total number? I am conscious that it is a 2011 figure. Is it still 59 in 2012?

**Mr. Barry O’Brien:** Currently, there are some outstanding posts still to be filled. It is fair to say the Government is planning a major reconfiguration by way of hospital groupings and subsequently moving to trusts. Obviously, the whole clinical director model will be fundamental in providing governance and accountability as well as managing objectives, outcomes and a cohort of consultants. On that basis, no defined number has been agreed but we are looking for maximum efficiency. We are talking about the major acute hospital sites where they exist and, in the main, they exist on a programmatic approach.

**Deputy Mary Lou McDonald:** There is no set figure for them but there are 59 consultants in receipt of this allowance. It is a large allowance, however, even as a percentage of the large salaries that consultants get. What is the distinction between the three different contracts for consultants?

**Mr. Barry O’Brien:** Contract type A is public practice only. Contract type B is for all new consultants recruited post-2008 contracts which allows on-site private practice up to 80:20 for newly-appointed consultants. A contract type B may exist for a consultant who held the previous contract but who was category 1. They could have a variable up to a maximum of 70:30 private practice. Then there is contract type B*. This is for consultants who have access to off-site private practice once they have met their 37-hour commitment to public service. Again, these are consultants who held a category 2 contract prior to the 2008 contract. There is a contract type C but that has not been used so far. This contract is to replace the existing type B* where in the public interest an exceptional case would be made in that a type C consultant could be appointed.

**Deputy Mary Lou McDonald:** On which contract would these 59 individuals who are in receipt of the clinical director allowance be?

**Mr. Barry O’Brien:** It could be contract A, B or B*. It was open to all of them to apply.

**Deputy Mary Lou McDonald:** How does it break down?

**Mr. Barry O’Brien:** I do not have that information at hand today but I can supply it to the Deputy later.

**Deputy Mary Lou McDonald:** I raise the point because when one examines the size of the allowance as a percentage of salary for consultants, it is quite significant. Second, there are those differentials in terms of rates of pay and, more specifically, to the public health system. If one is paying an allowance like that for such a pivotal position as clinical director, from a policy point of view it would make sense that preference would be clearly given to those who carry out their work in the public system alone for the very reason offered by Mr. O’Brien that
the clinical directors would be core in the delivery of service and reconfiguration of hospitals. I would like to know category by category who is in receipt of what.

**Mr. Barry O’Brien:** From my knowledge of the mental health area, all clinical directors in that area are on type A contracts. There would also be a significant number in the acute system on type B contracts and, obviously, some on B* contracts. No restriction was placed on who had the potential to apply under consultant contract 2008.

**Deputy Mary Lou McDonald:** Why was that?

**Mr. Barry O’Brien:** As the title suggests, one is looking for somebody with leadership-management capacity and ability. For people holding a historic contract, one is looking for the brightest and the best to take on the role of managing their own peers and consultants. In our recent discussions with the consultants under the Croke Park agreement and the Labour Relations Commission, we have further endorsed and enhanced the role of the clinical director as being the senior manager for all clinicians.

**Deputy Mary Lou McDonald:** From the taxpayers’ viewpoint of this particular allowance and the salary scales, irrespective of contract, consultants earn very high salaries even by comparison with non-consultant doctors. The argument has been consistently made that these very high salaries are paid to these individuals because they are all the brightest and the best. Mr. O’Brien’s response to me does not tally with that argument or defence, however. It would be good for the purposes of the committee’s investigation if Mr. O’Brien could break down the contractual arrangements with each of the 59 individuals in question.

**Mr. Barry O’Brien:** Yes.

**Mr. Tony O’Brien:** The role of clinical directors has been one of the most significant and critical developments in the introduction of contemporary leadership models to Irish hospitals which has been a feature of high-performing hospital services elsewhere. The point Mr. O’Brien made was not about their general ability as high-flying medics but their ability to provide leadership to their medical colleagues as well as for the changes necessary in models of care and so on. Notwithstanding the valid points Deputy McDonald has made about the scale of the fee and so on, clinical directors are a critical component of achieving better value and efficiency in our hospital system. They are also a critical part of the way hospitals are being reformed.

**Deputy Mary Lou McDonald:** Accordingly, one would imagine they should be wholly focused on delivery within the public health system.

**Mr. Tony O’Brien:** The contracts that are in place, as Mr. O’Brien has outlined which would also take account of the historic contracts, do not place the restriction on eligibility-----

**Deputy Mary Lou McDonald:** I am aware of that but I am offering it as a contrary viewpoint.

Many of the allowances for new entrants which are on the table for abolition are for nurses. What is the wisdom behind abolishing the midwifery allowance, for example, when the focus now is on primary care, care in the community and the maternity hospitals are under absolutely incredible strain? In 2011, 924 persons were in receipt of this midwifery allowance at a cost of €2.3 million, an allowance which was not pensionable either.
Mr. Barry O’Brien: The rationale behind this is that the requirement to possess a mid-wifery qualification to become a public health nurse has been removed by the nursing body. Accordingly, why would one pay an allowance when there is no requirement to be a midwife to become a public health nurse? There are many other areas of specialties in which nurses are graduating and they wish to enter the public health nurse arena. Up to a short time ago, a nurse had to be a midwife to do so. This has been removed and it is on that basis, solely, that this allowance will be abolished for new beneficiaries.

Deputy Mary Lou McDonald: There is no danger that as a consequence people would be discouraged from attaining that specialty.

Mr. Barry O’Brien: No, I do not believe so. If one examines specialist qualification allowances, a significant number in excess of 20, we already pay a dedicated allowance for nurses who possess a higher diploma in midwifery. If a nurse wants to practice midwifery, we will pay him or her a higher allowance. We are not saying, however, that it is an essential prerequisite to be a public health nurse working in primary care.

Deputy Kieran O’Donnell: I welcome Mr. Tony O’Brien and his colleagues. How many payroll systems are in operation in the HSE?

Mr. Tony O’Brien: I am not sure of the exact number. I can get that information, but it is a multiplicity. Do we have the exact number?

Mr. John Delamere: Eight.

Mr. Tony O’Brien: Eight, but we will confirm that number.

Deputy Kieran O’Donnell: PPARS was there many years ago. I thought it was about consolidating the payroll system within the HSE. Where did PPARS end up and what did it cost? We are talking about outsourcing. It is difficult to analyse properly and give a fair comment on a system if there is a lack of cohesive information. That is not to say the information is not available.

Mr. Tony O’Brien: PPARS was never fully rolled out. It exists in different locations in different phases and has not been implemented in some areas. As the Deputy will recall, some years ago - my knowledge of this is sketchy - there was a significant controversy around the cost and deployment of PPARS. Where it has been deployed, I understand it is a relatively efficient system, but it has never been rolled out nationally. It is in different places in different phases of its release and, therefore, does not at this time represent a unified solution for payroll processing in the health system. As I was not expecting the question, I therefore have not-----

Deputy Kieran O’Donnell: No, I had not planned to ask the question.

Deputy Mary Lou McDonald: That is beauty of this committee.

Deputy Kieran O’Donnell: It is an obvious question. Due to challenges posed by the legacy payroll systems, of which there are eight, and Mr. Barry O’Brien will appreciate this is about analysing information and the questions asked by Deputy McDonald in respect of absenteeism, the figures for which are not to hand, I thought a report would be available showing the total numbers and the cost. Obviously it is difficult for the representatives to manage if information is not available. At the time PPARS was supposed to be like a silver bullet, but it fell like a stone.
Chairman: Like the electronic voting machines.

Deputy Kieran O’Donnell: Yes.

Mr. Tony O’Brien: Contrary to the popular view, I understand that those areas where payroll is operated through PPARS are the areas from which we have our best information.

Deputy Kieran O’Donnell: Okay.

Mr. Tony O’Brien: In the area the Deputy represents, the staff are paid on one of the phases of PPARS and we have very good information. We have certain levels of information in one place and different levels of information in other places and joining that up to provide a consistent national picture is the challenge. Things may well have been better had PPARS been completed. The fact is, it was not completed. It is not a realistic option at this time. The net position is that we do not have a single consistent national payroll system which is why we have a challenge in providing consistent information.

Deputy Kieran O’Donnell: While much of this is prior to Mr. O’Brien’s time, with a budget of the order of almost €14 billion per annum and an organisation with eight payroll systems, the HSE has to concentrate time on putting in place a payroll system which will amalgamate all the payrolls. It is clear there is not enough of PPARS. If memory serves me correctly, PPARS cost in the region of €120 million. I understand 700 people are employed on payroll.

Mr. Barry O’Brien: Several hundred.

Deputy Kieran O’Donnell: Can Mr. Barry O’Brien tell me the timeframe for putting this in place?

Mr. Barry O’Brien: We envisage doing that in the shortest possible timeframe. Once the options are considered, the cost benefit analysis is done and there is engagement under the external service delivery options under the public service agreement, we should be able to go ahead. If it was to be an in-house issue there is no doubt a significant infrastructural issue would emerge. We are striving for standardisation at every possible opportunity to maximise the number of staff we can deploy to the front line.

Deputy Kieran O’Donnell: I shall return to a point raised by Deputy Mary Lou McDonald on the clinical director’s allowance. Mr. Tony O’Brien referred to the fact that he was also in the management service of a modern HSE. I raised the question previously and I have put the representatives on notice that I would probably raise the issue. Within the consultants area, €74 million in private fee income remains unbilled to insurance companies. I was told on 9 October that there were specific problems with some consultants in terms of completion of forms. On the previous occasion the HSE appeared before the committee we were informed that €8 million was outstanding for more than a year. I am looking at this in the context of front-line cuts of the order of €58 million before the end of the year. It is ironic that €8 million of that relates to home help hours and €8 million of the €74 million is the amount that is outstanding for more than 12 months. For me the issue is simple.

Does the clinical director’s role involve examining whether the forms are signed and is that the only reason the claims have not been put in? Is there a specific person in each hospital designated by the HSE to ensure forms are completed by consultants and claims submitted? I commend the HSE on the fact it got €125 million in accelerated payments from the insurance companies. I see no reason the same cannot happen in respect of the €74 million unclaimed
private fee income. It could be looked at in the form of an accelerated payment from the insurance companies. This is about management.

What is the clinical director’s role in interacting with consultants? Is there a specific person in place in the HSE at administration level to ensure the forms are signed? I understand that in many cases patient files are not presented to consultants to sign-off on insurance claims. Given that €74 million has not been claimed in fee income, in the context of the HSE being required to make front-line cuts of €58 million, €8 million of which relates to home help hours, something is not right.

I do not fully accept that it is tied in with the Labour Court. This is an administrative issue. Somebody should be put on the job full time to lug the files to the consultants to sign them because a submission cannot be made to the insurance companies unless the form is signed off by the consultant. Is there a requirement for a change in legislation to the effect that it could be signed off by a senior house doctor rather than a consultant? Is it all about management? Will Mr. O’Brien give me an update on the role of the clinical director, the allowances paid and where that stands? At this time the HSE is having to make adjustments in home help hours which are impacting on people. Clearly, the HSE is doing it because it is in very difficult circumstances but on behalf of the people we represent, we are looking for angles whereby the HSE can pull in money and not have to make adjustments such as these. In that context, this €74 million is sticking out like a sore thumb. I have had time to reflect on this and I simply cannot understand why the claims have not been sent to the insurance companies. It is totally unacceptable and I ask Mr. O’Brien to deal with that issue.

Mr. Barry O’Brien: I wish to advise the committee that this was one of the key areas in our recent discussions on reform in the public service with both the IMO and the IHCA.

Deputy Kieran O’Donnell: This is about the fees.

Mr. Barry O’Brien: Yes, but if I could just finish my point. We put both organisations on notice that all of our managers were giving effect, since 5 November, to the following - a commitment from all consultants...

Deputy Kieran O’Donnell: The HSE signalled the last time it was before us that from 5 November, the insurance companies would be billed within 14 days, including for the outstanding €74 million.

Mr. Barry O’Brien: That is correct. The HSE managers are seeking a commitment from all consultants to fully comply and sign private insurance forms within 14 days of receipt of all of the relevant documentation. The purpose of this provision is to effect a significant reduction in outstanding income due to the public health system. We have also advised consultants that persistent failure to comply will be addressed by the employer, under relevant procedures. Furthermore, we have also highlighted the need for co-operation with the secondary consultants scheme, whereby a secondary consultant involved in a case can sign the claim form if the primary consultant has not done so within a reasonable timeframe.

Deputy Kieran O’Donnell: What is a reasonable timeframe?

Mr. Barry O’Brien: The 14 days allowed.

Deputy Kieran O’Donnell: Mr. Tony O’Brien explained earlier that the HSE accounts are done on a cash basis so between now and the end of the year, the HSE must balance its books.
There are roughly seven weeks left in the year. Can these forms be signed off so that the insurance companies can be billed for the outstanding €74 million, with some accelerated payment system put in place so that the HSE does not have to implement the cuts to front-line services that have been signalled? The most obvious one that people want to see reversed is the cut to home help hours. I ask the representatives to address that point. I accept that they are playing hard ball on the issue but I need to know if they will get a result. I am interested in the practicalities and I am pressing the matter because it is very important. The amount of money in question is considerable and it is long overdue. Of a total of €74 million outstanding, one could probably expect approximately €15 million to be outstanding at any given time. Therefore, approximately €60 million should be pulled in without further delay.

**Mr. Tony O’Brien:** We are fundamentally of the same view on this issue. The forms should be signed in a timely and consistent fashion. When we were before the committee previously we also spoke to Deputies about the phenomenon known as pended claims, that is, the interval between the submission of a fully signed form and the receipt of funds by the HSE from the insurers.

**Deputy Kieran O’Donnell:** I believe it is approximately 140 days.

**Mr. Tony O’Brien:** Yes, the interval is about 140 days.

**Deputy Kieran O’Donnell:** That seems very long.

**Mr. Tony O’Brien:** It is very long. Clearly what we want to do is bring down the age of unsigned forms. Where consultants are willing to co-operate in clearing their backlogs, we will play our part in providing administrative support to them. In order to do that ---

**Deputy Kieran O’Donnell:** To put this in context, the interval is approximately five months. There appears to be some issue regarding proper interaction between consultants and administrative staff so that files are signed off. If that is the case, it must be remedied.

**Mr. Tony O’Brien:** We have been in correspondence with all of the consultants who have aged claims and if they wish to make that case, they can, but frankly, that is rather easy to say.

**Deputy Kieran O’Donnell:** I shall put it another way, then. Is it possible to specifically assign one person within each hospital to ferry the files to the consultants, get them signed off and sent to the insurance companies so that the €74 million outstanding can be claimed?

**Mr. Tony O’Brien:** Part of the process that is now under way, in light of the passing of the deadline of 5 November, is a very focused effort in the hospitals that have the aged files to secure sign off by the consultants. They each have a different process, which is appropriate to local circumstances.

**Deputy Kieran O’Donnell:** With respect, Mr. O’Brien, I do not buy that. The local circumstances are irrelevant. This affects real people’s lives.

**Mr. Tony O’Brien:** What I am saying to the Deputy is that it may be appropriate in a smaller hospital to assign one person but in a larger hospital, that may not be the best solution.

**Deputy Kieran O’Donnell:** Okay, I am sorry, I misunderstood the point.

**Mr. Tony O’Brien:** Hospital managers will manage the process. The HSE is not seeking to micro-manage from the centre the way this process is carried out in each individual hospital.
because that would not be terribly productive. We are trying to create an environment in which the forms will be signed.

**Deputy Kieran O’Donnell:** My question is very simple. What is the timeframe in which these forms will be signed off? The objective should be to get the bulk of that income in before the end of the year so that the HSE can pull back on some of the more punitive cuts it has been required to implement in order to balance its books. Is this going to happen in the short term?

**Mr. Tony O’Brien:** The clock is now ticking on the 14 days. It started ticking on 5 November. Once we get to the end of the 14 days, hopefully a good proportion of these forms will be signed, but perhaps not. We will have to wait and see.

**Deputy Kieran O’Donnell:** Let us put it out there that they should be signed.

**Mr. Tony O’Brien:** They should be signed but my concern is that the fact of them being signed does not, as night follows day, produce cash for the HSE.

**Deputy Kieran O’Donnell:** I accept that.

**Mr. Tony O’Brien:** Consequently, it would be unwise of me to bank, mentally speaking, any of that cash at this stage. Clearly, though, if funds flow in and our projected end-of-year position improves, that will alter what we are doing. As I have said consistently on all of the front-line service cuts, which we deeply regret, we are constantly examining ways of doing things differently and reducing the impact of those cuts. If it appears likely that more cash will flow in, that will affect our expectations for our end-of-year Vote position. Right now, frankly, even with the forms all signed today, given the experience of funds flowing from private insurers, I do not expect it to make a significant difference, particularly in the context of the accelerated cash that is now being finalised, up to €125 million.

**Deputy Kieran O’Donnell:** I wish to make a suggestion. The critical difference between the €125 million of accelerated cash and the €74 million is that the latter has a direct impact in terms of both cash flow and cuts. In the current environment, I suggest that the HSE cuts a deal with the insurance companies to get money up front because of the potential impact of the cuts to front line services with winter upon us.

I commend the HSE on the €125 million of accelerated cash, which is an innovative measure. Circumstances are very difficult and there are enormous pressures on the HSE. The first task is to get the consultants to sign the forms. That is now under way, which I welcome. The deadline is 14 days from 5 November, so 19 November is the critical date. I call on the consultants to play their part in ensuring the forms are signed so that the impact on front line services can be minimised. Once those forms are completed, I ask the HSE to engage directly with the insurance companies to secure some form of an accelerated payment which is sufficient to enable the HSE to reduce the impact of the cuts that are now taking place.

I am seeking a commitment from Mr. Tony O’Brien, as the CEO of the HSE. I am putting my suggestion forward in a spirit of co-operation and in full awareness of the difficulties facing the health service. As a public representative, however, it would be remiss of me not to raise these issues. Can I take it from a management viewpoint that the HSE will proceed with first ensuring that the target date of 19 November is met? In that context, I again call on the consultants to make sure that happens because €74 million is at stake. Some €74 million is at stake. Once this takes place, will the HSE actively engage with the insurance companies to come up with some formula to ensure that sufficient funds are received in an accelerated fashion before
the end of the year? It would give the HSE leverage to reduce the burden of cuts on the ordinary people whom we represent and to whom the HSE provides a service.

Mr. Tony O’Brien: We greatly appreciate the Deputy’s support in this matter and we will certainly take on board everything Deputy O’Donnell has said. The key point is that the forms should be signed. There is no necessity for any consultant to wait until 19 November. They have until then.

Deputy Kieran O’Donnell: Agreed.

Mr. Tony O’Brien: We will have to review the position on 19 November in respect of the number of forms signed to determine the next steps.

Deputy Kieran O’Donnell: Presumably the HSE will issue a direction to each hospital to the effect that from an administrative viewpoint there should be cohesiveness in terms of files. I do not especially wish to know what is happening; I simply wish to see the result. I presume once the forms are completed and submitted to the insurance companies, the HSE will actively engage with the insurance companies to find some mechanism to accelerate a substantial portion or a certain portion of the payments to enable the HSE to have leverage in terms of the front-line cuts it has been required to make. Specifically, I have in mind home help hours.

Mr. Tony O’Brien: The managers in the hospitals associated with the aged unsigned forms are aware of the position. They have the details relating to the forms and the individual consultants and they are perfectly conscious of the time limit now in place. Certainly, we will consider how best to take forward Deputy O’Donnell’s proposals once we are in a position to determine how many forms have been signed.

Deputy Kieran O’Donnell: Obviously the HSE will have active engagement with the insurance companies.

Mr. Tony O’Brien: We are actively engaged with them at the moment in the context of the €125 million in any event. A good deal of dialogue is under way.

Deputy Kieran O’Donnell: I thank the Chairman for allowing this issue to be elaborated on, because it is most important. A significant amount of work has been done since our last meeting in this area by the HSE but the issue needs to be driven home. This is taxpayers’ money which could have a significant impact on people’s lives. I call for every effort to be made by the HSE, people in individual hospitals, consultants and the insurance companies to ensure the €74 million is billed and substantially collected before the end of the year. This would give the HSE the flexibility to reduce the burden of cuts on hard-pressed people, many of whom are elderly, especially with regard to home help hours.

Chairman: Is a list available of the relevant hospitals with the number of forms outstanding for each hospital?

Mr. Tony O’Brien: A list is readily available that quantifies the value, as opposed to the number, but we can certainly get the number as well.

Chairman: It might add further pressure to those concerned in the hospitals if the value of the list and the associated hospitals and the number of forms were known.

Mr. Tony O’Brien: My personal preference would be to publish the names of the consultants, but data protection legislation precludes me from doing that. Certainly we could
Chairman: We can hold off on that for the moment and we will insist in every way we can.

Deputy Mary Lou McDonald: Yes.

Deputy Kieran O’Donnell: We will work with Mr. O’Brien on this matter.

Deputy Paschal Donohoe: The HSE representatives are welcome and I thank them for coming in again. I wish to address the big picture of the value of the allowances within the HSE and tease it out. According to the figures the HSE has shared with the committee, allowances are worth 2.6% of the total pay bill. We received equivalent figures from the Prison Service relating to allowances as a percentage of the total wage bill and it provided a figure of 35%. For the Garda, allowances as a percentage of its total wage bill were 16%. Of any body that has come before the committee, the allowances in the HSE as a percentage of total pay are the lowest by some way. Why is that?

Mr. Barry O’Brien: The vast majority of our allowances emerged from the major pay negotiations in the 1990s. Let us consider the nursing allowance. It emerged from a tribunal with an outcome called the blue book agreement. A Labour Court recommendation was made as a result of the commission on nursing, and there were three subsequent Labour Court recommendations. At the time, management would have been dealing with significant pay claims and each recommendation would have been hard fought throughout the industrial relations machinery. Each would have had a specific reference as well. Since then, as we have changed and moved to modernise, we have had occasion to go back repeatedly to the Labour Court to argue.

In essence, the vast majority of the people involved are on a basic core pay system. The vast majority of the allowances amounting to 2.61% of the total wage bill are paid to front-line service provision people. That is the nature of pay within the health system. People refer to allowances, but the reality is different. Let us consider the role of a public health nurse on one of our islands. That person probably gets the ferry over to the island and spends five days there, living in accommodation on the island and making herself available 24 hours per day, seven days per week. She might have a maternity qualification and perhaps more, and this is to the benefit of all of the islanders. We pay basic pay and relevant allowances but we are getting a good return on that value in providing health care to that population.

Deputy Paschal Donohoe: I want to tease out the question of what constitutes an allowance. I have provided some figures which I either brought with me or worked out during the session. The figure for the HSE is 2.6%, while that for the Garda is approximately 16% and that for the Prison Service is 35%. These are the figures for allowances as a percentage of the total wage bill. From what we have to date, the HSE is substantially below the others. The other figures relate to the number of allowances by agency. We held a discussion about the Garda but the full list from the Garda shows 104 allowances. The equivalent list from the Department of the Environment, Community and Local Government shows 63 allowances, while the list from the Department of Defence shows approximately 64 allowances. Give or take an allowance in either direction, those figures are roughly correct. However, the HSE has only 41 allowances.

Mr. Barry O’Brien: That is correct.

Deputy Paschal Donohoe: It is considerably lower than the figures for other agencies that have a large rostering component in the delivery of work.
Mr. Barry O’Brien: I cannot speak to what was submitted by other agencies but I assure the Deputy that we focused on the definition of an allowance. We pay additional premiums for Saturday, Sunday and night duty, and for overtime. To be honest, I am unsure of the scope of the replies of other Departments and whether they included figures for overtime. Anyway, we received a specific request to answer questions on allowances and that is the number of allowances we have.

Deputy Paschal Donohoe: This goes to the heart of it. I want to ensure I understand it correctly. Does the HSE definition of allowances include night duty?

Mr. Barry O’Brien: No.

Deputy Paschal Donohoe: Does it include weekend payments?

Mr. Barry O’Brien: No.

Deputy Paschal Donohoe: Does the figure include overtime or on-call duties?

Mr. Barry O’Brien: No.

Deputy Paschal Donohoe: Other agencies include these as allowances. I am keen to illustrate the point. Let us consider night duty. The Prison Service has an allowance for night duty, which took the place of the existing overtime payment. The Garda has an allowance for overtime that evolved from its industrial relations heritage. The Civil Service has an allowance for officials who are on call. We went through all of these. Is there a big question about the HSE definition? We have experienced this before. Is the definition of an allowance for the HSE different from the definition of an allowance for other agencies? The Garda includes overtime within the definition of allowances.

Mr. Barry O’Brien: Overtime in the health service is well established by Labour Court recommendations. The recommendations talk about the rate of pay for additional hours worked. The word, “allowance” does not appear anywhere. They refer, for example, to time and a half for the hours worked between X and Y, and double time after that. The word “allowance” does not appear anywhere.

Deputy Paschal Donohoe: I fully accept that. I am not doubting the information Mr. O’Brien has given me. I simply say that when the Garda Commissioner was here last week, I asked him if he included overtime as part of his definition of allowances. He said, “Yes”. We have varying definitions of what an allowance is.

Mr. Barry O’Brien: In some areas of the health system some grades might have a liability to work right through the 24 hour roster. In many others that would be voluntary. The vast majority of nurses, for example, do not do night duty. I would be giving the committee wrong information if I spoke about the night duty allowance. The rate of pay that is attracted, if one is deemed to go on the night duty roster, is time and a quarter.

Deputy Paschal Donohoe: I understand that point completely.

Mr. Barry O’Brien: I would be misleading the Deputy if I said the quantum of the night duty allowance is such and such.

Deputy Paschal Donohoe: I am not suggesting Mr. O’Brien is trying to mislead me. I am simply making the point that when we had, for example, the Irish Prison Service before
the committee and talked about how it deals with people who have to work at the weekend, we were told it was done by means of allowances. The Prison Service defines that payment as an allowance. The HSE does not.

**Mr. Barry O’Brien:** The health sector gives effect to Labour Court recommendations which have clearly set out the rates of pay. For example, there are Saturday and Sunday premia and they are regarded as rates of pay.

**Deputy Paschal Donohoe:** Are Labour Court recommendations sector specific? When Mr. O’Brien speaks about Labour Court recommendations is he referring to a ruling that is specific to the health services?

**Mr. Barry O’Brien:** Yes, I am. Some of the categories mentioned by the Deputy have no access to the Labour Court. They do not have access under statute. They have separate and different mechanisms for dealing with issues as they arise. We go to the Labour Court when we are in dispute or when we need a third party to make a definition as to how we should conduct our business. That is how a ruling would emerge.

**Deputy Paschal Donohoe:** Let us look at the on-call payment. When the Department of Public Expenditure and Reform came before the committee, the Secretary General of the Department said someone had to be available at weekends to make sure the IT systems worked. He described the payment to such a person as an allowance. In the HSE that would not be called an allowance.

**Mr. Barry O’Brien:** Part of the conditions of a theatre nurse in one of the major hospitals is that he or she would be available for an out-of-hours service. We pay an on-call allowance for that. It goes with the territory. I do not wish to complicate this for the Deputy, but there is on-call, on-call with stand-by and on-call being present on-site. All of these complications come into it.

**Deputy Paschal Donohoe:** Does Mr. O’Brien regard those payments as allowances? Are they part of the 2.61%?

**Mr. Barry O’Brien:** No, we are specifically costing the 41 allowances we gave the committee.

**Deputy Paschal Donohoe:** So, the cost of on-call is not part of the €166 million.

**Mr. Barry O’Brien:** The whole rationale is to say what additional allowances are being paid for a business to deliver its core business. Our core business is 365 days a year, 24 hours a day health care.

**Deputy Paschal Donohoe:** I understand.

**Mr. Barry O’Brien:** Is someone suggesting that on top of a person’s working week he or she should be on call, with no payment and no order to it, but that it would just be part of the job? These are all long-standing negotiated terms and conditions of employment.

**Deputy Paschal Donohoe:** I understand that, and I will not go on with this forever. However, the allowances percentage of total HSE wages is massively lower than equivalent figures elsewhere. That got me into working through how the HSE defines an allowance and what are the components of a HSE allowance. Following the hearings we have had so far, I observe that the HSE has a far narrower definition of what an allowance is than other bodies. Mr. O’Brien’s
equivalent in the Prison Service told us that the service needs to have people working at night and they make that happen by paying an allowance.

**Mr. Barry O’Brien:** All of this developed through clear custom and practice. Anyone who has adjudicated on rates in the health sector, namely the Labour Court, has dealt with the rate of pay and not the rate of an allowance. That is all I am saying.

All of us in the health sector are familiar with what an allowance means in the sector. That is important, because when one structures a business and staffing levels one builds in the premium cost rate that one knows one is going to incur.

**Deputy Paschal Donohoe:** I understand that. I know that everything Mr. O’Brien is saying is true and makes sense within the health service as he is describing it. I am just teasing this out because he has a different definition of an allowance from the definition we heard in our other hearings. If we were to use the same definition of allowances for the HSE as has been used elsewhere the figure would be much higher than 2.6%.

**Mr. Barry O’Brien:** Yes, if one were to apply that interpretation. There is, however, agreement between ourselves and the Department of Public Expenditure and Reform, DPER, that we answered correctly and honestly the questions put to us as to the allowances we pay. There is an acceptance that we have different methodologies for paying people who work in the health services.

It is important to say that people who work night duty, Saturdays and Sundays do so as part of their core contracted hours of work. There is a real risk of someone attaching the payment of an allowance to part of that. They are not paid an allowance. They work their core hours across the span of the working week but they attract a different rate, depending on whether they do night duty or Saturdays or Sundays.

**Deputy Paschal Donohoe:** A different rate of pay. That is fine. It is just of interest to me that this is managed differently elsewhere, by means of what other people would see as an allowance. You do not see it as an allowance, but as part of pay.

**Mr. Barry O’Brien:** Yes.

**Deputy Paschal Donohoe:** Yes.

In the table entitled Health Service Executive Allowances Review: Information for Public Accounts Committee, there is a section on decisions from DPER on review. This may seem like an obvious question, but I will ask it anyway. When you say, “abolished for new beneficiaries” about allowance No. 15, for example, which is for second opinions by consultant psychiatrists, does that mean current beneficiaries are still getting that allowance?

**Mr. Barry O’Brien:** For the information of the committee, this specific allowance was one that was dealt with by the Labour Court under our engagement at the Court with the Irish Medical Organisation and the Irish Hospital Consultants Association. We sought to abolish it for all. We sought that the second opinion allowance should not be paid in any circumstance but should be carried out as part of the normal duties of a consultant. The Labour Court said it has no jurisdiction over allowances but that they are the reserve of the national implementation body of the Public Service Agreement and the Department of Public Expenditure and Reform.

**Deputy Paschal Donohoe:** When we say, “new beneficiaries”, does that mean a new con-
sultant psychiatrist could not access this allowance but that an existing one could?

Mr. Barry O'Brien: We will need to wait for further engagement between all the parties on this allowance. We are seeking the abolition of the allowance for all beneficiaries.

Deputy Paschal Donohoe: Are all the allowances shown in red in the 88? If not, will the delegates explain one of the allowances that is not listed in the 88?

Mr. Barry O'Brien: For example-----

Deputy Paschal Donohoe: For example, the allowance for the registered general nurse in the community is abolished for new entrants. Is that part of the 88?

Chairman: No.

Mr. Barry O'Brien: I need a reference number, please.

Deputy Paschal Donohoe: I apologise. It is reference No. 20.

Mr. Barry O'Brien: This was an area where registered general nurses in the community were undertaking certain specific duties more associated with the public health nurse. It was only paid for the duration when the registered general nurse in the community was directly replacing a public health nurse. This happened in 55 instances and it cost the HSE €172,000 in 2011. With the change in the way we deliver our community services and with new models of care, the registered general nurse will become much more common in the community. On that basis we do not propose to pay the allowance to any new registered general nurse who is carrying out public health nursing duties in the community.

Deputy Paschal Donohoe: To clarify, this means that 55 people who are currently receiving the allowance will still receive it.

Mr. Barry O'Brien: No. Some of those people may be carrying our the duties of a public health nurse on a short-time basis. The allowance is not guaranteed to any specific 55 people. For example, I can state clearly that if those RGNs were not carrying out the work then the community general nurse would revert to general duties and therefore, would not attract the allowance.

Deputy Paschal Donohoe: Is it correct that the people who are currently doing the work will continue to receive the allowance in the future?

Mr. Barry O’Brien: Specifically those persons.

Deputy Paschal Donohoe: Anyone currently doing the work that entitles them to receive that allowance will continue to receive it in the future.

Mr. Barry O’Brien: For as long as they carry out the specific duties of a public health nurse.

Deputy Paschal Donohoe: If somebody new comes to do that work, he or she will not receive the allowance.

Mr. Barry O’Brien: That is correct.

Deputy Paschal Donohoe: It has been abolished for new beneficiaries but current benefi-
Mr. Barry O’Brien: That is correct. However, I wish to stress that it is only when a person is carrying out the functions of a public health nurse-----

Deputy Paschal Donohoe: I understand completely.

Mr. Barry O’Brien: There are specific regulations with regard to immunisations, etc. and it is only in those instances. I think that is the rationale behind the fact that only 55 people are in receipt of the allowance.

Deputy Paschal Donohoe: That is fine. I just wanted to understand what was meant by new beneficiaries.

I refer to some points raised by other members. Deputy O’Donnell asked a question about information technology that I would have asked. Mr. O’Brien said there are currently eight systems. What is the cost of moving from eight to one, of bringing in the single system which would be effective for tracking wages and payroll costs?

Mr. Tony O’Brien: As part of the consideration of the appropriate way forward, an exercise has been undertaken to examine the different options available to us in consolidating down. It could be the utilisation of one of those systems in substitution for others or externalisation. That process is not yet completed so I could not say what the cost will be, at this stage.

Deputy Paschal Donohoe: Is it fair to say it will be a big cost?

Mr. Tony O’Brien: Not necessarily. There would be some cost but we have not completed the process. What we are looking to do is to see whether existing systems can be leveraged or alternatively whether external provision could provide a lower cost solution than-----

Deputy Paschal Donohoe: That work is under way.

Mr. Tony O’Brien: Yes.

Deputy Paschal Donohoe: The clinical director allowance was examined earlier. Would a consultant who becomes a clinical director and receives that allowance, forego any of his or her consultant work? In other words, if they take on a management or leadership post, would they be unable to carry out any previous work?

Mr. Barry O’Brien: We regard the role as being so critical that we would advise they should take on the role on a full-time basis. Obviously, most consultants would want to keep their clinical competence and have access to clinical practice. We would facilitate them in that regard. However, they would, in the main, be involved in the overall management, governance, accountability, the management of resources and outcomes. That would be the principal role.

Deputy Paschal Donohoe: What is the situation with regard to negotiations on the new consultant’s contract?

Mr. Barry O’Brien: The current situation is that last Tuesday, the Labour Court issued a recommendation on three specific items. The first item is the historic rest days. We previously advised the committee that we had an exposure for €104 million for a group of 450 consultants from now until 2027. We sought to reduce that by 50% and that the leave would be availed of by 2018. The court has made a recommendation that it will be reduced by 25%, which will give
us a saving of €26 million and that it must be taken in full by 2020. There will be a significant saving to the taxpayer on what was our liability prior to the Labour Court recommendation.

On the other two matters, the first matter was to do with the current rest day arrangements, whereby consultants working on a rota system of one in one, one in two, one in three and one in four, had certain rest day entitlements as well as being in receipt of their B factor, which is for a liability to be on call and a C factor, which is payment for being called in. The Labour Court recommended that the B and C factors should continue and that in future they will only get rest where they actually attend out of hours. They will be given compensatory rest consistent with the Working Time Act. In other words, if a consultant has cause to come in at 1 a.m. and work until 2 a.m., then the employer has a liability to give one hour’s compensatory rest for that hour. Up to now, those consultants in a one in three arrangement were given 26 days additional leave per year for that liability and those in a one in four arrangement were given 13 additional days. Therefore, as and from last Tuesday, the HSE has advised all the hospitals that the rest for those in a one in three and a one in four no longer pertains. The IMO is balloting currently on the entire range of packages and this will be completed by 21 November. We have invited the IMO to engage immediately on giving effect to the two binding Labour Court recommendations. I have invited the IHCA to engage immediately on the Labour Court recommendations. The IHCA decided not to attend the Labour Court. The IHCA views its participation in the public service agreement as being based on collaboration rather than on a collective agreement. We view them as being fully encompassed by the Croke Park agreement and therefore it is our view that we have a collective agreement. Our submissions to the Labour Court were based on the view that any outcome of the court would be applied to all consultants employed in the public health system. That is the advice I will be giving to all the health sector managers, that the binding recommendations apply to all consultants equally.

**Deputy Paschal Donohoe:** What will be the HSE position if the representative bodies do not implement the recommendations of the Labour Court?

**Mr. Barry O’Brien:** In that case our position will be consistent with our position on every other grade and trade union representing grades in the health system. The public service agreement is a two-way process. There are challenges for managers to give effect to its operation as much as for employees. Significant change has been delivered across the health system. We have reduced staff by 10,000 since 2009. There are more consultants employed in the public system than ever before, with currently 2,580 consultants. We have never had such a high number of junior doctors employed. The number of medical staff employed in the public health system has never been higher. I fully expect all consultants to engage with and to accept the proposals and to work proactively with us. The real issue for the HSE will be to ensure that it reports appropriately to the Government if it meets resistance and if it is not receiving full co-operation from the consultant body in question.

**Deputy Paschal Donohoe:** If such co-operation is not forthcoming, what would Mr. Barry O’Brien recommend?

**Mr. Barry O’Brien:** I would rather wait for the outcome before offering a view on that. We have undergone an exhaustive process since May in the context of engaging with both consultant bodies in order to explain why we need change and reform. I am hopeful of a positive outcome.

**Deputy Paschal Donohoe:** Given our discussions at this meeting in respect of allowances and the pressure on front-line staff, I hope that full agreement will be reached. If such agree-
ment is not forthcoming, then the right action should be taken in order to ensure that the Labour Court recommendations are implemented. We have dealt with this matter at many previous hearings and it is just not acceptable that while certain front-line staff have been obliged to deal with both cutbacks and additional pressures, a particular group has not responded in respect of the agenda which must be implemented.

Deputy Sean Fleming: I thank our guests for attending. Are there many medical staff who are currently operating in administrative or managerial roles and who are still in receipt of allowances meant for front-line staff? Do many medical staff transfer into managerial or administrative positions?

Mr. Barry O’Brien: Very few.

Deputy Sean Fleming: I accept that probably happens more in the area of, for example, local government than in the health service.

Mr. Tony O’Brien: If members of staff move between categories, they generally move to the relevant pay grade.

Deputy Sean Fleming: That is fine. The general picture emerging from these proceedings is that there are approximately 67,000 direct HSE staff, of whom 41,000 - in the region of two thirds - are in receipt of allowances. Our guests indicated that there are of the order of 36,000 people operating in the voluntary sector. One could assume, therefore, that approximately 24,000 of the latter are in receipt of some of allowance. Are our guests aware of any new allowances in the voluntary sector that are separate from those which they have been examining? Obviously, the voluntary sector is a different animal and different traditions have grown up within it. Those in the sector must engage in a variety of different practices. I accept that our guests have not reached a conclusion in respect of this matter.

I understand from where Deputy Donohoe was coming in respect of the questions he posed. We are trying to examine the position with regard to allowances across the public service and we have obtained some inconsistent definitions in this regard. I appreciate that the definition provided by our guests relates to allowances of €166 million, weekend payments of €190 million, overtime payments of €177 million, night payments of €73 million and on-call payments of €65 million. This amounts to €661 million in overall allowances which are directly relates to the HSE. One would assume half that amount again is paid in allowances in the voluntary sector. The overall figure for allowances in the health sector is, therefore, approximately €1 billion. If we were to use the definitions employed by the other organisations and Departments which came before us in respect of allowances and apply them to the health sector, then an amount substantially in excess of €2 billion would be under examination. The conclusion to which we are coming is that many allowances are essentially core pay elements. In other words, they are payments in respect of hours worked. We are of the view that some Departments, etc., are employing something of a misnomer in the context of allowances. It is difficult to separate the definitions. Our guests will understand, therefore, that the committee is obtaining different views from across public service.

Are there many allowances payable in the voluntary sector which would not be considered normal if they came within the ambit of the HSE? Are the allowances within that sector and the general health sector generally the same?

Mr. Barry O’Brien: In the vast majority of cases, they would be exactly the same. We
operate our funding arrangement with the voluntary sector on a service level agreement basis. Every HR circular I write is made available to all of the voluntary agencies, which are funded through our regional director of operations system. These agencies are also fully encompassed by our employment control ceiling and are subject to the same restrictions in the context of the appointment of additional personnel, living within the control ceiling to which I refer and adhering to the payscales that apply.

**Deputy Sean Fleming:** So there should not be any major surprises.

**Mr. Barry O’Brien:** Some very localised exceptional arrangements might be made to meet a service need. However, such arrangements would be kept to a minimum.

**Deputy Sean Fleming:** I am not arguing with the definition of allowances which has been provided by our guests because it is probably clearer than those which have been supplied by various Departments, etc. Perhaps Mr. Barry O’Brien’s point to the effect that the allowances paid by the HSE have been adjudicated on by the Labour Court is germane because the allowances paid to gardaí and members of the Defence Forces have not been adjudicated upon in this way. Perhaps the terminology used by those who outlined the position on the latter allowances was different.

**Mr. Barry O’Brien:** Correct.

**Deputy Sean Fleming:** The HSE’s terminology would be more specific because it has been before the Labour Court in respect of this matter. That is an important distinction. Are all the allowances under consideration today taxable and pensionable?

**Mr. Barry O’Brien:** They are all taxable.

**Deputy Sean Fleming:** Are many of them pensionable?

**Mr. Barry O’Brien:** We specifically identified those which are pensionable in the chart we circulated to members.

**Deputy Sean Fleming:** I see that. How many of these allowances are identified on individual employees’ payslips? Mr. Barry O’Brien referred to the eight HSE payroll systems. I was going to mention the situation relating to PPARS, which was at the different stages of integration in different parts of the health sector. That integration process was halted at a particular point when a controversy arose. The system was fully rolled out in some areas while it was only partially rolled out in respect of some functions in other areas. How many of the 67,000 direct staff of the HSE are on the PPARS system? I take it the latter is the largest of the eight systems to which Mr. Barry O’Brien referred? What is the breakdown with regard to the number of staff on each of these payroll systems. Do each of the organisations in the voluntary sector have separate payroll systems? Are myriad payroll systems in operation in that sector? How is the information to which I refer captured?

**Mr. Barry O’Brien:** As my colleague, Mr. Tony O’Brien, stated earlier, there are various phases of PPARS. I can confirm, however, that in the context of the four regions, PPARS is not operational in HSE south, which stretches from Kerry to Carlow.

**Deputy Sean Fleming:** It is operating in my area, the midlands.

**Mr. Barry O’Brien:** Yes, it is in the midlands. In the other three areas, there would be some variables in respect of PPARS. Obviously, there would be other systems operating in the
voluntary sector and these would depend on the order or on who is delivering the business to the disability area or to other areas.

**Deputy Sean Fleming:** Without revisiting that - it is probably relevant to obtaining accurate information-----

**Mr. Barry O’Brien:** It is.

**Deputy Sean Fleming:** The reason PPARS has probably arisen is because it is a method of recording information. It is stated in the documentation provided that there are 600 grades of staff across the HSE. One of the controversies which originally arose in respect of PPARS is that in the areas of the country where it was introduced, there were of the order of 2,700 pay rate variations at local level. People in one location were being paid while attending mass on holy days, while those in other locations were being paid for split shifts on certain days. Payments were also issuing in respect of double shifts. Mr. Barry O’Brien will know from where I am coming in this regard.

**Mr. Barry O’Brien:** Of course, yes.

**Deputy Sean Fleming:** How are all of the variations to which I refer factored in to the HSE’s definition? Are they regarded as pay as opposed to being considered allowances? The latter appears to be the case.

**Mr. Barry O’Brien:** No. We are clearly stating that in the context of the 41 allowances and the definition we have provided in respect of them, the voluntary sector is carrying out its own exercise and this should be concluded in the near future. I am also saying to the committee that everyone in the health service is paid according to the Department of Health’s consolidated salary scales. The latter set clear salaries and they also set the rates. Thus, an operator in the voluntary sector cannot pay a higher rate for overtime or in respect of Saturday or Sunday work. The rates are absolutely set.

**Deputy Sean Fleming:** When members of the public discuss allowances, they think of travel allowances relating to individuals who use their cars in the course of their work. They believe the latter are paid rates of subsistence because they are working away from their base or whatever. Even though they would not necessarily be the subject of tax, such rates of subsistence must be listed on their payslips. How many of the staff of the executive would have received a travel or subsistence allowance? Of the 67,000 staff, would 6,000, 26,000 or 46,000 have received such an allowance? Does Mr. Barry O’Brien have that information? I would consider payments in respect of travel and subsistence an allowance and I do not see any mention of that in the documentation. I suspect it is a considerable cost. There is no argument about the payment of it to staff who travel for work purposes and are entitled to the allowance but I would want to get a read on this. Where is that set out in the executive’s system? That information is not here. Why was it not included in the documentation or did the definition to be covered given to the witnesses not include travel and subsistence allowances?

**Mr. Barry O’Brien:** No. Clearly, we operate under a Government approved schemed for travel and subsistence and under its approved rates and definitions. We can make available to the committee any information it would like on that matter. We do not have the detail on that with us today but the vast majority of our staff are not in receipt of any sort of a travel or subsistence allowance. However, a number of front-line service staff in certain very remote areas would be in receipt of such an allowance. For example, 60% or 65% of public health nurses,
having regard to the area they cover in a working day, could be in receipt of a subsistence allowance for being more than five hours away from base. The rules are clearly set by Government and that is what we apply. In the past three years we have significantly reduced our overall spend on travel and substance.

**Deputy Sean Fleming:** Mr. O’Brien probably does not have the information on this to hand but I ask him to supply the total amount paid in respect of travel and subsistence allowances.

**Mr. Barry O’Brien:** We will supply that to the Deputy.

**Deputy Sean Fleming:** To the committee.

**Mr. Barry O’Brien:** Yes. To the committee.

**Deputy Sean Fleming:** Not to me personally. That would give us a sense of the figures. The executive represents probably a third of State employees.

**Mr. Barry O’Brien:** Yes.

**Deputy Sean Fleming:** I preface my remarks by saying I am arguing about this but want the information to get an understanding of the figures.

**Mr. Barry O’Brien:** Certainly.

**Deputy Sean Fleming:** Are different rates paid in respect of subsistence allowance for different grades of staff? In other words, if a paramedic is away from base for X number of hours or if a doctor has sessional hours in more than one hospital and is away from his or her base, would they both get the same rate? Are there different rates of subsistence allowances for meals depending on one’s grade?

**Mr. Barry O’Brien:** In general terms, what applies in respect of the travel allowance is clear as it was originally based on car horsepower. In the case of the other allowance, there may be a slight variable and a cut-off point is arbitrarily set such that if one was earning more than one got for that subsistence and if one was earning below that, one got that amount. The same qualifying criteria applied, namely, that if one is away from one’s nominated based for more than five or ten hours or overnight, that is the reason one would qualify.

**Deputy Sean Fleming:** I ask Mr. O’Brien to forward us a note on that.

**Mr. Barry O’Brien:** To the best of my knowledge, there is nobody outside the ambulance
service other than perhaps the chief medical ambulance officer, and there is only one such officer in the country, to whom we provide any sort of fleet support. In certain grades ambulance managers have made themselves available, because of the integrated methodology of 999 calls, to respond, irrespective of the location they are in when off duty, to a 999 call. From the point of view of transporting people to and from work, we do not provide any such transport.

Deputy Sean Fleming: No. I would not have thought so. Are there many ambulance managers in the country?

Mr. Barry O’Brien: Not a lot.

Deputy Sean Fleming: A few dozen?

Mr. Barry O’Brien: Maybe even fewer. We now have a national ambulance service and it would be on that basis. There are four regional managers and four bases. In terms of certain officers grades in the ambulance service, it is of assistance to the service that those people provide this type of availability.

Deputy Sean Fleming: Mr. O’Brien might explain the nature of that as I genuinely do not understand it. Obviously an ambulance would be called if an incident occurred but to what type of incident would an ambulance manager come out? What is the role or function of an ambulance manager or to what types of cases would he or she come out? Surely an ambulance manager would only come out in the event of major incident and not routine cases in terms of accidents, or do they come out to every accident?

Mr. Barry O’Brien: I would point to the diverse nature of the ambulance service and it is the executive’s big fleet user. There different types of vehicles. If one was to bring in every ambulance manager with a base covering Kilkenny or Cork who the following morning was going visit the Dingle Peninsula or the west Cork, one would be scratching one’s head thinking about the efficiency of this if first one had to get the person to come into Cork to collect his car and if he came from Clonakilty one might then have to then tell him to turn around and go to Castletownbere. That system is effective not only in terms of the travel and subsistence allowance rate but it represents effective use of a fleet resource.

Mr. Tony O’Brien: We are talking about especially equipped blue light vehicles as opposed to what one would classically think of a company vehicle.

Deputy Sean Fleming: Yes. Blue light vehicles.

Mr. Fergal Goodman: It would not necessarily be an ambulance vehicle. These are marked vehicles. In the event of an emergency involving a serious accident, it may be necessary to position vehicles. These are visibly emergency vehicles. We would not want private cars getting mixed up in that scenario.

Deputy Sean Fleming: The Garda would be able to identify them arriving at the scene.

Mr. Fergal Goodman: Yes, exactly. I am sure further detail on the operation of----

Deputy Sean Fleming: I would like a note to be forwarded to the committee on how many of these vehicles the executive has. We ask all Departments about travel and subsistence allowances.

Deputy Eoghan Murphy: I thank the witnesses for coming here this afternoon. If I raise a
matter that has already been covered they might let me know. I apologise for not being able to be here earlier but I followed the proceedings as best I could from the monitor in my office. A good deal has been dealt with but I want to return to a matter Deputy Donohoe raised relating to the process with which we are dealing and concluding today. The information we have received from different Departments has been very interesting form the point of view of learning how differently each Department does its work. In the case of the Department of Health and the HSE, we note the huge amount of work it took to compile this information, to get eyes on the situation in regard to the Government spend on allowances paid in this Department and sector, and that work is not yet finished or as complete as we would like it to be. I would like to deal with the process that brought us here today and the information we have in front of us. When did the work began to compile this information in the Department?

Mr. Barry O’Brien: Initially we would have been given a window of five or six weeks to reply to the original request from the Secretary General of the Department of Public Expenditure and Reform when it was decided to have an allowance review and a deadline was set. We had to give effect to that and respond to it. The information the Deputy has was first submitted in February of this year to the Department of Public Expenditure and Reform and it is on that basis that we are before the committee today in regard to what we submitted at that time.

Deputy Eoghan Murphy: Would one person have been put in charge of that project to lead it, compile all the information and task people with getting the relevant information around it?

Mr. Barry O’Brien: My two colleagues on my right, Mr. Delamere and Ms Lawler, were the two senior managers who would have laid out the work involved in gathering information and putting forward our proposition based on the facts, using our resources across our financial systems etc. to gather the history to the case and put it to Department of Public Expenditure and Reform.

Deputy Eoghan Murphy: Was the information we have today presented to the Department at the same time?

Mr. Barry O’Brien: Yes. The original submission date was 14 February. That was submitted to the Department of Health for onward transmission to the Department of Public Expenditure and Reform.
Deputy Eoghan Murphy: Okay. The information was submitted on 14 February. Deputy Donohoe spoke about the fact that the situation appeared to be different with health in terms of the sessional or on-call allowances. An agreement was made with the Department of Public Expenditure and Reform that such allowances would not be included. Did that happen before the deadline in February?

Mr. Fergal Goodman: Yes. That was agreed.

Deputy Eoghan Murphy: Okay. Why make that agreement? Why would one decide to treat the allowances differently? We all accept that the payment of such allowances would for the most part be considered core pay and would be treated differently anyway at the outcome of the review of allowances. According to the statement, the Department of Health consolidated pay scales classify sessional payments and on-call payments as allowances. Therefore, why make the decision with the Department of Public Expenditure and Reform?

Mr. Barry O’Brien: Again, as I said previously, being a HR practitioner for many years I am aware of the custom and practice. Everyone in the health family was clear on what was deemed an allowance by those of us who were engaged in the process of both negotiating the awarding of them and those in receipt of them. I accept the ICTU was before the committee last week but if one were to ask someone from a health background what they deem to be an allowance they would have said there is a separate rate for overtime, Sundays and bank holidays. All I am saying is that is the language of the health sector, which in 2007 had 110,000 employees. Everybody in the sector would say there is a rate for it and we are probably exceptional in the sense that the reason my file is so big is that it is full of Labour Court recommendations. In the history of industrial relations in the health sector management has contested the concession of any claims to anybody. The vast majority of the allowances are on the back of Labour Court recommendations. Ultimately, for us, the Labour Court is the court of last resort in the IR arena. I do not even have the liberty to suggest to the committee that such a payment should be an allowance. Immediately, the union side would say that I could not call it an allowance. It is clearly written in the Labour Court recommendations that “the rate to be attracted for this shall be”.

Mr. Fergal Goodman: I wish to add one point on foot of that contribution. Towards the end of last year when the Government initiated the work around the review of allowances a series of decisions was taken. One was that a certain percentage of expenditure on allowances was to be achieved in the current year and parallel with that there was also a requirement to save an amount on overtime expenditure. That was carried through, for example, in the HSE’s national service plan. The requirements were reflected in what was said there. Even at that point a distinction was being made at Government level between what were allowances and what was overtime. As the Deputy said, there may be a blurring of the issue and different definitions in play but that was our read from that point of view that overtime was something different.

Deputy Eoghan Murphy: It is interesting not so much from the viewpoint of the Department of Health but that other Departments did not take a similar approach when compiling information for the Department of Public Expenditure and Reform. They did not try to make such an arrangement themselves and say that they would treat some allowances separately.

Mr. Peter Brazel: Perhaps I could add to the point. Reference was made to the complexity of the review within the health service. When the review was undertaken there was quite a bit of consideration between the Departments as to how best to approach the review, to meet the deadlines and the priority to be identified in order to meet the requirements of the review being
undertaken. There was a fair exchange between us. As my colleagues have pointed out, many of the rates were what we would call standard on-call rates. We were trying to identify the allowances that were in play in the health service, but they were not well defined. That is where the priority rested. The HSE gave an undertaking to provide details on the amount of on-call payments, if possible by grade and staff. That will add to the body of information available.

**Deputy Eoghan Murphy:** We got the information from other Departments when they came before the committee and it was helpful to see them and to compare how they stacked up in terms of core pay and the percentage paid in allowances. When one can add allowances to core pay one gets a better understanding of what the allowance was in terms of what the person in receipt of it was getting elsewhere in terms of pay. It puts the situation in context.

**Mr. Peter Brazel:** Except that perhaps the GP trainees would show an example of where part of the rationale for the allowance was overtime, if one likes, and there is a blurring between the two, as one of Deputy Murphy’s colleagues indicated earlier. There was much concentration, in particular in the early stages with a narrow window of compliance, to concentrate on what was seen as priority areas in order to get the information assembled and collated.

**Deputy Eoghan Murphy:** I thank Mr. Brazel. Is the work still ongoing for the voluntary sector? Has that continued since February?

**Mr. Barry O’Brien:** What we are seeking from the voluntary sector is for it to quantify exactly what is involved. We are providing information on the total moneys we set out in the €166 million. That is from the health Vote. The figure is inclusive, but one needs to further break it down. We gave the specifics on each allowances incurred in the HSE and the voluntary sector is currently engaged with that with our finance people. The information should be available quite quickly.

**Deputy Eoghan Murphy:** Were they not tasked to do that by the February deadline?

**Mr. Barry O’Brien:** We made our submission on what allowances we wished to retain, which ones should be under review and which ones we were including. The voluntary sector operates under service level agreements with us. We are talking about the voluntary acute hospitals and the disability sector. We have identical services on the statutory side so we encompassed everyone when we made our submission.

**Deputy Eoghan Murphy:** So when the HSE made a recommendation on not continuing an allowance for new entrants, if that was accepted, is the idea that it would apply to those getting the allowance in the voluntary sector as well?

**Mr. Barry O’Brien:** Yes. We are saying that it stands for the entire 102,000 staff that are employed under the health ceiling. The consultants are a perfect example.

**Deputy Eoghan Murphy:** When do we go to the voluntary sector to say we want the details that are currently being compiled?

**Ms Paula Lawler:** We asked them initially when we were requested by the Department of Public Expenditure and Reform.

**Deputy Eoghan Murphy:** Was that at the end of last year?

**Ms Paula Lawler:** Yes.
Deputy Eoghan Murphy: Why has it taken them so long to come back with the information?

Ms Paula Lawler: A number of employers are involved with different payroll systems and local site-specific allowances. We have been working with them on those. We had already submitted the national allowances that exist on the consolidated pay scales. We were happy that we had met the bulk of the allowances under the Department of Public Expenditure and Reform review in the timeframe we had. We have been working with the voluntary sector on more site-specific areas and also to gather its costs and numbers on national allowances.

Deputy Eoghan Murphy: Do they do it themselves? When the HSE goes to a voluntary hospital and asks for information on staff pay and allowances in various categories do those involved go off and do it themselves? Each one does it by itself; it is not a question of the Department having to do it. The voluntary sector could be told that it has six weeks to compile the information. The Department has the same timeline but it has a much bigger job to do. It could seek the information from the voluntary sector and submit it when it has been compiled.

Ms Paula Lawler: We were working with them during the summer period to get all the information and the business cases for some of the more local site-specific allowances. Mr. O’Brien alluded previously to the fact that such allowances were put in place for a particular reason. We are trying to understand them as well in order that we can make the submission.

Deputy Eoghan Murphy: When we look at the tables in terms of the spreadsheets that were supplied to us, does the reference to the number of current recipients include the voluntary sector?

Mr. Barry O’Brien: It is the HSE only.

Deputy Eoghan Murphy: It would have been good to have the information also in the table so that we could understand the number of people being paid an allowance from the public purse. Mr. O’Brien provided figures earlier on those employed in the HSE but is there a further 50% of staff working in the voluntary sector being paid out of the public purse? Do 65,000 people work in the voluntary sector?

Mr. Barry O’Brien: Out of the total number employed, which is 102,000, approximately 65,000 work in the HSE and the remainder are in the voluntary sector.

Deputy Eoghan Murphy: We do not have the information for the approximately 40,000 people who work in the voluntary sector.

Mr. Barry O’Brien: We have information specific to, say, the number of consultants and nurses in the voluntary and the statutory sectors and the Deputy can be assured that any allowance payable in the statutory sector also applies in the voluntary sector from the point of view of the qualification allowance and others.

Deputy Eoghan Murphy: Line one in the table is island inducement allowance the number of current recipients of which is ten.

Mr. Barry O’Brien: They are all in the Health Service Executive. Nobody in the voluntary sector is providing public health nurses, PHNs, on the islands.

Deputy Eoghan Murphy: If we are trying to identify the savings that will be made from abolishing an allowance I cannot go to the estimated annual cost for 2011 for the HSE and take
that figure as the estimated saving if we are not continuing it for new or existing beneficiaries because the total number if not in the table.

**Mr. Barry O’Brien:** If decisions were to be taken to cease the payment of an allowance for new or all existing beneficiaries it would be applied in the same way on a *pro rata* basis to that grade. If somebody decided that nurses, for example, should not attract the specific allowance there could be equal application both in the statutory and voluntary sectors, and we have the numbers that work in each of those. For the information of the committee, there are 22,549 nurses working in the statutory sector and there are 8,681 working in the voluntary sector.

**Deputy Eoghan Murphy:** It is not possible to cost the savings that would come from, say, abolishing an allowance. According to this table I do not have the full estimated annual cost for that allowance because it does not include a significant number of people in the voluntary sector who may be receiving the allowance.

**Mr. Barry O’Brien:** Correct, and it was our intention to have that information today but we do not.

**Deputy Eoghan Murphy:** It is just that it has been some time, and the HSE had to compile it. That was very difficult work for it to do but it did it in the timeframe.

**Mr. Barry O’Brien:** To be clear, regarding our submission on the allowances, I want to acknowledge the incredible amount of work we put in for today’s presentation before the committee that was not ready in February and has been sitting in cold storage. We got specific correspondence from the committee setting out specific questions it wanted answered in a specific way. This is the HSE’s response, and we have given that to the voluntary sector to prepare it in the same detail and format the committee required.

**Deputy Eoghan Murphy:** I am sorry. That is clear.

**Mr. Barry O’Brien:** That is much more important.

**Deputy Eoghan Murphy:** I take that point.

**Mr. Tony O’Brien:** It is also about the size of the diversity of service providers in the voluntary sector. It is a significant number of providers.

**Deputy Eoghan Murphy:** In terms of the detail the HSE had to give in February, I understand we have more details here today and that is helpful. It is an important part of the process the Committee of Public Accounts is engaged in because we are drilling down, so to speak, into the real detail about the way the systems and the structures work but what detail would have been given in February? Was it that this allowance is worth so much and this is the potential saving or-----

**Mr. Barry O’Brien:** No. As we said, we had 41 allowances. We made business cases for 20. Sixteen were existing at the time. We added four in the recent past because of certain legislative requirements in mental health which we needed to meet. At that stage, of the numbers submitted we submitted business cases for 16 and on the remainder we did not submit a business case. The purpose of the business case was to clearly submit the reason we believed the allowances should be retained, and we made those business cases at the time.

**Deputy Eoghan Murphy:** How did that information get to the Department of Public Expenditure and Reform? Does it go through the Secretary General of the Department of Health
Mr. Fergal Goodman: Practically speaking, it was transmitted through the Department for formal purposes to the Department of Public Expenditure and Reform but since the information was contained and held within the HSE there was not anything in terms of facts that the Department of Health could add to it. As my colleague from the Department of Public Expenditure and Reform mentioned, there was a good level of interaction and contact going on so that we were already clear on the material and format required and the deadline and therefore everyone was working to that objective.

Deputy Eoghan Murphy: Did the recommendations such as the one to abolish an allowance for a new entrant go on the approval of the Minister?

Mr. Fergal Goodman: I do not believe the request was formally requiring of the Minister’s involvement because formally it was probably Secretary General to Secretary General.

Deputy Eoghan Murphy: It would be a Secretary General recommendation.

Mr. Fergal Goodman: Yes.

Deputy Eoghan Murphy: The Secretary General would have reviewed all the information and would have had a recommendation made to him by an Assistant Secretary or-----

Mr. Fergal Goodman: Officials of the Department of Health work closely with the HSE. Essentially there was a joint corporate approach and anything the Department of Health officials did was with the approval of the Secretary General.

Deputy Eoghan Murphy: We have the business cases going from the Department to the Department of Public Expenditure and Reform making recommendations.

Mr. Fergal Goodman: From-----

Deputy Eoghan Murphy: Each Department compiled business cases and each business case recommended the allowance be retained or-----

Mr. Fergal Goodman: Yes.

Deputy Eoghan Murphy: In this instance it would have been the Secretary General who agreed with these recommendations and that they should be sent to the Department of Public Expenditure and Reform the Minister to review them all.

Mr. Fergal Goodman: If the Deputy is asking if the Secretary General was personally involved, I do not believe he was.

Deputy Eoghan Murphy: It would have been under his authority that-----

Mr. Fergal Goodman: Of course, in the normal way that thousands of actions and decisions get taken in many Civil Service Departments.

Deputy Eoghan Murphy: The Department of Public Expenditure and Reform gets all this information coming into it and almost across the board it is recommendations that the allowances should not be touched or that an allowance would be maintained.

Mr. Fergal Goodman: No. That was not the recommendation. As my colleagues have
explained, there were a set of categories. There were recommendations to retain, recommendations to abolish and recommendations to carry out some further reviews.

**Deputy Eoghan Murphy:** What I am interested in is when that information was sent because we are now looking at a list of 88 allowances that have been expedited. When the information went from the Department of Health in February it also had a list it wanted to continue to examine to determine if it could abolish them for either new entrants or existing beneficiaries.

**Mr. Fergal Goodman:** Yes, but this was all feeding into a national review which was being co-ordinated and led by the Department of Public Expenditure and Reform. Essentially, as the Deputy will be aware, having put in our proposals there was a period of several months before Government ultimately judged how it wished to proceed.

**Deputy Eoghan Murphy:** I believe the recommendations that came from each Department would have formed the basis of the initial outcome of that first stage of the process.

**Mr. Fergal Goodman:** I am aware they have been published on the website and so on. They are in the public domain.

**Deputy Eoghan Murphy:** What have been published?

**Mr. Fergal Goodman:** The business cases.

**Deputy Eoghan Murphy:** The business cases have been published but who signed off on the business cases? Who was giving approval to the recommendation as to these allowances?

**Mr. Fergal Goodman:** I cannot say specifically which individual signed off on them.

**Deputy Eoghan Murphy:** But responsibility would lie with the Secretary General.

**Mr. Fergal Goodman:** It was a collective activity.

**Mr. Barry O’Brien:** It would be important to reflect that the business cases were submitted on the basis that one was making the business case to explain the relevance and the case to retain the allowances. We made that for 16 of the 41. Nine of the allowances we have are historic. There are people who have them red circled in some instances. There is one allowance that only two people in the entire health system have red circled to them. We were not going to make a business case for that because it was there, and obviously we were not going to abolish it. From a service delivery perspective we made the business case on cases 1 to 16 in which we said we needed those allowances.

**Deputy Eoghan Murphy:** And the Secretary General would have agreed that these are robust business cases, approved the recommendations and sent them on.

**Mr. Barry O’Brien:** Or otherwise, that he did not agree.

**Mr. Fergal Goodman:** To be clear, the proposals that came forward from the HSE had already been discussed and essentially agreed with officials of the Department of Health. In other words, it was a type of interim process. To simplify and make life easier for everyone it was better that the HSE was not doing a great number of things we then had to query and challenge but that we were in on the discussion. That was part of an internal discussion which then led to the putting of clear and agreed proposals to the Department of Public Expenditure and Reform.

**Deputy Eoghan Murphy:** In September this year the Minister said that 88 allowances that
go to existing beneficiaries will be expedited. How many of those come from the Department of Health?

Mr. Barry O’Brien: What was the question again?

Deputy Eoghan Murphy: Of the 88 allowances being expedited by the Department of Public Expenditure and Reform, seven are in the health area. I refer to allowances for existing beneficiaries that will be removed under the process.

Mr. Barry O’Brien: A number of those are already subject to a separate IR process with the consultants.

Deputy Eoghan Murphy: Okay. Of the 88, seven pertain to the area of health.

Mr. Barry O’Brien: Yes.

Deputy Eoghan Murphy: As part of that process, was Mr. O’Brien asked to draw up an additional list of allowances that could be abolished as part of the review? We heard from the Department of Education and Skills and the Department of Justice and Equality that they had a number of allowances among the 88 but that they had been asked to draw up a list of other allowances that could be abolished?

Mr. Barry O’Brien: The Gaeltacht allowance, for example, is a cross-sectoral allowance.

Deputy Eoghan Murphy: Which allowance?

Mr. Barry O’Brien: The Gaeltacht allowance. There is a specific statutory instrument that affords to those working in the Gaeltacht the capacity to receive a percentage of base pay for working there. While it is called the travel allowance for non-nursing personnel, it is a cross-sectoral allowance that applies in the local authorities and other bodies. Obviously, a co-ordinated approach would be taken in that regard. We have already clarified that the cardiac allowance, the weekly allowance, is superannuable and is subject to a Labour Court recommendation that states clearly it is part of core pay. Therefore, we will be clarifying the matter. The second-opinion provision is the one that was part of the Labour Court recommendation. The consultants’ continuing-medical-education allowance is being dealt with as part of the LRC discussions. There is a view that it ought to become centralised and more effectively managed. There is a statutory obligation on all consultants to maintain their competence for the Medical Council. There is a proposal in this regard. That is how that is being dealt with.

Deputy Eoghan Murphy: Are those allowances part of the 88?

Mr. Barry O’Brien: They are our component of the 88.

Deputy Eoghan Murphy: I am asking whether the executive was asked to draw up a list of allowances in addition to the 88.

Mr. Barry O’Brien: A general request was made by the Department of Public Expenditure and Reform that each sector should identify any other potential allowances that may be suitable for consideration for review with engagement between the unions and representative organisations.

Deputy Eoghan Murphy: Has the HSE done that?

Mr. Barry O’Brien: It will come out of the 41. As I have already said, nine of those are
long-standing and a number are statutory. The scope is quite limited in the area of health. I emphasise to the committee that the vast majority of allowances paid in the health sector have emanated from fairly protracted industrial relations procedures, in the vast majority of cases culminating in a definitive Labour Court recommendation. Obviously, that in itself would present a new challenge if somebody were to say such an allowance is to be abolished.

**Deputy Eoghan Murphy:** It appears there are Labour Court rulings behind a number of the allowances and terms and conditions of employment, thereby creating special cases in the health sector. That is interesting.

**Mr. Barry O’Brien:** It is how Government set up the processes to manage a complex industrial relations environment. As I said, the health sector has access to the Labour Relations Commission’s rights commissioner service and the Labour Court. A number of other Civil Service and public service facilities do not. All I am saying is that, in the health family, there is a strong history of challenging every claim for any additional allowance or pay award. In the example concerning nurses, there was a protracted dispute from 1993 until 1999, which was nearly eight years. What occurred in that period was a clear indication of where many of these allowances have their origins.

**Deputy Eoghan Murphy:** I have a final question on the existing allowances we want to remove. To remove them, we must enter a buy-out process. Is this what would happen? Is it a question of paying 1.5 times the-----

**Mr. Barry O’Brien:** Again, from a health sector perspective, the Labour Court has determined a compensation mechanism, involving the paying of 1.5 times the cost, under an actual loss under the public service agreement for our services. Consider the circumstances that would obtain if we closed the facility, resulting in people no longer having access to premia. If in their new work location the loss were continuous for a period of 12 months, they would then avail of a mechanism whereby they would get a payment in two instalments, one after six months and one after 12 months. That is a standard compensatory element. The process has not actually set any parameters so we will be guided by what emerges from the overall review of allowances and whether any compensatory issue will arise.

**Deputy Eoghan Murphy:** Let us try to anticipate what may come down the line. There could be a process of buying out the allowances at 1.5 times the cost. One would make a saving in the longer term, of course, but there would be an initial upfront payment to abolish the allowances. Is that the approach?

**Mr. Barry O’Brien:** No, that is not our approach at all. Our approach is not to pre-empt in any way what decision may be made resulting from the cross-sectoral governmental review of all allowances. With regard to whether any compensatory element will arise, we are saying we will be guided by and take instruction from the relevant sources and respond appropriately.

**Deputy Eoghan Murphy:** By way of contingency planning, has the HSE costed anything yet? Has the HSE costed the worst-case scenario of buying out allowances at a cost 1.5 times their value? I am trying to figure out what the maximum cost might be and what it could be if there were no compensation.

**Mr. Barry O’Brien:** We have not done that because we have already delivered change in a number of other areas in which we incurred significant compensatory costs. For example, we carried out a major and fairly radical overhaul of our laboratory services, in respect of which the
compensatory element amounts to slightly over €12 million. We radically changed the on-call service, the call-out service and extended the working day to 8 p.m. As I stated, the long-term savings for the health service are quite significant. The rules are as outlined.

**Deputy Eoghan Murphy:** I appreciate that the purpose of buying out the allowances would be to have long-term savings. Of course, this would require expenditure up front. The buy-out in the case of laboratories was quite expensive. Of course, it is-----

**Mr. Barry O’Brien:** It is slightly more than €12 million. We are in the process of paying the first instalment. We have had the changing work practice and those savings for the past 12 months.

**Deputy Eoghan Murphy:** I am not doubting the value but trying to determine whether we can estimate costs that may be incurred.

**Mr. Tony O’Brien:** It is probably not correct to call payments upfront payments. It is payment that arises as the savings accrue. The formula that Mr. Barry O’Brien described concerns payments during the course of the 18 months. There is nothing paid upfront or in advance in that sense.

**Deputy Eoghan Murphy:** In order to do that at the laboratory, did the HSE have to secure money in advance? Does the process just involve payment as part of normal current expenditure?

**Mr. Barry O’Brien:** Clearly, when agreement is reached and where the compensatory aspects apply, the service managers, hospital CEOs, etc., will be aware that they will have a liability they will have to meet 12 months thence. There are no surprises. A manager must be able to say a certain amount of money must accrue if he is to meet his liabilities. They would have been making savings. Does the Deputy know what I am saying?

**Deputy Eoghan Murphy:** I appreciate that.

**Mr. Barry O’Brien:** One could put it in a different context. If in the first 18 months one’s budget remained consistent, there would be no actual saving. While the savings would be accumulating, one would have to set aside the compensatory element. As the Deputy will be aware, hospital budgets continue to reduce. Therefore, the real challenge involves the fact that one has to find the money somewhere. That is what I meant by the public service agreement being a two-way process. We get change but there are certain issues to which we must have regard.

**Deputy Eoghan Murphy:** I thank Mr. Barry O’Brien.

**Chairman:** Let me refer to the meeting of 28 June 2012, on which date Mr. Magee was before us, and check on progress. Mr. Magee informed members that Dr. Geraldine Smith would lead a forensic audit of the remuneration relating to section 38 providers. Is that complete or is it near completion?

**Mr. Tony O’Brien:** It is still in progress. It is nearing completion.

**Chairman:** Will that be published or made available to the Committee of Public Accounts?

**Mr. Tony O’Brien:** All HSE internal audit reports ultimately are published.

**Chairman:** On the section 39 grants to the voluntary sector in respect of disability and so
on, members again were told by Mr. Magee that following the review of the section 38 providers, the HSE might possibly review section 39 in terms of how it operated. He stated, “I have asked Dr. Smith to look at senior management remuneration and privately and publicly funded elements”. I refer to this issue particularly in respect of recent public commentary on the level of pay in that sector to chief executive officers and so on. Is such a review now in progress and, if so, when does the HSE expect to conclude it?

**Mr. Tony O’Brien:** The review itself has not yet commenced. I have asked the director of internal audit to procure additional audit personnel from the private sector to assist us in fast-tracking that piece of work but the current resources are deployed on the first review of which we spoke. The internal audit function in the HSE has suffered some attrition through exits earlier this year and, consequently, we are obliged to beef it up, as it were, to address these particular issues. However, that procurement of additional capacity is under way.

**Chairman:** Again in respect of section 39, it was suggested that putting in place a panel of auditors might be a way to have oversight of all the different bodies that draw down various grants from the HSE, thereby providing greater detail to the HSE - and after that to the Committee of Public Accounts - in respect of how this money is spent. Does Mr. O’Brien envisage the HSE continuing to consider such a panel of auditors? Is that a way the HSE might proceed?

**Mr. Tony O’Brien:** Yes, at present we are examining a fundamental realignment of our relationship with funded bodies, particularly with regard to efficiencies and transparency and this is very much part of the agenda. We have not yet concluded whether that particular measure should occur.

**Chairman:** It has not been decided on yet.

**Mr. Tony O’Brien:** No. The only reason that particular measure has not been decided on is because it is part of a wider examination of how we should reshape our relationship with the aforementioned funded bodies.

**Chairman:** To clarify before we conclude, what was the date for submission of the information the HSE has requested from the voluntary sector? When does the HSE expect that information to be in?

**Ms Paula Lawler:** We will have that information quite quickly.

**Chairman:** Within a week?

**Ms Paula Lawler:** Yes, hopefully.

**Chairman:** As this relates to 37,000 staff and the allowances that might be paid to them, there is a need for the entire sector covered by sections 38 and 39 to get its house in order, just as much as there is for the HSE, in the context of the accounts systems and reports in order. Even if they are coming from different systems, one should not need to wait for so long before the type of reports for which the HSE has asked them became available. It should be made clear to each and every such body that this would be the committee’s expectation. It also would assist the HSE, were such bodies to know the executive is expected to account for the expenditure in that area and hence its different relationship with them. I note this issue is a cause of concern for some Members of the Oireachtas because today, the committee received a letter from Senator Fidelma Healy Eames on recent reports of the level of pay in the voluntary sector, particularly in one area, which members must revisit and on which they will be seeking information
from the HSE. Perhaps the witnesses might take note that they might provide the committee with their views in this regard. I do not expect them to give them now but they might provide us with their views or details on the actions taken regarding the pay levels that have been reported, as well as the allowances, expenses or however one might wish to term them, that might be accompanying the aforementioned pay levels.

**Mr. Tony O’Brien:** I note we share the concerns the Chairman has expressed.

**Chairman:** I thank the witnesses for their attendance.

_The witnesses withdrew._

The committee adjourned at 5.05 p.m. until 10 a.m. on Thursday, 15 November 2012.