

EASTERN HEALTH BOARD

Minutes of Special Meeting of Committee of the Whole House of the Eastern Health Board held in the Boardroom. St. Brendan's Hospital, on Thursday. 11th December, 1975. at 6 p.m.

Present:

Cllr. Mrs. J. Barlow	Mr. K. Harrington
Cllr. M. Brady	Cllr. P. Hickey
Cllr. D. Browne	air. D. Kinsella
Cllr. M. Carroll	Miss K. Kinsella
Cllr. J. Connolly	Cllr. Mrs. E. Lemass
Mr. J. Corcoran	Dr. A. Meade
Mr. H. Corrigan	Deputy C. Murphy
Dr. J. Cullen	Mr. D. O'Flynn
Deputy H. P. Dockrell	Mr. M. Ruane
Cllr. J. Duming	Cllr. J. Sweeney
Cllr. Mrs. A. Glenn	Dr. J. Walker

Apologies for Absence:

Dr. J. S. Doyle, Miss M. Lacey and Dr. J. McCormick.

Mr. D. O'Flynn, Chairman, presided.

Officers in Attendance:

Mr. E. O Caoimh	<i>Chief Executive Officer</i>	Mr. K. Quinn
Mr. J. J. Nolan	<i>D/Chief Executive Officer</i>	Mr. F. Williams
Mr. F. Donohue	<i>Programme Manager</i>	Mr. M. Murray-Hayden
Mr. T. Keyes	<i>Programme Manager</i>	Mr. J. Doyle
Mr. J. Sadlier	<i>Technical Services Officer</i>	Mr. P. J. Swords
Mr. J. F. Reynolds	<i>Finance Officer</i>	Mr. C. D. McElree
Mr. R. N. Lamb	<i>Personnel Officer</i>	Mr. C. Murphy
Mr. F. Elliott	<i>Planning & Eval. Officer</i>	Mr. F. McCullough
Prof. I. Browne	<i>Chief Psychiatrist</i>	Mr. J. Clarke
		Miss N. Greene
		Miss C. Doran

165/75 REVIEW OF EXPENDITURE 1975

The following report from the Chief Executive Officer was submitted:—

"In this report the trends of the Board's expenditure in 1975 and the implications for the Revenue and Capital Budgets for 1976 are reviewed under the following headings:—

Revenue Expenditure

Capital Expenditure

Cash How

Revenue Expenditure

1. At the estimates meeting held in January, 1975, the Board considered the revenue estimate of expenses which had been prepared by the management team. It was pointed out that while the net expenditure for the year estimated by the management team amounted to £25,897,000, the allocation approved by the Minister for Health was £23,500,000, which would result in an estimated shortfall (at 1974 costs) of £2,397,000.
2. The Board adopted a Revenue Budget based on the Minister's allocation in the following terms:—

'We the Eastern Health Board, having considered Report No. 1/1975 of the Chief Executive Officer and the Estimate of Expenses for 1975, which are in accordance with the Minister for Health's allocation of £23·5 million, do hereby adopt the Estimate on the clear understanding that, if it prove inadequate, the necessary finances should be made available by the Department of Health.'
3. In a letter dated 24th November, 1975, the Department of Health has conveyed the Minister's approval to an additional net expenditure allocation of £6·2m., bringing the total approved level of net health expenditure for 1975 to £29·7m. The letter states:

'This represents the final allocation figure for 1975, and covers the cost of all the services funded *directly* by the Board. The allocation includes provision for price increases during 1975 and additional pay costs arising from round increases and all pay awards approved during the year up to and including the date of this letter.

The Minister for Finance also referred to the very great difficulties facing the Government in making provision for

additional financial assistance for public services and to the need to tighten control of Government expenditure so as to avoid any further increases during the remainder of the year. The Minister requests that health boards will now take such steps as may be necessary to ensure that expenditure is confined within the limits of the approved revised allocation.'

I must point out that the revised allocation was received far too late in the year to carry out the Minister's instructions regarding curtailment of expenditure. With eleven-twelfths of the year already expired, it would not be possible to take any practical steps in the final month of the year to ensure that the expenditure is confined within the limits of an allocation which is deficient by an estimated £1m.

It was stressed by the Department that, in fixing the allocation of £23.5m., the Minister did not intend that the Board should cut back on the existing level of services. The services, therefore, continued as far as possible at the 1974 level, with a limited amount of development, which was approved by the Minister.

Even though the services were retained at their existing level, they did not remain static. An increasing number of persons applied for such services as long-term illness scheme, limited eligibility medicines scheme, disabled persons' allowances, handicapped children's allowances and home helps. In a letter dated 18 December, 1974, I drew the Department's attention to the effect that such trends in our expenditure would have on the Board's budget. The prognostications made in that letter have been amply fulfilled by events during the past eleven months. It must be accepted, therefore, that it was unrealistic of the Department to believe that services could be continued at existing levels and at the same time be held to the Minister's allocation. The estimate prepared in detail by the Board's officers, based on their close working knowledge of service requirements, although almost £2-4m. higher than the Minister's allocation, has proved to be considerably short of the expenditure outturn now estimated, due in the main to increasing remuneration costs and the inflationary tendencies which continued during the year. In the Minister's allocation, allowance was made for price increases at a rate of 14% per annum covering the 21 months period from 1 April, 1974, to 31 December, 1975. This represents an increase of 26% over the whole period.

An examination of consumer price index returns from the Central Statistics Office shows an increase over the period of April, 1974, to August, 1975, of 31.6%. The increase to 31 December, 1975, is likely to be in the range 33 to 36 per cent.

The Finance Officer has reviewed the expenditure and income for the year and, on the basis of the latest figures available, estimates that the net health expenditure will be in the region of £30.7m. The revised allocation is, therefore, £1m. less than our requirements for the year.

8. The following table compares the original budget with the revised net expenditure.

EXPENDITURE	Budget 1975	Revised Estimate 1975	Increase
	£	£	£
General Hospital Care	7,472,300	9,147,200	1,374,900
Special Hospital Care	7,812,400	10,442,000	2,329,600
Community Care	8,108,200	9,988,900	1,362,700
Central Services	1,905,600	2,941,300	1,035,700
Total Estimated Expenditure	25,297,000	32,319,300	7,222,300
	1,797,000	1,316,000	193,000
Estimated net health Expenditure	23,500,000	30,703,300	7,203,300

The principal factors contributing to the increased expenditure were:

	Amount	Percentage of Total
	£	%
Salaries and Wages increases	2,922,000	43
Price increases on costs of supplies	1,338,000	20
Increased overdraft interest	680,000	10
increased costs and demands for medicines, etc.:		
"Refund" Scheme	£196,000	
Long-term illnesses	£194,000	
Medical Appliances	£87,000	
	477,000	7

Disabled Persons allowances.....	177		11/12/1975
		428,000	
Increased Capitation rates	—		6 4
		312,000	
Increased payments to St. Michael's House for maintenance of mentally handicapped persons	—		3
			2 2
	—	210,000	2 1
Home Help services	—	130,000	
Pension increases	—	121,000	
Social Welfare Insurance (Employers' cont.)	—	110,000	
Developments approved by Minister	—	92,000	
Total			6,820,000 100

Capital Expenditure

10. A Capital Budget for 1975 of £770,000 was approved by the Minister for Health on 11th February, 1975. The details were as follows:—

	£
Completed schemes	— 165,000
Ongoing schemes	— 125,000
Minor capital works	— 150,000
"New starts"	— 240,000
Section 65 capital grants	— 90,000

Total — £770,000

11. The amount of £290,000 provided for completed and ongoing schemes was a considerable under-estimation of our requirements for these purposes, and on 20th February, 1975, the Department of Health was informed that the probable cost would be £935,488. The total expenditure on all projects is now estimated at £1,048,536. The Department of Health, however, have informed me that the total amount available for capital purposes in the year is £485,461, and not £770,000 as originally approved by the Minister.
12. There will be an estimated debit of £1,228,126 on capital expenditure at the end of the year, calculated as follows:—

Due at 31st December, 1974, in respect of completed and ongoing projects	—	£665,051
Estimated expenditure to 31/12/1975	„	1,048,536
		£1,713,587
Income from grants and loan instalments	_	485,461
Estimated debit balance at 31st December, 1975	—	£1,228,126

13. In the circumstances expenditure of £1,228,126 will by the end of the current year have accumulated in the bank overdraft.
14. It is estimated that, in addition, expenditure in respect of works in progress will amount to £515,200 during 1976. The projects concerned are listed in Appendix I.
15. In view of the situation outlined above, rigorous examination of the proposals of the Programme Managers and Technical Services Officer in regard to new projects in 1976 has been carried out with them and a priority list has been drawn up. The projects concerned are as follows:—

PROJECT DETAILS	Estimated Expenditure 1976
1. <i>Legion of Mary Hostels</i> Fire escapes, emergency lighting, extra fire fighting equipment, etc.	£37,000
2. <i>Bru Chaoimhin</i> Fire Alarm System: emergency lighting.....	£41,000
3. <i>St. Brendan's Hospital</i> Structural works. Lower House	£25,000
4. <i>St. Clare's Home</i> Structural works, re-wiring, etc	£22,000
5. <i>Mount Pleasant Square Hostel</i> Fire alarm and fire escape	£10,000
6. <i>Health Centre, Tallaght</i> Initial payments	£60,000

PROJECT DETAILS	<i>Estimated Expenditure 1976</i>
7. <i>Health Centre. Coolock</i> Site acquisition — — —	£20,000
8. <i>St. Columcille's Hospital</i> Improvements to maternity unit —	£30,000
9. <i>St. Ita's Hospital</i> Renewal of telephone system: pay ment on account — — —	£5,000
10. <i>St. Columcille's Hospital</i> Mental handicap centre: initial ex penses — — — —	£5,000
11. <i>Unit for Sociopathic Children</i> Initial expenses — — —	£5,000
12. <i>Central Services</i>	
(i) Re-location of Ambulance Con trol Unit — — —	£25,000
(ii) Replacement of Radio Equipment (Standardisation on national basis) „ — — — — —	£20,000
13. <i>Dublin Central Mission</i> Hostel and Social Aid Centre —.	£5,000
14. <i>Holylands Nursery Committee</i> Reconstruction and extension of premises — — — —	£500
15. <i>Donnybrook Day Centre for Aged</i> Provision of day room and kitchen; laundry and bathing facilities —	£6,000
16. <i>Dublin Central Mission</i> New Infirmary at Claremont, Sandy- mount — — — —	£22,500
17. <i>Irish Sisters of Charity, Milhown</i> Extension to Community Hall to provide a Day Centre for elderly	£10,000
18. <i>Irish Sisters of Charity, Madonna House</i> Provision of two-family units for children in short-term care —	£25,000
	£374,000

16. The ability to carry out any new works in 1976 is dependent on provision by the Department of Health of the necessary funds, bearing in mind the existing commitments referred to above. The sanction of the Minister for Health will be required for the individual projects set out above. It will be noted that the list of new projects for 1976 gives first priority to the five fire precaution works identified by the Technical Services Offices as being the most immediate.

Cash Flow

17. During the year the Board's bank balance was continually in overdraft, rising more or less steadily from £4m. at the beginning of the year to over £9m. on 27th November, 1975. A statement showing the daily balances from January to November is attached to this report.
18. The Board has one general bank account, against which are charged payments on both revenue and capital accounts. The following factors caused the increasing level of overdraft:—
 - (i) At the beginning of the year almost £4m. was due from the Department for Health Grant instalments in respect of the years to 31 December, 1974.
 - (ii) An amount of about £1m. was due in respect of loan instalments and Hospitals Trust Grants for capital expenditure.
 - (iii) Although the Health Grant is now being received in fortnightly instalments, the inadequacy of the allocation has resulted in the net payments throughout the year being at a higher level than the grant instalments.
 - (iv) The entire Health Grant is not paid within the year, an amount of 5% being retained until accounts have been audited. In an allocation of £29.7m. the retention amounts to £1,485,000.
 - (v) The rating authorities did not pay instalment contributions promptly each month.
 - (vi) Income from loan instalments and Hospitals Trust Grants did not meet our requirements for approved capital works.

The overdraft on 31 December, 1975, is estimated to be £3 8m., calculated as follows:

	£
Overdraft at 31 December, 1974	3.953.521
Add Uncashed cheques	1.384,238
	5337.759
Payments for year (including Public Assistance and capital payments)	35.689,204
	41.026,963
<i>Less Income</i>	£
Health Services grant (including £1 9m. in respect of 1974)	27,035,000
Rating Authorities' Contributions and Public Demands	4.391,147
Other Receipts	2,096,000
Loan Instalments and Trust Grants	485.461
Capital receipts for Sales of Land, etc.	64,200

	34,071,808
Balance at 31 December, 1975	6.955.155
Less estimated uncashed cheques	2,000.000
Estimated overdraft at 31 December, 1975	4355,155
	Say — 4.955,000

Interest on overdraft for the nine months to 30 September, 1975, amounted to £591,000). The total interest payable for the year is estimated to be in the region of £800,000. It will be seen, therefore, that bank interest is absorbing a very sizeable portion of the Board's allocation.

Revenue Allocation for 1976

21. It is expected that the Board will soon be notified of its allocation for 1976. While members are aware generally of the present difficult economic situation I consider it relevant to quote what the Minister for Finance had specifically to say in regard to revenue expenditure when introducing his Budget in June last

' It is in relation to non-capital expenditure, however, that the over-rapid rate of growth is particularly worrying. It is this that gives rise to budget deficits on current account which have to be met by borrowing.

Moreover, non-capital expenditure is mainly used to defray the costs of on-going services, which, though often laudable, do not create lasting assets of a productive nature. A large part of this expenditure is devoted to social services such as health, housing and social welfare payments. The demand for such services is so high and their cost so sensitive to the effects of inflation that it is essential to ensure that they and, indeed, all other non-capital expenditure are kept under constant review.

The Government intend, therefore, to adopt a policy of moderation in regard to non-capital expenditure generally in order to conserve scarce resources for productive purposes. The naive notion that all can be provided by State if enough clamour is generated will have to be replaced by a patient realisation that nothing more can be provided until extra resources become available. Desirable improvements or extensions of existing services, or the introduction of new services, will have to be shelved until the present economic difficulties have been overcome and resources once more become available to meet additional costs. . . .

As a further measure to control the excessive growth of non-capital expenditures, strict observance of budgetary limits will be insisted upon. This will mean in the case of open-ended grant schemes, for example, that when the annual budgetary allocation has been exhausted further expenditure will, in general, be deferred to the next budget period.'

**APPENDIX I CAPITAL
WORKS: On-going projects**

<i>Location</i>	<i>Project Detail</i>	<i>Estimated Expenditure</i> 1976 £
<i>General Hospital Programme</i>		
St. Clare's Home	Supply and erect lift shaft	1,000
St. Patrick's Home	Telephone/Fire alarm system	3,000
St. Colman's Hospital	86-Bed Unit	38,000
St. Colman's Hospital	Alterations to St. Kevin's Unit	20,000
St. Vincent's Athy	Provision of Convent, Home and Mortuary	4,000
District Hospital, Baltinglass	30-Bed Unit	10,000
Regina Coeli Hostels 1 James's Street	Improvements Installation of R/T equipment	1,250 3,150
<i>Special Hospital Programme</i>		
St. Brendan's Hospital	Steam mains	11,000
St Ita's Hospital	Heating services, etc.	50,000
St. Ita's Hospital	72-Bed Unit	120,000
St Ita's Hospital Ballyfermot	Female Chronic Block Day Nursery and Child Psychiatric Clinic	70,000 40,000
730/732 Sth. Cir. Road Warrenstown House	Purchase and alterations	2,000 35,000
<i>Community Care Programme</i>		
Welfare Home, Ballymun	40-Bed Home	3,000
Welfare Home, Bray	40-Bed Home	18,000
Arklow	Health Centre	60,000
Dundrum	Extension. Health Centre	25,000
North Strand	Health Centre	300
Ballymun	Health Centre	500
		£515,200

DEBIT BALANCE AT BANK. DAILY, 2nd JANUARY TO
31st DECEMBER, 1975

2 Jan.	£4,067,734	3 Feb.	£3,531,116	3 Mar.	£3,652,432	1 Apr.	£3,580,825
3	4,027,838	4	3,721,546	4	3,768,420	2	3,765,788
6	4,123,238	5	3,835,001	5	3,903,822	3	3,807,863
7	4,509,389	6	4,053,254	6	4,089,002	4	3,951,968
8	4,604,536	7	4,208,204	7	3,979,088	7	4,082,476
9	4,762,427	10	4,328,972	10	4,208,829	8	4,202,602
10	4,863,996	11	4,454,083	11	4,329,906	9	4,290,295
13	4,884,180	12	4,541,887	12	4,420,025	10	4,380,222
14	4,088,657	13	4,684,914	13	4,488,351	11	4,430,141
15	4,169,173	14	4,776,013	14	4,528,080	14	4,551,836
16	4,308,720	17	4,938,038	18	4,802,534	15	4,636,481
17	4,382,589	18	4,988,506	19	4,903,782	16	4,776,951
20	4,489,438	19	5,108,489	20	5,008,887	17	4,829,633
21	4,573,124	20	5,218,403	21	5,174,559	18	5,039,485
22	4,642,211	21	5,253,200	24	5,248,066	21	5,147,156
23	4,769,131	24	5,306,882	25	5,336,514	22	5,240,750
24	4,884,058	25	5,402,902	26	3,484,623	23	5,307,191
27	4,904,200	26	5,435,378	27	3,332,757	24	5,444,101
28	4,979,283	27	3,443,954			25	5,547,219
29	5,009,216	28	3,513,632			28	5,663,900
30	3,367,828					29	5,732,800
31	3,488,340					30	3,990,859
1 May	£4,157,557	3 Jun.	£5,088,792	1 Jul.	£5,483,696	1 Aug.	£6,188,272
2	4,235,158	4	5,269,188	2	5,852,468	5	6,441,817
5	4,168,621	5	5,488,138	3	5,985,127	6	6,600,763
6	4,246,515	6	5,589,496	4	6,129,381	7	6,728,520
7	4,320,482	9	5,739,527	7	6,304,121	8	6,913,901
8	4,388,302	10	5,874,085	8	6,474,809	11	7,082,635
9	4,582,995	11	6,064,705	9	6,335,853	12	7,246,990
12	4,840,224	12	6,151,670	10	6,484,744	13	7,253,301
13	5,034,961	13	6,227,808	11	6,600,358	14	7,345,482
14	5,137,097	16	6,351,319	14	6,741,320	15	6,481,328
15	5,280,124	17	6,465,312	15	6,579,876	18	6,524,357
16	5,345,256	18	6,572,252	16	5,878,174	19	6,666,125
19	5,882,986	19	6,788,189	17	5,965,261	20	6,761,303
20	5,651,196	20	6,873,528	18	5,904,724	21	6,818,926
21	5,784,962	23	6,954,852	21	6,070,914	22	6,898,037
22	5,903,927	24	7,032,944	22	6,182,322	25	7,032,549
23	6,008,403	25	7,126,832	23	6,251,198	26	7,129,596
26	6,019,361	26	7,289,182	24	6,374,266	27	7,208,182
27	6,149,611	27	5,332,238	25	6,475,758	28	7,307,351
28	6,219,638	30	5,376,566	26	6,605,865	29	6,462,049
29	6,341,466			29	6,710,306		
30	4,894,614			30	6,785,194		
				31	6,014,580		

1 Sep.	£6,654,876	1 Oct.	£7,144,628	1 Nov.	£7,687,473	Dec.
2	6,580,598	2	7,212,005	3	7,844,085	
3	6,844,383	3	7,502,391	4	8,058,646	
4	6,871,388	6	7,396,591	5	8,189,988	
5	7,005,613	7	7,525,025	6	8,354,843	
8	7,178,327	8	7,651,067	7	8,551,898	
9	7,307,189	9	7,888,761	10	8,414,941	
10	7,395,525	10	7,747,525	11	8,434,044	
11	7,456,470	13	7,925,973	12	8,605,690	
12	7,541,467	14	8,018,113	13	8,725,193	
15	7,839,892	15	7,178,806	14	8,785,290	
16	7,036,020	16	7,284,398	17	7,974,012	
17	7,143,582	17	7,438,861	18	8,080,186	
18	7,320,298	20	7,598,036	19	8,187,083	
19	7,420,252	21	7,712,904	20	8,518,929	
22	7,550,838	22	7,800,753	21	8,548,119	
23	7,645,197	23	7,934,083	24	8,703,477	
24	7,732,880	24	8,027,883	25	8,816,343	
25	7,768,813	27	8,172,038	26	9,111,077	
26	7,796,490	28	8,304,936	27	9,270,611	
29	7,955,470	29	8,433,078	28	5,392,793*	
30	7,034,263	30	8,516,487			
		31	7,837,973			

On the suggestion of the Chairman, the members agreed to consider the report, paragraph by paragraph, requesting elucidation from the Finance Officer and the Programme Managers where necessary.

The Finance Officer pointed out that his revised estimate of expenditure for the year, which exceeded the revised allocation by £1m., did not include provision for pay rises for psychiatric nurses, public health nurses and certain other grades, the sanctions for which had just been received. These had not yet been fully costed, but an estimate of their cost was £330,000, making the total shortfall £1 -3m.

There followed a detailed discussion to which Cllr. Hickey, Mr. Ruane, Dr. Meade, Cllr. Mrs. Glenn, Dr. Cullen, Miss Kinsella, Cllr. Mrs. Barlow, Cllr. Connolly, Cllr. Carroll, Deputy Murphy, Deputy Dockrell, Dr. Walker, Cllr. Sweeney, Cllr. Duming, Mr. Harrington and Mr. Corrigan contributed.

The Chief Executive Officer, Programme Managers and Finance Officer, replied to various points raised.

The members considered that they had been placed in a difficult situation in the light of the Minister's direction in November, 1974 (Minute C774 refers) that the then existing services be maintained at the levels then current.

Many members expressed particular concern about the effect that delayed funding of both Capital and Revenue Accounts was having on the Board's overdraft. It was considered that the extremely high sum being paid on overdraft interest could be more beneficially applied to the improvement of health services. Or. Cullen suggested that overdraft interest should not be paid out of the Board's allocation, but funded separately by the Department.

At the conclusion of the debate the Board unanimously adopted the following motions:—

- (1) Proposed by Cllr. P. Hickey and seconded by Mr. H. Corrigan:

"Propose that the Department of Health be requested to pay 100% of the Health Grant in each year in respect of expenditure incurred in that year."

- (2) Proposed by Cllr. J. Sweeney and seconded by Cllr. P. Hickey:

"That this Board cannot accept the final allocation of funds by the Minister in respect of 1975 in view of the situation outlined by the Finance Officer."

The meeting ended at 8 o'clock.

CORRECT:

E. O CAOIMH,

Chief Executive Officer.



Signed: Chairman.