

## EASTERN HEALTH BOARD

*Minutes of Meeting of Finance and General Purposes  
Committee held in the Boardroom. St. Brendan's Hospital.  
Grangegorman, on Thursday, 3rd February, 1977 at 4 p.m.*

<p>Cllr. M. Carroll Mr. J. Corcoran Mr. H. Corrigan Deputy H. P. Dockrell Dr. J. Cullen Cllr. J. Durning Cllr. Mrs. A. Glenn Mr. K. Harrington Cllr. P. Hickey Dr. P. C. Jennings</p>	<p><i>Present.</i></p>	<p>Miss K. Kinsella Miss. M. Lacey Cllr. Mrs. E. Lemass Dr. J. R. Mahon Dr. A. Meade Deputy C. Murphy Mr. D. O'Flynn Mr. M. Ruane Cllr. J. Sweeney Dr. J. Walker</p>
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*Apologies for Absence:* Dr. J. S. Doyle,  
Cllr. T. Leonard and Dr. J. McCormick.

*In the Chair.*

Cllr. M. Carroll—Chairman.

*Officers in Attendance:*

<p>Mr. E. O Caoimh Mr. J. J. Nolan Mr. F. Donohue Mr. T. Keyes Mr. J. Reynolds Mr. F. Elliott Mr. P. J. Swords Mr. J. Sadlier Mr. R. N. Lamb</p>	<p>Chief Executive Officer D/Chief Executive Officer Programme Manager Programme Manager Finance Officer Planning &amp; Eval. Officer Admin. Assistant Technical Services Officer Personnel Officer</p>	<p>Mr. K. Quinn Mr. J. Doyle Mr. H. Dunne Mr. J. Clarke Mr. C. D. McElree Mr. A. O'Brien Mr. M. Cummins</p>
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14/77

REVENUE ALLOCATION 1977

At the outset the Chief Executive Officer summarised the overall position viz.,

1. The 1977 allocation of £95-850m. is to defray the cost of all health services for eligible persons in the Board's Area. The corresponding figure notified in January, 1976 was £81 -13m.;
2. For services *directly* administered by the Board the 1977 allocation is £40-25m. an increase of over £6im. on the *original* allocation for 1976;

3. The allocation at 2. was based on the out-turn of 1976 as estimated by the Department's officials which was less—but not significantly so—than the out-turn estimated by the Board's Finance Officer (£36-037—Report No. 2/1977);
4. The allocation of £40-25m is accordingly an increase of £4-2m. (11.7%) in the estimated out-turn for 1976;
5. The allocation letter of 13th January 1977 contained an important innovation in that the 1977 expenditure on the "Choice of Doctor" scheme (estimated by the Department at £8 045m.) would be subject to the Section 31 of the Health Act, 1970; over—or under—expenditure on the scheme would decrease or increase the allocation for the Board's direct services;
6. The allocation of £40-25m. contained an increase of 12% for non-pay costs. The adequacy or otherwise of the increase could not be forecasted at this stage but would be subject to periodic review as the year goes on;
7. The Minister directed that stringent control of pay costs be maintained throughout 1977 i.e., overtime, substitute for sick leave, annual leave, etc.;

The following Report No. F. & G. P. 1/1977 from the Chief Executive Officer incorporating the Report of the Finance Officer was then discussed:—

*"Revenue Allocation 1977*

The Department of Health's letter of the 13th inst. (already circulated) notifies a net allocation of £95-850m. for the provision of health services to eligible persons in the Board's area during 1977. The corresponding figure notified in January 1976 was £81-127m. As stated in the opening paragraph of the letter of January 13th, the several allocations set out in para. 5 *'relate specifically to on-going services'*.

It will be noted from para. 4 of the Department's letter that it has not been possible to provide funds for the opening of new units and other developments of the services in the Estimates as now decided. However, as announced in the Budget Speech of the Minister for Finance, a special programme of job-creation will be introduced, if there is an acceptable outcome from the Government's point of view to the current wage negotiations. This programme includes

provision for developments in the health services. When details are received from the Department a further report will be submitted.

The cash allocation to the Eastern Health Board is £48-295m. Of this amount £40 25m. is to fund the services directly administered by the Board and £8 045m. is for transfer to the Payments Board to fund the cost of the 'Choice of Doctor\* Scheme the expenditure on which is for the first time being made subject to the restrictions imposed on the Board and on the Chief Executive Officer under Section 31 of the Health Act, 1970. The implications of this departure are referred to later in this report.

The allocation of £40-25m. for the direct services represents an increase of 11-7% on the estimated out-turn of the net expenditure of slightly over £36m. for 1976 as reported to the Board at its last meeting (Report 2/1977). But as the following report of the Finance Officer illustrates the increased allocation of £40-25m. will be almost entirely absorbed to meet the cost of the effect of the 'carry over' commitment and additional costs in 1977 detailed in para. 6 of the letter of January 13th. It is to be noted that provision is made for an increase of 12% on the cost of goods and services. At this juncture it is not possible to forecast whether an increase of 12% will be sufficient to meet whatever inflationary trends which may arise throughout 1977. Moreover any increase in the pattern of demands from eligible persons during the coming year would effect the adequacy of the allocation. As the year proceeds the impact of these will be reported periodically to the Board.

As stated above the restrictions imposed under Section 31 will apply to the £8-045m. allocation for the 'Choice of Doctor' Scheme. Particular attention is directed to the fact that any under expenditure that might ensue could be used by the Health Board for its own direct services but, on the other hand, any over expenditure on the 'Choice of Doctor' Scheme would have to be met by savings on direct services.

I recommend that the Board adopt the services budgets shown in the Finance Officer's report arranged as requested in paragraph 11 of the letter of January 13th.

For the further information of members statistics on the user of services in 1976 are being prepared and will be circulated before the meeting of the Finance and General Purposes Committee on the 3rd February."

*"Report of Finance Officer***ESTIMATE OF EXPENSES 1977**

In consultation with the programme managers and technical services officer, I have prepared an estimate of the Board's net expenditure for 1977, based on the allocation of £40,250,000 advised in Department of Health letter dated 13th January, 1977.

It is stressed by the Department that the allocation merely provides for the continuation in 1977 of the level of services which existed in 1976. The Minister is aware that it would be desirable to provide funds for some developments, but, at this stage, it has not been possible to do so in the Estimates as now decided. The allocation is therefore based on the estimated net health expenditure for 1976, which was £36,037,600.

It was pointed out to the Department that in the opinion of the Board certain measures taken to restrict expenditure could not be repeated in 1977. These were estimated to cost £1.4m. In the present allocation it has been found possible to include only half of this amount.

The allocation includes provision for the 'carry-over' effect of certain increases in expenditure which occurred in 1976. These are:

1. Increases in rates of welfare allowances £ from 1st April and 1st October, 1976	156,000
2. Increases from 1st April, 1976 in rates of social welfare contributions (employers' share).	48,700
3. Increases in pensions from 1st July, 1976.	65,000
4. Increases under National Interim Agreement and other pay awards approved in 1976	888,800
	1,158,500

Provision has not been made for the 'carry-over' effect to cover the additional costs in 1977 of the rising trends in prices and in demands for services which occurred in 1976. To this extent the estimated net expenditure for 1976 of £36,037,600 is an inadequate base for calculating the estimated net expenditure for 1977.

Provision has been made for the following additional costs estimated to arise in 1977.

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 1. Increases from 1 January 1977 in daily capitation rates and subvention rates for eligible persons who opt for treatment in approved private hospitals, homes and other approved institutions. | 457,500   |
| 2. 12% for increases in non-pay costs (excluding cash allowances and cash grants).                                                                                                               | 1,346,400 |
| 3. Cost in 1977 of term loans in respect of certain expenditure related to the nine months period ended 31st December, 1974.                                                                     |           |
| 4. Cost of increments in 1977.....                                                                                                                                                               | 650,000   |
|                                                                                                                                                                                                  | 126,000   |

Provision of £226,000 has been made for income in 1977.	2,579,900
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increases in

In summary, the estimated net expenditure made up as follows:

for 1977 is

Estimated net expenditure 1976		£
<i>Add</i>		36.037.600
1. Provision for savings in 1976 not repeatable in 1977	700.000	
2. Carry-over effect of increases in allowances and pay	1,158,500	
	2,579.900	4,438,400
3. Additional costs in 1977		40,476,000
<i>Less</i>		
Additional income in 1977		226,000
Estimated net expenditure 1977.		40.250,000
Percentage increase on estimated out-turn 1976		11.7%

The above net expenditure will be directly incurred by the Board. In addition a sum of £8-045m. has been provided to cover the Board's share of the expenses of the General Medical Services (Payments) Board, which under a revised arrangement has been included in the Board's allocation for direct expenditure.

The limit for expenditure by the Board in 1977 which will be determined for the purposes of Section 31 of the Health Act, 1970 will, therefore, be £48-295m.

The following is a break down of estimated expenditure and income for the purposes of Section 31.

General Hospital Services	7,582,400
Psychiatric Hospital Services	11,752,700
Long-Stay Hospital Services	1,121,000
Welfare Home Services	206,100
Extern Hospitals and Home Services	3,725,400
Ambulance and Transport Services	1,103,600
Maternity and Child Care	2,477,600
General Practitioner & General Medical Services	12,810,400
Infectious Diseases Services	986,500
Dental, Ophthalmic and Aural Services	1,068,600
Care of the Handicapped (including Blind Welfare) Services	2,804,700
Supervision of Food and Drink and other Services	526,200
Central Services	4,798,200
<b>Total Estimated Gross expenditure</b>	<b>50,963,400</b>
<b>Less Income</b>	<b>2,668,400</b>
<b>Estimated Net Expenditure</b>	<b>48,295,000</b>

The Estimate, expressed in terms of the Board's programme is as follows:

<i>General Hospital Care Programme</i>	£	£
Remuneration	5,819,000	
Goods and Services	2,247,900	
Extern Hospitals and Homes	2,152,600	10,219,500
<i>Special Hospital Care Programme</i>		
Remuneration	8,354,000	
Goods and Services	2,556,900	
Extern Services	1,650,400	12,561,300

**Community Care Programme**

General Practitioner Service	8,873,800	
General Medical Services	3,816,600	
Maternity and Child Health	1,783,300	
Children in Care	694,300	
Infectious Diseases	986,500	
Dental, Ophthalmic and Aural Rehabilitation	1,068,600	
Blind Welfare	293,400	
Supervision of Food and Drugs	120,500	
Registration Expenses	47,700	
Contribution to Voluntary Organisations	358,000	
Welfare Homes	198,800	20,752,800

**Engineering Maintenance**

Remuneration	827,800	
Contracts and Materials	738,400	1,566,200

**Ambulance and Transport**

Remuneration	395,300	
Goods and Services	205,400	
Hire of Ambulances and Taxis	502,900	1,103,600

**Central Services**

Administration and General Charges	1,800,000	
Superannuation	739,300	
Central Pharmacy	82,900	
Bed Bureau	32,000	
Bank Interest and Term Loans	1,949,300	
Capital Loan Charges	156,500	4,760,000

Estimated Gross Expenditure	50,963,400
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Estimated Income	2,668,400
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Estimated Net Expenditure .....	48,295,000
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In the course of the discussion some members expressed concern on the Board's ability to control expenditure in the "Choice of Doctor" scheme. Mr. Dunne, the Board's representative on the (Payments) Board, explained to them how the General Medical Services (Payments) Board worked. In addition to the control measures operated by the Payments Board the Eastern Health Board operated the following measures viz.:

- (a) Each Doctor in the Scheme is notified at the end of each quarter giving him or her the visiting rate for his panel, the prescribing rate and the cost of prescriptions;
- (b) Where a doctor so requests a letter is written to patients who appear to be making excessive demands on the service;
- (c) Particular attention is given where a Doctor's visiting rate appears to be continuously and significantly in excess of the average visiting rates of all doctors in the Board's area;
- (d) Later on in the current year it was hoped with the co-operation of the Payments Board to advise all Doctors of the cost of each patient seen by him or her

The Finance Officer also informed the members that the demands from the Payments Board would be compared each month with the allocation and referred them to the Minister's letter wherein under-expenditure under this heading could be utilised on some other Section 31 heading, and vice versa. Dr. Meade pointed out that the demand for this service was the kernel of the problem and suggested that the education of the people using this service would be the best way to tackle it. Mr. Elliott advised him that he had already written to the Health Education Bureau giving them a sample of the notice which it was hoped would help in this direction.

In the course of the meeting the Chief Executive Officer referred to the Minister's statement (circulated) that, contingent on the ratification of the proposed National Pay Agreement, a further sum of £13.5m. would be available for the Health Services. In this connection it was agreed that a special meeting of the Finance and General Purposes Committee be held on February, 24th.

The following members contributed to the debate:—

Deputy Dockrell, Mr. Ruane, Cllr. Hickey, Mr. O'Flynn, Mr. Corrigan, Dr. Cullen, Mr. Harrington, Dr. Meade, Cllr. Duming. Mr. Donohue, Mr. Dunne, Mr. Nolan, Mr. Reynolds and the Chief Executive Officer replied to the various points raised-Mr. Corrigan then proposed the following motion which was seconded by Deputy Dockrell:—

"That this Finance and General Purposes Committee adopts the services budget as outlined in the Finance Officer's report of the 27th January, which accompanies report No. F. & G. P. 1/1977."

The resolution was unanimously adopted and the meeting terminated at 5 p.m.

CORRECT:

E. O CAOIMH,  
*Chief Executive Officer.*

Signed.

  
Chairman.