

EASTERN HEALTH BOARD

**Minutes of proceedings of Special Meeting of the Eastern Health Board
held in
the Boardroom, Dr. Steevens' Hospital, Dublin 8
on Monday 29th March, 1993 at 6:00 pm.**

Present

Mr. P. Aspell	Cllr. M. Barrett
Mrs. B. Bonar	Cllr. B. Briscoe. T.D.
Cllr. E. Byrne	Cllr. I. Callely. T.D.
Cllr. B. Coffey	Cllr. J. Connolly
Dr. R. Corcoran	Sen. J. Doyle
Cllr. K. Farrell	Dr. J. Fennell
Cllr. R. Greene	Dr. D.I. Keane
Cllr. T. Keenan	Cllr. D. Marren
Mr. G. McGuire	Cllr. O. Mitchell
Ms. M. Nealon	Cllr. Dr. W. O'Connell
Dr. B. O'Herlihy	Sen. D. Roche
Cllr. K. Ryan	Cllr. R. Shortall. T.D.
Dr. M. Wrigley	

Apologies

Cllr. G. Brady, Cllr. B. Durkan. T.D,
Cllr. C. Gallagher. Cllr. J. Jacob. T.D.

In the Chair

Cllr. K. Farrell

Officers in Attendance

Mr. K.J. Hickey. Chief Executive Officer
Mr. M. Walsh. Programme Manager. Special Hospital Care
Mr. J. Doyle. A/Programme Manager. Community Care
Mr. S. O'Brien, A/Programme Manager. General Hospital Care
Mr. G. Brennan. Technical Services Officer
Mr. M. Gallagher. Finance Officer
Ms. M. Kelly. A/Personnel Officer
Mr. M. O'Connor. Secretary

37/1993

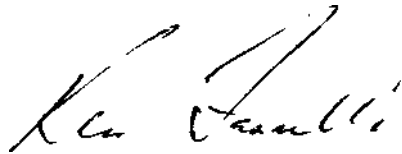
ALLOCATION FOR NON-CAPITAL HEALTH EXPENDITURE. 1993

At the request of the Chairman, the Chief Executive Officer introduced the Budget Working Group's Report no. FT71993 [copy filed with official minute].

Follo'wing a discussion to which Deputy Callely, Cllr. Barrett, Mrs. Bonar, Cllr. Dr. OConnell, Senator Doyle, Deputy Shortall, Cllr. Byrne, Mr. McGuire, Dr. OHerlihy, Cllr. Connolly, Dr. Fennell, Cllr. Coffey and Dr. Keane contributed it was agreed, on a proposal by Deputy Briscoe, seconded by Dr. OHerlihy, to adopt the Report and to approve the draft budget and service plans for 1993.

The meeting concluded at 8:00 p.m.

Correct: K. J. Hickey
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'K. J. Hickey', written in a cursive style.

CHAIRMAN

EASTERN HEALTH BOARD

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Report No: FI/1993

Allocation for Non-Capital Health Expenditure 1993

[1] The Department of Health by letter dated 1st March 1993 (copy already circulated) advised that our Board's budget allocation for 1993 amounts to £293,130m. The allocation excludes our Board's share of the expenses of the General Medical Services (Payments) Board in respect of the operation of the choice-of-doctor scheme.

The Budget Working Group, has in the course of meetings held on 2nd, 9th and 24th March 1993 respectively, considered in detail the following report from the Chief Executive Officer.

This allocation includes:-

- [1.1] Provision for the cost of those elements of the community drugs schemes, which are administered by the General Medical Services (Payments) Board.
- [1.2] An additional budget increment of £0.625m for the Kildare Psychiatric Services. This increment together with earlier allocations brings the total allocation for the new Kildare Services, which have been under development since 1990. to approximately £2.3m for 1993.
- [1.3] An allocation of £0.500m recently made to free up acute hospital beds. We have been given to understand that this is an advance payment under the Nursing Homes Act.
- [1.4] The increased provision by the Department of Health made in 1992 for the demand led schemes. This additional provision does not reflect the full costs incurred in 1992 in respect of these schemes and there remains an unfunded and outstanding expenditure overhang of £1.120m which is referred to later on in this report
- [1.5] Provision for the costs in 1993 of pay increases in 1992 together with the costs of increments due in 1993.
- [1.6] An allowance for general price movements anticipated in 1993 including the full year cost of increases in cash allowances announced in 1992 and a general increase of 2.5% of capitation rates for certain homes which will come into effect from 1st July 1993.
- [1.7] A deduction of £352,000 in our budget base for 1993 in respect of home treatment for St James's Hospital Haemophiliac patients. As our budget allocation has never included provision for such expenditure which the Department now intends to pay over to St James's Hospital on our behalf this is in effect a reduction in our Board's allocation for other services.

12] **REVIEW OF 1992 OUT-TURN**

In considering the allocation for 1993 it is necessary to review the out-turn of our Board's budget for the year ended 31st December 1992.

	£000
Original Allocation 1992	£261.167
Increases in respect of Pay. Allowances. Service Developments and Other Adjustments (Net of reduced allocation notified in July 1992)	<u>£ 23.338</u>
Revised Allocation 1992	£284.505

(2.1) **Budget Out-turn for 1992**

In summary our budget position at the end of 1992 was as follows:-

	£000	£000	£000
<i>Revised Allocation.</i>			284.505

Additional Expenditure During 1992

<i>Demand Led Schemes Expenditure Overrun</i>		1.120	
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Outstanding Budget Adjustments

- Mental Handicap Services	400		
- Psychiatric In-patient Register	<u>62</u>	462	

Unfunded Expenditure

- Child Care Services	500		
- Ophthalmic Services	300		
- Subsistence Costs	200		
- Medical Defence Insurance Costs	244		
- Hospital Overruns	300	<u>1.544</u>	<u>3.126</u>

Final Expenditure Out-turn 1992 **£287.631**

The Department of Health have already confirmed that separate provision will be available in 1993 in respect of the £462.000 set out above. In regard to the demand led schemes the Department have advised that this expenditure overrun of £1.120m will also be considered further in 1993 together with any further increase in expenditure during 1993. The matter of excess expenditure for 1992 and 1993 will be looked at following consideration of a joint report on the Refund of Drugs Scheme which is currently being undertaken by representatives of our Board and the Department of Health.

The Department have stipulated that the remaining unfunded expenditure of £1.544m (say £1.6m) will have to be the subject of special budget measures by our Board in 1993. It will be necessary to have a budget plan to deal with this opening funding deficit and also to meet the targets for increased income and expenditure savings set for our Board as a result of Government decisions for 1993.

[3] BUDGET ALLOCATION 1993

The composition of our budget and expected attendant expenditure levels for 1993 is as follows:-

		£000
Revised Allocation for 1992		284.505
Unfunded Service Capacity Brought Forward from 1992		<u>1.600</u>
		286.105
<u>ADD 1993 PROVISION FOR:</u>		
Approved Pay Increases	8.910	
Approved Non-Pay Increases	<u>1.913</u>	<u>10.823</u>
		£296.928

[3.1] Income and Savings Targets 1993

[3.1.1] Special Budget Measures to Fund Opening Deficit from 1992 1.600

13.1.2] Government Decisions 1993

Increased In-patient and Out-patient Charges and Improved Income Collection 446

Efficiency Measures for 1993 **1.752** **2.198**

Total Target Savings/Increased Income **<3.798>**

Approved Allocation for 1993 **£293.130**

[3.2] Paragraph [12] of the letter of allocation specifies that the above target savings/increased income are to be achieved as follows: -

	£000
Pay Savings	1.802
Non-Pay Savings	1.550
Income Growth	<u>446</u>
Total Savings	£3.798

[3.3] Pay and Non-Pan Target Savings

The budget plan proposed to meet these targets will be discussed in greater detail in Section [4] of this report

[3.4] Increased Income:

The Government has decided to increase the following in-patient and out-patient charges:-

- [a] In-patient charge in public hospitals increased from £15 to £20 per day, subject to a maximum of £200 in any twelve month period, with effect from 1st March 1993.
- [b] The charges for private/semi private accommodation in public hospitals will be increased by £20 per day with effect from 1st July 1993.
- [c] A charge of £6 per visit for out-patient services, including Accident and Emergency, subject to a maximum of £42 in any twelve month period, will be introduced with effect from 1st March 1993 in substitution for the existing £10 charge.

The additional income arising from the above decision is estimated by the Department of Health to amount to £446.000 in 1993.

[4] SERVICE DEVELOPMENTS

The allocation does not include any further development in the following services which are to be the subject of further discussions and communication from the Department of Health.

AIDS Victims/Drug Abusers

We have reached agreement with the Department of Health on the maintenance of 1992 service levels into 1993. We await further details of funding available for developments in 1993.

Services For The Elderly

The programme for a partnership Government 1993-1997 includes a commitment that "a provision will be made in the 1993 estimates to begin the phased implementation of the Nursing Home Act". We await further details of the amount to be allocated to our Board in this regard for 1993. As indicated earlier a sum of £0.5m has already been allowed to free up acute hospital beds occupied by elderly persons assessed as in need of extended nursing care. Detailed submissions have been made to the Department regarding our Board's needs in the area of services for the elderly.

Services For People With A Disability.

A sum of £8m was announced by the Minister for Finance in his budget speech to develop services for people with a disability, in particular those with a mental handicap. Detailed submissions have been made in relation to service needs of persons with disabilities, including the mentally handicapped (In consultation with the Central Planning Committee). These submissions are being followed up and our Board's share of this allocation will be reported on as soon as notification is received.

Setting Up of General Practice Unit And Other Approved Developments

An adjustment will be made in our allocation to reflect the costs of the setting up of the General Practice Unit and other approved developments in the context of the recently concluded revised GMS Agreement.

Other Services

The letter of allocation states that further letters will be issued shortly regarding dental and orthodontic services and the Implementation of European Community Directives on foodstuffs, food hygiene, the protection of animals and the provision of National Lottery Funding in 1993.

[5] PERSONNEL POLICY

Personnel policy. In particular the strict control of employment levels, will continue to be a critical aspect of overall financial management in 1993. A separate letter regarding personnel policy will be issued shortly by the Department of Health.

[6] IMPLEMENTATION OF CONSULTANT CONTRACT

The revised pay terms of the Common Contract for medical consultants have been implemented. However, the agreed arrangements in relation to practice plans, medical audit and resource management have to be put in place. The Department's letter points out that it is now essential that practice plans be agreed with all consultants for 1993 in line with the overall work plan for each hospital. The Department will consider proposals for additional or replacement consultant posts, or for new or replacement equipment, only in the context of agreed practice plans.

[7] BUDGET AND SERVICE PLANS 1993

The level of savings for 1993 which must be secured in addition to maintaining previous years targets represent a challenging management objective. The programme of measures as set out in Appendix '1*' is wide-ranging and will entail an Inter-programme and multidisciplinary approach if it is to be successfully achieved. Priority must be given to the maintenance of existing service levels subject to the over-riding requirement to remain within our budgetary allocation for 1993.

Our strategy will aim to achieve the targets set for 1993 by minimising to the fullest possible extent any impact on our services of targeted cost reductions. However, given that our Board has already achieved savings of the order of £25m since 1987 through our value for money programme, the capacity for further incremental cost reductions has diminished significantly. In this regard our quest for further cost reductions must now be more comprehensive and must focus on the structural aspects of service delivery and service organisation. In the long term we are aiming to have a leaner and fitter organisation and service structures capable of responding quickly and effectively to health service priority needs within our area. To achieve this objective we must be prepared to accept changes in how we organise service delivery and to review the mix of services traditionally provided whilst at the same time ensuring that service needs are met to the fullest possible extent.

The successful achievement of the programme of measures set out in Appendix '1' will be our Board's primary aim in budget management terms for 1993. It may not prove possible to fully achieve all that has been set out under the individual headings associated with the various short-term cost savings proposed. For this reason our Board must now begin to address the longer term structural and organisational issues referred to in the previous paragraph. In order to do this a certain level of investment in terms of both time and money will be required. We will need to gain the understanding and support of the Department of Health for such a programme and their agreement that the required investment will be necessary if any significant payback is to be achieved in the future in terms of greater efficiency or cost savings.

Draft service plans and budgets for each programme are attached in Appendix '2'. Also attached are staffing profiles for each programme and function. Variations from budget and service plans for each programme will be monitored on a regular basis by the Budget Working Group during 1993.

It was recommended by the Budget Working Group that our Board should now approve of this budget and service plans so that they may be submitted to the Department of Health in response to the Minister's request.

[8] CONTROL OF WORKING CAPITAL

New reporting arrangements in this area required by the Department of Health will apply throughout the remainder of the year. Our Board is required to draw up an expenditure plan within the allocation and to derive a monthly cash requirement based on this plan. In deriving the cash requirement, the Department have stipulated that Boards should not in the first instance, assume any general improvement in overall working capital levels in 1993. It is intended by the Department that these cash budgets will be rigorously adhered to in the disbursement of weekly grant payments. We will be keeping in close contact with the Department of Health in relation to any difficulties requiring resolution or improvements needed in this regard.

[9] SECTION 31 OF THE HEALTH ACT 1970

Following consideration of the detailed budgets it is the intention of the Minister to continue to impose with full effect, Section 31 of the Health Act 1970, and to set limits for direct expenditure by our Board in 1993.

K FARRELL
Chairman

24th March 1993