

**EASTERN HEALTH BOARD**

**Minutes of proceedings of Special Meeting  
held in  
The Boardroom, Dr. Steevens' Hospital. Dublin 8  
on Thursday 10th March, 1994 at 6:00 p.m.**

**Present**

Mr. P. Aspell	Cllr. M. Barrett
Mrs. B. Bonar	Cllr. G. Brady
Cllr. B. Briscoe. T.D.	Cllr. E. Byrne
Cllr. B. Coffey	Cllr. J. Connolly
Cllr. T. Cullen	Cllr. A. Devitt
Sen. J. Doyle	Cllr. C. Gallagher
Dr. R Hawkins	Dr. D.I. Keane
Cllr. T. Keenan	Mr. G. McGuire
Cllr. O. Mitchell	Ms. M. Nealon
Cllr. D. O'Callaghan	Cllr. Dr. W. O'Connell
Cllr. C. O'Connor	Dr. B. O'Herlihy
Cllr. J. Reilly	Sen. D. Roche
Cllr. K. Ryan	Cllr. D. Tipping
Dr. R Whitty	Dr. M. Wrigley

**Apologies**

Cllr. I. Callely. T.D.  
Dr. R Corcoran  
Cllr. B. Durkan. T.D.  
Cllr. T. Ridge  
Cllr. R Shortall, T.D.

**In the Chair**

Cllr. Ken Farrell

**Officers in Attendance**

Mr. K.J. Hickey. Chief Executive Officer  
Mr. M. Walsh. Programme Manager. Special Hospital Care  
Mr. P J. Fitzpatrick, Programme Manager. Community Care -  
Mr. S. O'Brien. A/Programme Manager. General Hospital Care  
Prof. B. O'Donnell. Dublin Medical Officer of Health  
Mr. J. Curran. A/Technical Services Officer  
Ms. M. Gallagher. Finance Officer  
Ms. M. Kelly. Personnel Officer  
Mr. M. O'Connor. Secretary

**38/1994****ALLOCATION FOR NON-CAPITAL HEALTH EXPENDITURE, 1994**

A detailed discussion took place on Report No. FI/1994 (copy filed with official minute). The Report included details of our Board's budget and service plans for 1994.

Following the discussion to which Cllr. Tipping, Cllr. Byrne, Mr. McGuire, Cllr. Connolly, Dr. Hawkins, Sen. Roche, Dep. Callery, Mrs. Bonar, Dr. Wrigley and Cllr. Devitt contributed, and to which the Chief Executive Officer, the Programme Managers and the Finance Officer replied. It was agreed, on a proposal by Dr. Hawkins, seconded by Dr. Reilly, to adopt the Report.

It was also agreed that, while welcoming the additional funding which had been made available for services under the Nursing Homes Act, the attention of the Minister for Health should be drawn to the concern expressed by members in relation to the projected needs of the care of the elderly in our Board's area, which are amplified significantly by the numbers of elderly people who are moving to the Dublin area.

The care of elderly psychiatrically ill people will be included in a separate heading in our Budget in future years.

**39/1994****CAPITAL PROGRAMME**

The Chief Executive Officer brought members up-to-date on discussions with officials in the Department of Health regarding our Board's Capital Programme.

He outlined in detail the projects and levels of funding likely to be agreed and said that confirmation of final agreement would be reported to members as soon as possible.

**40/1994 PROPERTY MATTERS**

1. On a proposal by Senator Roche, seconded by Dr. Reilly, it was agreed that discussions should continue in relation to an opportunity to acquire a premises to provide a laboratory for the Dublin Region Public Analyst, together with a unit for the elderly, at a South City location.
2. It was agreed that Section 83 notices should be issued in respect of the following disposals of properties which are no longer required for the purpose of the powers and duties of our Board:-
  - [a] Joint disposal with Dublin Corporation of St. Dominic's, Main Street, Tallaght, Dublin 24;
  - [b] 59, The Grey Square, St. Ita's Hospital, Portrane, Co. Dublin.
  - [c] Freehold interest in our Board's site at Lord Edward Street, Dublin 2.

3. It was also agreed that discussions should continue with Bolton Enterprises Limited In relation to the development of the Carnegie Centre at Lord Edward Street. Dublin 2 to provide an additional floor together with lift, fire escape, upgrading of services and a general Improvement of the building.

The meeting concluded at 8.15 p.m.

**Correct:**            **K.J. Hickey**  
                         **Chief Executive Officer**

**CHAIRMAN**



## EASTERN HEALTH BOARD

**Report No. FI/1994**

### **RE: NON-CAPITAL ALLOCATION 1994 AND FINANCIAL OUT-TURN FOR 1993**

The Department of Health in two letters dated 8th February 1994 (copies attached at Appendix '1'], set out details of our Board's non-capital allocation for 1994 and revised 1993 allocation. The contents of these letters and the Chief Executive Officer's reports in relation to them were considered by the Budget Working Group at two meetings held on the 11th and 28th February 1994.

The Chief Executive Officer reported that the letters of allocation notified us that the amount approved for non-capital expenditure for 1994 (i.e. gross expenditure less minor income) is £318.179m. We must offset against this the amount of the contribution to be levied against our Board by the Department of Health arising from the relief of our cashflow problems. We are making a provision of £1m for this pending notification of the actual figure.

#### **[1] 1993 REVISED ALLOCATION**

The Department have also advised us of our revised allocation for 1993 which amounts to £315.492m. Details of the make-up of the revised allocation are set out in the schedule attached to the letter from Mr J O'Dwyer, Assistant Secretary Department of Health. In summary, the revised allocation for 1993 was calculated as follows:-

	<i>£m</i>
1993 Original Allocation	293.130
<b><u>Revisions During the Year:</u></b>	<i>£m</i>
Pay Increases	5.585
Non-Pay Increases	2.025
Demand Led Schemes	6.460
Service Developments [Details as in Schedule 1 of Mr O'Dwyer's letter]	<u>8.292</u>
Total Value of Revisions	<u>22.362</u>
<b><u>Revised Allocation</u></b>	<b>315.492</b>

#### **[2] 1993 EXPENDITURE**

Our Board's expenditure in 1993 amounted to £315.792 which nearly enough equates to a break-even position. This represents a substantial improvement on our financial position at 30th September when it was reported that we faced an overrun of approximately £2m by the year end. Since then, through a combination of direct management action including the rephrasing of some developments and the additional funds provided by the Department of Health, the potential over-run had largely been eliminated by the year-end.

Whilst this financial out-turn represents a satisfactory outcome for 1993, a number of underlying problems remain in our budget base which have to be addressed in order for us to meet both our service commitments and financial targets in 1994. In particular, the increased level of activity in our general hospitals, and community based psychiatric services will have to be funded from within our own resources for 1994. During 1993 we made some savings, particularly in the pay area, which cushioned the impact of these increased costs. It is estimated that there is an underlying adverse budget trend for these services of about £1m which has to be addressed in 1994.

Additional funding was made available by the Department of Health under a number of headings in 1993. I am sure that members will be pleased to note that the full amount of the over-run expenditure, outside of our Board's control, on the demand led schemes, amounting to £6.46m in 1993, has been met by the Exchequer and included in our revised allocation for 1993. Additional funds were also made available by the Minister for Health in 1993 for various service developments and improvements, including the Waiting List Initiative. Mental Handicap. Child Care. AIDS/HIV/Drugs. Physical Handicap Services, also for Community Based Services for the Elderly and for implementation of the Health (Nursing Homes) Act 1990.

**[3] APPROVED EXPENDITURE LEVEL FOR 1994**

The allocation advised to us for 1994 is net of payments made on behalf of our Board to Voluntary and Joint Board Hospitals and Homes for the Mentally Handicapped funded directly by the Department. It also excludes our share of the expenses of the General Medical Services [Payments] Board in respect of the operation of the choice of doctor scheme, including related expenses such as the superannuation costs of former District Medical Officers. The details of the allocation of £318.170m are set out in Schedule II of the Department's letter dated 8th February 1994 from Mr J O'Dwyer, Assistant Secretary. In summary the allocation was calculated as follows:-

1993 Revised Allocation	315.492	
Less Once-Off Additions in 1993	<u>6.329</u>	
<i>1993 Revised Budget Base</i>		<i>309.163</i>

*Additions for Pay Increases, Inflation and Revised Hospital Charges 6.015 Full Year*

**Cost of Continuing 1993 Developments in 1994**

[A] Health (Nursing Home Act) 1990	2.565
[B] AIDS/HIV/Drugs Services	0.715
[C] Child Care Act	1.144
[D] Services for the Elderly	<u>0.350</u>
	<b>4.774</b>
[E] GP Development Pond 1994	0.693

**Other Developments**

James Connolly Memorial Hospital	0.050
Health Promotion	<u>0.037</u>
	<b>0.087</b>

**Total Additional Costs in 1994 of 1993 Developments** **£5.554**

More detailed comment is given in the following paragraphs on factors underlying [A] to [E] above.

### **Reductions**

Drugs Schemes (Impact of FICI Agreement on Costs]	0.749
1993 G.P. Development Fund	0.747
Once-off Lottery Funding for Physically Handicapped	0.340
Adjustment for Dental Services in 1993	0.213
Miscellaneous Adjustment	<u>0.504</u>
<i>Total Reductions</i>	<i><u>(2.553)</u></i>
<b>1994 Allocation</b>	<b>318.179</b>

#### **[A] HEALTH [INSURANCE HOME] ACT 1990**

An additional £2.230m was provided in 1993 which, together with a further £2.565m provided by the Department of Health for 1994. represents the additional funding available for the implementation of the Health [Nursing Homes] Act 1990. Our Board's estimates show that it is likely that additional funding will be necessary to cope with anticipated demands for subventions in 1994. The Department of Health have been advised of this requirement.

#### **[B] AIDS/HIV/DRUGS SERVICES**

This additional allocation will enable us to fund the full year costs of new services which were initiated during 1993. in particular the satellite clinics together with the development of the community drugs teams. Further additional funding is expected for developments proposed for 1994 including additional satellite clinics in North West Dublin and the South Inner City.

#### **[C] CHILD CARE ACT**

The additional resource base put in place in the latter part of 1993 to develop services under the Child Care Act will be maintained for 1994 at an extra cost of £1.144m which has been provided. We also expect that further additional funds will be provided for further new developments in 1994.

#### **[D] SERVICES FOR THE ELDERLY**

During the latter part of 1993 our Board commissioned a Unit at Cherry Orchard Hospital to free up blocked beds in the Dublin Acute Hospitals. An additional allocation of £0.350m for 1994 will now enable us to continue to keep this Unit open throughout 1994. In addition funding of £0.650m was made available in 1993 for extending supports for the elderly in the community through our District Care Units which is included in our budget base for 1994.

#### **[E] GP DEVELOPMENT FUND**

During 1993 a special allocation of £0.747m was provided to establish the GP Unit and provide funding for GP practice developments in line with the Blueprint for General Practice. Our allocation for 1994 will enable us to fund the full year costs of the GP Unit and will also enable our Board to continue certain other developments in 1994.

**[4]      1994 DEVELOPMENTS**

The letter of allocation advises that additional "earmarked" funding will be provided in 1994. as soon as expenditure details are agreed with the Department of Health through the normal consultative arrangements in respect of 1994 developments in the following areas:-

Services for the Mentally Handicapped  
Psychiatric Services and Services for the Physically Disabled  
AIDS/Drug Abuse Services  
Dental Services  
Child Care Services  
Additional Pay Costs arising from the New Public Holiday on 1st May

We also understand that funding for waiting lists will again be provided in 1994.

These developments do not include any further increase in services for the elderly. The only special provision for the elderly in 1994 is the sum of £2.565m provided for in the full year cost of implementing the Health [Nursing Homes] Act 1990, which has already been commented on at paragraph [A] above.

The Department have also advised that any development funds made available must be used solely for the purpose for which they are provided. Prior approval of the Department must be obtained to their alternative deployment if development funds are not going to be fully expended.

**[5]      REVISED HOSPITAL CHARGES**

The Minister for Health has announced changes In Public Hospital Charges with effect from 1st March 1994. The charges are as follows:-

In-Patient Charge

The charge will be at a rate of £20 per day excluding the final day during which a patient is maintained. In-Patient day cases will continue to be liable for a £20 charge. The upper limit of £200 per individual in any period of twelve consecutive months will continue to apply.

Out-Patient Charges

A charge of £12 shall apply in respect of the first visit for any episode of care to a designated Accident and Emergency [or Casualty] Department. However, the Regulations specify two new exemptions from the £12 charge in addition to the existing exemptions. These are persons who have a letter of referral from a registered medical practitioner, and persons whose attendance results In admission as an in-patient. All other charges for out-patient services have been abolished.

All the usual hardship provisions will continue to apply. Our Board's allocation for 1994 reflects the impact of these revised charges.

[6] **COMMENTARY**

The task we face in 1994 is to maintain our existing service levels, fund some priority service developments and to remain within our Board's approved financial allocation. The commitment by the Minister to provide additional funding for further developments in certain priority areas must be welcomed. However, there will, inevitably, be some demands in other areas which we will not be in a position to respond to immediately.

With the continuing support of our Board and the maximum co-operation of our staff at all levels in terms of flexibility and ongoing commitment we should be able to maintain satisfactory levels of patient care and services and at the same time achieve a satisfactory financial performance in 1994. It is absolutely essential that our Board succeeds in staying within our approved allocation for 1994. Significant additional financial reporting and control procedures are being introduced by the Department to ensure that health agencies live within their approved allocations. Details of these matters are given in the paragraph headed 'Management of Allocation' further on in this report

The aim of the budget proposals set out in Appendix '2' and '3' to this Report is to enable our Board to continue our 1993 service levels. Including those priority developments initiated in 1993, as detailed in paragraph (3) above. These proposals will also enable us to maintain the 1993 service levels in respect of the demand led schemes but no provision is made to cover any further increased demands in those schemes which may arise in 1994. We will continue to closely monitor the trends in expenditure and demand levels in the demand led schemes and will seek to recover any additional costs arising in 1994 directly from the Department of Health.

Having considered in detail the budget proposals in Appendix '2' and '3' the Budget Working Group unanimously agreed to recommend them to our Board for adoption.

[7] **CASHFLOW**

The new cashflow controls and expenditure limits will not allow us to increase any services beyond existing service capacity limits without additional funding being made available; otherwise our financial liquidity will again be severely constrained.

As members are already aware our Board suffered cashflow difficulties which resulted from additional expenditure combined with a shortfall in our funding from the Department of Health over the past number of years. At 31st December 1993 our Board was due £33.438m from the Department of Health in respect of:-

	<i>£m</i>
Shortfall in funding within approved Revenue Allocations (1989-1993)	16.838
Shortfall In Funding Approved Excess Expenditure on Demand Led Schemes (1989-1993)	11.000
Other Expenditure Overruns Outside of Approved Revenue Allocation [1989- 1993J	<u>5.600</u>
	<b>33.438</b>

This proposed relief of our cashflow problems must be very much welcomed and it will enable our Board to settle accounts in future within a reasonable credit period. The new mechanisms for control and accounting detailed in the separate letter from Mr J Hurley, Secretary, Department of Health, will very quickly highlight any adverse budget performance through deterioration in our account settlement terms. It is imperative; therefore, that we live within our expenditure and cash budgets.

The contribution to be levied by the Department of Health arising from the relief of our existing cashflow problem is expected to be of the order of £1m. The Department of Health has indicated that this is to be funded through savings on finance charges and more economical and efficient purchasing arrangements and that it should not affect the volume of services by our Board. The special programme of budget measures set out in Appendix '2' is aimed at making provision for the cost of this levy.

## **[8] MANAGEMENT OF ALLOCATION**

The letter from the Secretary, Department of Health, indicates that:

- [8.1] It is proposed by the Minister to amend the Health Act, 1970, to strengthen the budget management provisions. Pending the enactment of this legislation we have to agree to the following matters which reflect the likely main provisions of the amending legislation: -
- [i] submit to the Department within six weeks of the date of letter of allocation a budget formulated in accordance with the allocation and within the specified expenditure limits governing existing services and service developments. The deadline date for this requirement is 21st March 1994.
  - [ii] provide activity and cost information in relation to acute hospital activities. A special form HMI has been designed in this regard and the Department have indicated that they will not enter into any agreement with regard to the Waiting List Initiative until the HMI has been agreed with them.
  - [iii] resolve all matters in relation to our budget for 1994 with the Department within 60 days of the letter of allocation including agreement on our Board's maximum indebtedness for 1994 and cashflow requirements. The deadline date for this requirement is 8th April 1994.
  - [iv] ensure in the interim, pending the conclusion of our overall budget plans, that our Board's expenditure for 1994 should not exceed that approved in respect of 1993. adjusted for approved cost increasing factors.
  - [v] any adjustment in our Board's budget which would increase expenditure in 1994. or in a future year, cannot be made without the Minister's prior approval. However, the question of transfers between budget headings will be the subject of guidelines to be issued by the Department.
  - [vi] our Board and the Chief Executive officer are obliged not to do anything which would incurr expenditure in excess of the approved budget or increase indebtedness beyond the approved limit. The Chief Executive officer is obliged to keep the Board and the Minister informed of any decision or proposed decision of the Board which would breach these requirements.
  - [vii] any expenditure incurred by our Board in excess of its approved budget must be funded by our Board in accordance with the relevant accounting standard prescribed by the Minister. This standard will define unapproved excess expenditure; provide for its transfer to an "Unapproved Balances" account for the year in which the excess was incurred, and the transfer of that balance to the Income and Expenditure Account for the following year.

The proposed legislation will confer powers on the Minister to take corrective action in relation to any Health Board which he considers has failed to comply with the requirements incorporated in the Health Act, 1970, as amended. As the legislation is likely to be enacted during this year and will, therefore, be applied to this year's expenditure it is essential that our Board comply strictly with the requirements set out above in relation to the management of the allocation.

**[8.2] the Minister wishes it to be emphasised that:**

It is absolutely essential that all agencies comply with the requirements for effective control of their budgets and make whatever arrangements are deemed necessary to ensure compliance throughout all their cost centres.

this is particularly necessary given that health agencies are now receiving all the assistance required to enable them to put behind them the many problems which have arisen from the chronic cashflow problems and

he is determined to ensure that similar problems do not arise again.

he now seeks and expects to receive from all health agencies the determination, co-operation and competence necessary to achieve this objective.

**[9] NATIONAL LOTTERY**

Further letters are to issue regarding National Lottery Funding, including details of block allocations to Health Boards in respect of 1994.

**[10] PERSONNEL POLICY**

Personnel policy, in particular the strict control of employment levels, will continue to be a critical aspect of overall financial management in 1994. The Department is to set out the policy in more detail by a separate letter at an early date.

As already indicated above the Budget Working Group recommends adoption of this Report and the budget and service plans set out in Appendix '2' and '3'.

**KEN FARRELL**  
Chairman

**7th March 1994**