

EASTERN HEALTH BOARD

**Minutes of proceedings of Special Meeting
held in
the Boardroom, Dr. Steevens' Hospital
on Monday 13th March 1995 at 6.00 p.m.**

Present

Mr. P. Aspell	Cllr. M. Barrett
Mrs. B. Bonar	Cllr. G. Brady
Cllr. B. Briscoe	Cllr. B. Briscoe. T.D.
Cllr. E. Byrne. T.D.	Cllr. I. Callely. T.D.
Cllr. J. Connolly	Cllr. L. Creaven
Cllr. T. Cullen	Cllr. A. Devitt
Dr. J. Fennell	Sen. J. Doyle
Cllr. K. Farrell	Cllr. C. Gallagher
Cllr. T. Keenan	Mr. G. McGuire
Cllr. M. McWey	Cllr. O. Mitchell
Ms. M. Nealon	Cllr. Dr. W. O'Connell
Cllr. C. O'Connor	Cllr. J. Reilly
Cllr. T. Ridge	Sen. D. Roche
Cllr. K. Ryan	Cllr. M. Wrigley
Cllr. D. Tipping	Cllr. M. Whitty

Apology

Dr. J. Reilly

In the Chair

Cllr. M. Barrett

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
Dr. B. O'Donnell. Dublin Medical Officer of Health
Mr. J. Curran. A/Technical Services Officer
Mr. M. Gallagher. Finance Officer
Ms. M. Kelly. Personnel Officer
Mr. M. O'Connor. Secretary

36/1995

SUSPENSION OF STANDING ORDERS

On a proposal by Senator Roche, it was agreed to suspend Standing Orders to allow discussion on the breakdown of an ambulance from the Loughlinstown base on 11th March. 1995.

Mr. O'Brien, Programme Manager. General Hospital Care, gave details of the breakdown which had occurred at Delgany. His investigations into the incident were continuing and he would report further on the matter at the General Hospital Care Programme Committee meeting to be held on 16th March, 1995. He advised members of the management action taken since the previous breakdown incident which should have obviated any further such occurrence. Details were also given of the ambulance vehicle replacement programme for 1995.

37/1995

DETERMINATION OF HEALTH EXPENDITURE AND SERVICE PRIORITIES FOR 1995.

A detailed discussion took place on Report no. FI/1995 (copy filed with official minute). Financial and Service plans for 1995 for the General Hospital Care, Special Hospital Care and Community Care Programmes were also circulated with the Report.

Following a discussion to which Deputy Byrne. Mr. McGuire, Dr. Fennell, Cllr. Keenan, Cllr. Tipping. Cllr. Connolly. Deputy Callely, Cllr. Ridge. Cllr. Dr. O'Connell. Dr. Wrigley. and Cllr. McWey contributed and to which the Chief Executive Officer, the Programme Managers and the Finance Officer replied, it was agreed, on a proposal by CDr. Dr. O'Connell. seconded by Ms. Nealon. to adopt the Report.

Members noted that the final versions of the Financial and Service plans would be circulated for consideration at the Board meeting to be held on 6th April, 1995.

The meeting concluded at 8.30 p.m.

CORRECT:

K. J. HICKEY
CHIEF EXECUTIVE OFFICER

EASTERN HEALTH BOARD

Report No: FI/1995

Re- DETERMINATION OF HEALTH EXPENDITURE AND SERVICE

PRIORITIES FOR 1995

The Department of Health's letter of allocation dated 10th February 1995 titled "Determination of Health Expenditure and Services Priorities for 1995" has already been circulated to each Member [a further copy of this letter is attached at "Appendix '1'"]. This letter advises our Board that net non-capital health expenditure for 1995 [i.e. gross expenditure less minor income] has been determined at £340.756m. This expenditure determination incorporates the impact of the proposed transfer of the funding of DPMA to the Department of Social Welfare with effect from 1st July 1995. Our allocation has been reduced by £14.123m in respect of this transfer of funding responsibilities.

The letter also sets out arrangements for the preparation of a services plan, in line with the approved level of net expenditure and the principal initiatives which are being taken by the Minister to implement certain aspects of the proposals set out in the Health Strategy, particularly in relation to the development of services and the assessment of the effectiveness of services provided by Health Boards.

The financial and services impact of our budget allocation for 1995 should be initially considered in the context of our budget performance for the year ended 1994. We are required to demonstrate in 1995 that the overall quantum of services provided will not be less than the level approved in respect of 1994 and to identify the extra service complement which will result from additional earmarked development funds in 1995.

REVISED ALLOCATION FOR 1994

The Department of Health's letter of 10th February 1995 advises our Board of a revised non-capital allocation of £344.275m (details of the make up of this figure are set out on Schedule '1' attached to that letter). In summary the following budget adjustments were made during 1994:-

	£000s	£000s
Original Allocation		
<u>Revisions</u>		
- Approved Pay Increases	3.763	
- Service Developments	9.516	
- Allowances and Fees Increases	1.251	
- National Lottery Funding	860	
- Other Increases	<u>10.706</u>	
Total Approved Increases		<u>26.096</u>
Revised Allocation		344.275

EXPENDITURE OUTTURN 1994

Members will be aware that our Board was required to comply strictly with the requirements of the Department of Health not to exceed our financial allocation in the management of our affairs for 1994.

An unfavourable variance of £ 1.5m. excluding demand led schemes, as at the 30th September 1994 was previously reported. One of the factors contributing to this over-run was a shortfall in our underlying budget base for certain services such as child care and dental services and services for the elderly which had to be expanded to meet pressing needs in advance of development monies coming on stream. The over-run at the end of September also reflected budget capacity problems in ophthalmic and chiropody services, costs of drugs and medicines in hospitals/clinics, legal fees (mainly under the Child Care Act] and pay costs.

As indicated in previous reports our programme of measures to contain expenditure within approved limits was intensified during the final quarter of 1994. Additional funding was received from the Department of Health which enabled us to augment our budget base for child care and dental services and for services for the elderly. The exceptional additional expenditure on legal fees under the Child Care Act was also funded by the Department of Health. The impact of the budget measures and the additional funding received has resulted in an adverse variance of £113.000. Excluding demand led schemes, which in the context of our Board's overall budget of £344.275m represents a break-even position.

APPROVED NON-CAPITAL EXPENDITURE LEVEL FOR 1995

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The 1995 level of non-capital expenditure (i.e. gross expenditure less minor income] determined for our Board is £340.756m. This amount is net of payments made on behalf of our Board to Voluntary and Joint Board Hospitals and Hdmes for the Mentally Handicapped, funded directly by the Department of Health. 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 figure determined includes the estimated 1995 costs of the General Practice Unit and other related developments previously approved.

The net expenditure figure includes provision for the cost of the community drugs schemes. The figure excludes earmarked funds for certain developments which will be allocated as soon as 1995 expenditure details are agreed with the Department. In summary the basis of our budget for 1995 has been calculated as follows:-

	£000s
Expenditure Out-turn 1994	344.388
Full Year Costs in 1995 of Service Developments put in place during 1994	8.648
Additional Service Developments for 1995	4.790
Budget Transfers from Department of Health for Mental Handicap Agencies	1.496
Pay Increases. Inflation, etc. for 1995	<u>5.910</u>
	£365.232

LESS**£000s**

Once off additions for 1994 <9.522>

Transfer of DPMA Funding to the Department
of Social Welfare < 14.123>

Casemix Adjustment - JCM Hospital <0.096>

Value for Money Programme Targets:-

Refinancing Contributions 0.193

Payroll 0.428

Non-Pay 0.114<0.735>

Total Deductions <24.476>

Net Expenditure Level for 1995**£340,756**

Appendix '2' sets out details of our budget plan for 1995.

Details of the Value for Money Programme for 1995 to give effect to the above total deduction of £735.000 are set out in Appendix '3'.

Detailed staff profiles are set out in Appendix '4'.

PREPARATION OF SERVICE FLAWS

In accordance with the provisions of the Health Strategy our Board will be required to review our management processes to focus more clearly on the principles and service objectives outlined in that Strategy. This reorientation process will entail an intensive review of how we provide and manage services in response to the different health needs of our catchment population, how we target areas of greatest priority and how we measure and monitor the outcomes of investments in different services. Service plans being drawn up this year will identify the quantity of services to be provided, and where feasible for some services set out the evaluation criteria proposed which will be further refined during the course of the year. These service plans represent our Board's initial efforts to integrate the Health Strategy principles and targets into a comprehensive budget and service planning and monitoring process. The targeting of resources in response to more clearly defined needs and the development of outcome measures will enable our Board to develop coherent indicators to monitor progress in achieving health and social gain objectives. The new Department of Public Health Medicine will have a valuable contribution to make in this regard. An outcome of this new focus will be the achievement of a more rational resource allocation process which will help us to better direct resources to priority service needs.

Draft Service Plans for each of the three Programmes, which have been considered in detail by the Budget Working Group, are circulated herewith. Following discussion with the Department of Health the final Service Plans for each Programme will be circulated in due course following their final consideration by the Budget Working Group.

FINANCIAL AND EXPENDITURE CONTROL ASPECTS

Our Board is already acutely aware of the need to manage all its finances strictly within the limits which are determined for us. Evidence of adherence to this commitment is available from our past budgetary performance where our Board has maintained expenditure within overall limits. The Department have reiterated the need to ensure that there is no easing of the effort expended in recent years in controlling expenditure, as any failure to comply with the agreed requirements will necessarily result in reduction of the net resources available in the following year and an immediate halt, in relation to the planned process of devolution of authority and management flexibilities.

As part of our plan for 1995, our Board is required to develop a monthly budget and statement of cashflow requirement in line with the service plan. Our Board's budgetary control process already includes provision for these arrangements which support our budget management systems in monitoring and controlling cash and expenditure levels throughout the year.

The Department of Health has stipulated that any adjustment in our Board's financial plan which would increase expenditure in 1995 (or in a future year) beyond the agreed determination cannot be made without the Minister's prior approval, no matter how pressing the service case for such adjustment. Adjustments which do not affect the overall expenditure and do not give rise to additional commitments in future years can, of course, be made as an integral part of our Board's management function.

The Department have also reiterated the need to make provision for any excess expenditure in 1994 in line with the requirements of the relevant Accounting Standards. Our Board's financial performance for 1994 was in line with the approved expenditure limits and it is therefore not considered necessary to make any special provision for the small excess which arose at year end. This small excess can readily be dealt with through fine tuning of expenditure within the budget tolerances of our overall allocation for 1995.

VALUE FOR MONEY

Our Board's successful programme for Value for Money will continue to be implemented with full effect during 1995. Members are aware that the impact of this programme has enabled our Board to augment our budget base and to develop our service capacity in particular areas in response to pressing needs ahead of securing funding to underpin longer term developments. For 1995 additional Value for Money targets for both pay and non-pay amounting to £735,000 have been set for our Board. £428,000 in respect of pay [including potential savings arising from converting temporary to permanent posts] and £114,000 in respect of non-pay together with a refinancing contribution of £193,000. The special programme of measures to achieve these targets is, as stated above, set out in Appendix '3'.

GREATER DEVOLUTION TO HEALTH BOARDS

Three important initiatives, detailed in the letter of allocation, are to be implemented now to commence the process of greater devolution to health boards. These relate to personnel, information technology and capital expenditure.

PERSONNEL POLICY

Control on personnel numbers will continue to be exercised through the operation of an approved overall staff numbers ceiling. However, greater autonomy is being delegated to our Board in respect of control over the employment of staff, within the context of the management of the pay aspect of our budget and the financial accountability requirements now applying. These revised arrangements will allow for the filling of non-consultant replacement posts on a permanent basis without seeking Departmental Sanction. The making of both new and replacement consultant appointments and the creation of any additional non-consultant posts

will continue to require the prior approval of the Department. Specific approval will also be required to employ any staff additional to the approved ceiling. As an integral part of agreeing a budget for our Board for 1995. it has been requested that a monthly pay budget projecting staff numbers and pay costs be prepared, which will form part of the plan for monitoring pay cost management during the year. Should our Board fail to comply with any of these requirements the more stringent employment control procedure will be immediately re-introduced.

This evidence of devolution of responsibility within budget parameters must be welcomed. However, our Board's ability to operate in accordance with these revised guidelines will be a significant factor in determining the extent and pace of further delegation to our Board.

INFORMATION TECHNOLOGY

For 1996 onwards it is intended to incorporate the amounts set aside for Information Technology capital grants within the general letter of allocation. The Department have also advised that detailed discussions will take place with our Board on the steps that can be taken to reduce the Department's • detailed involvement in Information Technology developments and enable it to provide a more expert evaluation of health agencies' performance and longer term needs in this area.

PROCEDURES IN RELATION TO CAPITAL EXPENDITURE

The Department is currently considering the introduction of new arrangements for the recoument of approved capital expenditure. For 1995 new arrangements will apply from 1st March, whereby claims for approved capital grants can be submitted on Form A [attached to the letter of allocation] without the necessity to submit detailed evidence of expenditure in support of the claim. The claims would of course be subject to audit in the normal way. We await a further letter in relation to the other components of the new arrangements.

INITIATION OF STRUCTURED REVIEW PROCESS

In accordance with the policy set out in the Health Strategy, the Minister is committed to the development of a structured system of review with Health Boards to evaluate the use of resources and to assess the service outcomes as a major component of the accountability arrangements which must apply to all public services funded by the Exchequer.

The Minister, therefore, proposes to conduct an initial review during the period April to June of this year. The review will include some reflection on the 1994 outcome, an assessment of the progress being made in 1995 in re-orienting the health system in accordance with the Health Strategy, and a look forward to 1996.

The exercise will focus on the extent to which our Board has progressed in relation
To

- implementing the principles outlined in the Strategy and. in particular, achieving the priority service objectives in a manner which is effective and acceptable to the people receiving the services.
- reviewing the management process, including the relationship with the Minister and the Department, and the capacity of our organisation to meet the increasing requirements in relation to effectiveness and efficiency:
- the Minister will be particularly interested in the identification of opportunities for redirecting resources and the barriers which must be overcome to realise these:
- considering our Board's most pressing and urgent need in the context of the preparation of the 1996 Estimates.

COMMENTARY

The expenditure limit for 1995 makes provision for continuing our approved 1994 services level into 1995 together with some small additional funding capacity for service developments in Child Care. Physically Handicapped. Elderly. Family Planning and Immunisation sub-programmes. The letter of allocation advises that further development funds will likely be provided during 1995 in respect of the Ambulance Service. AIDS/Drugs. Sight Testing. Dental Services. James Connolly Memorial Hospital. National Lottery block grant and Mental Handicap Services.

However, we must make a provision of £96.000 for a casemix adjustment and a further provision of £735.000 in respect of efficiency measures for 1995 in order to maintain our service capacity. In this context the achievement of a balanced budget whilst maintaining services at their existing levels will represent a further challenge for us in the coming year.

We must also begin the process of developing enhanced planning and service evaluation systems which monitor not only the cost but the outcome of our services in terms of health and social gain. Our Board should welcome the initiation of the process of implementing certain aspects of the Health Strategy during 1995. particularly in relation to the development of services and the assessment of effectiveness of existing services.

The key to our Board's success in 1995 will be the continuation of firm management action to control costs across all services and to minimise overheads and other non-direct services costs whilst maintaining the existing volume of services during the year. I am confident that with the co-operation of our members and staff at all levels that these targets can be achieved.

Members of the Budget Working Group having considered our Board's expenditure outturn for 1994 and allocation for 1995 at meetings held on 17th February. 3rd and 8th March 1995 recommend that the Budget for 1995 (Appendix '2). and the Programme of Measures to achieve the Value for Money targets [Appendix '3']. be adopted by our Board.

Cllr.M Barrett
CHAIRMAN

10th March 1995