

Staff Paper 2014

Agency Expenditure

Irish Government Economic & Evaluation Service

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AGENCY EXPENDITURE

- Agency costs accounted for 4.2% of the HSE pay bill in 2013.
- Agency costs are running €8m higher per month in 2014 than 2013.
- Extrapolating forward, the agency bill may be in the order of €326m. This is serving to cancel out any savings made on other areas of the pay bill.
- Levers in Haddington Road Agreement must be used to reduce reliance on agency staff.
- Agency pay expenditure continues to increase despite increases in staffing levels.

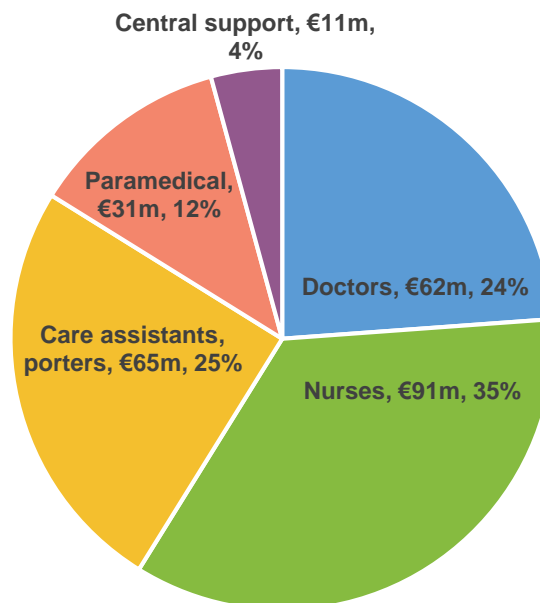
Overview

- Agency expenditure accounted for €260m or 4% of the total HSE paybill in 2013. It is a growing component of the paybill.

Table 1: Agency/locum expenditure trend, 2009-2013

	2009	2010	2011	2012	2013	5 year change	
	€m	€m	€m	€m	€m	€m	%
Locum/Agency	127	199	220	215	260	133	104.2%
Total paybill	6,929	6,466	6,385	6,251	6,166	-763	-11.0%
Agency (% of total paybill)	1.8%	3.1%	3.4%	3.4%	4.2%		

- The chart below illustrates the breakdown of 2013 expenditure by staffing category.



Hospital agency expenditure

- Agency costs are concentrated in the hospital sector, accounting for approx. €160m or 62% of total agency costs in 2013.
- **Table 2** highlights the magnitude of agency expenditure in the hospital sector in 2012 and 2013. It is an increasing percentage of pay costs and is serving to put additional pressure on the paybill. However, it still comprises only 5% of the paybill and cannot explain the systematic overruns observed in hospital budgets over the period 2011-2013.

Table 2: Agency expenditure, 2012 and 2013

€ millions	2012	2013
Total hospital sector	126	160
Total HSE	215	260
Hospitals as % of total agency bill	58.6%	61.5%

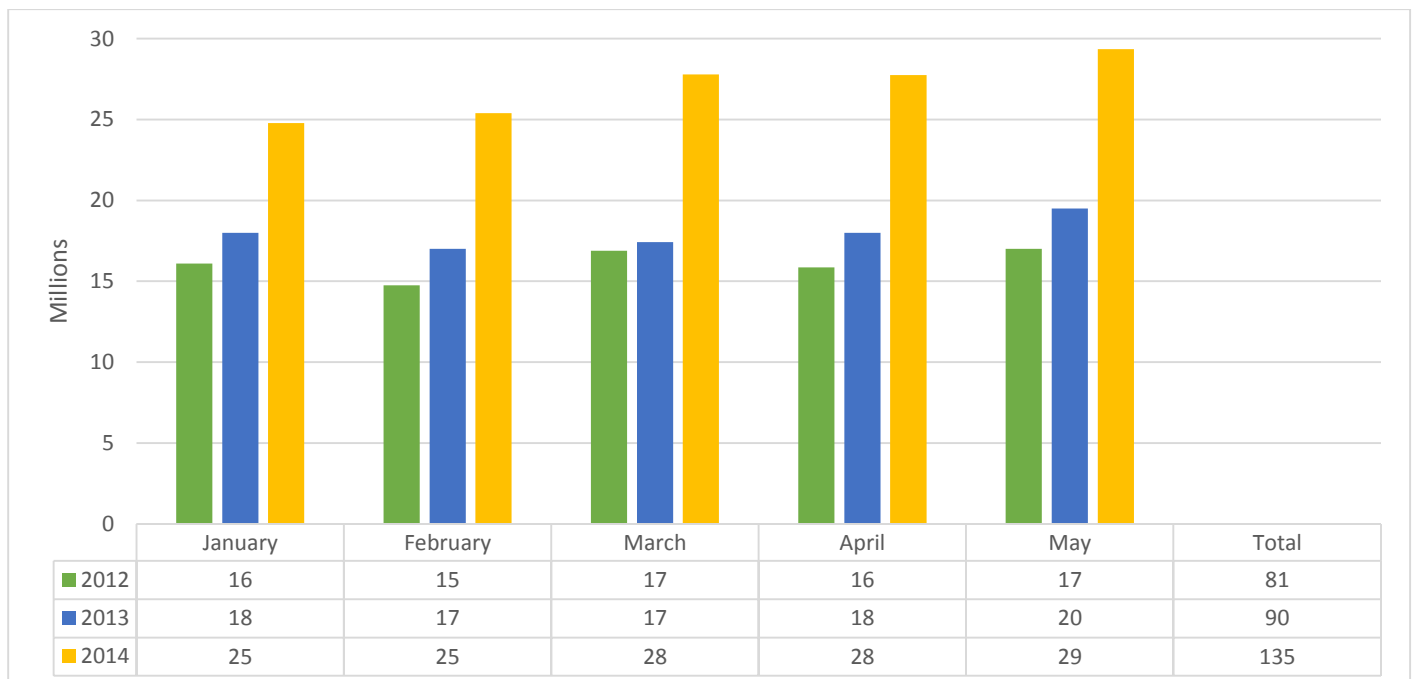
Source: HSE Data Management Report December 2013

- Hospital agency pay has increased by **€33m** year-on-year in 2014 to €94m.

2014 Position

- The total 2014 budget allocation amounts to €138m, which has already been almost exhausted.
- €135m has been spent on agency staff in the first 5 months of the year. This is €45m or 50% more than the same period in 2013.

Figure 1: Agency expenditure May YTD, 2012-2014



- Average monthly cost for 2014 is €27m, this is a significant increase on the 2013 average of €19m.
- The HSE is currently estimating a total 2014 agency bill of **€326m**. This would represent a €66m or 25% increase on 2013 expenditure.
- In terms of the breakdown of agency spend across the various staffing categories. Expenditure on doctors' agency costs has increased dramatically to become the most costly category. There are no measures currently in place to deliver savings on doctor hours under Haddington Road. Compliance with the European Working Time Directive is placing strain on doctor rosters.

Table 3: Comparison of 2013 and 2014 agency expenditure for May YTD, by staffing category

€ millions	2014 expenditure (May YTD)	Year-on-year increase (2013-2014)	
Medical/dental	44	27	148%
Nurses	42	5	14%
Care assistants, porters etc.	30	7	33%
Paramedical	12	4	43%
Central support	6	3	72%
Total	135	45	50%

- In May 2012 a new EU directive came into effect stating that agency staff must receive equal pay and benefits to directly employed staff. This limits the scope to achieve future unit cost reductions.
- Central support (management and administrative staff) agency expenditure has increased by 72% in 2014, albeit from a low expenditure base.
- The additional hours allocated under Haddington Road must be utilised to stop the spiraling costs.

Relationship between agency pay and staff numbers

- It has been suggested that agency pay and its increase (excluding NCHDs) is being driven by the reduction in staffing numbers.
- However, in the first six months of the year there has been an increase in staff numbers as set out in the table below.
- In addition, there has been an increase of 14% in nursing agency expenditure despite the hiring of additional nursing staff, particularly through the Graduate Nurses Scheme/Support Staff Intern Programme.

Table 4: HSE staffing trend, January - June 2014

Staffing by Category	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Change Jan 2014 to Jun 2014
Medical/ Dental	8,332	8,328	8,361	8,363	8,348	8,320	- 13
Nursing	33,839	34,148	34,200	34,247	34,178	34,109	270
Health & Social Care Professionals	13,317	13,351	13,387	13,391	13,428	13,429	112
Management/ Admin	15,051	15,077	15,103	15,111	15,082	15,057	5
General Support Staff	9,587	9,553	9,549	9,537	9,475	9,458	- 129
Other Patient & Client Care	16,455	16,461	16,496	16,506	16,506	16,578	123
Total Health Service	96,582	96,917	97,098	97,155	97,017	96,951	368
Graduate Nurses Scheme/Support Staff Intern Programme	623	718	820	862	958	868	245

- Increases in staff numbers should serve to reduce the agency bill. However, this has not been the case in 2014 with increases in both staffing numbers and agency expenditure.