

Staff Paper 2015

HSE Employment Strategy – Outlook 2015 & Beyond

Irish Government Economic
& Evaluation Service

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Irish Government Economic & Evaluation Service



** This paper has been prepared by the Labour Market and Enterprise Policy Division of the Department of Public Expenditure & Reform. The views presented in this paper are those of the author alone and do not represent the official views of the Department of Public Expenditure and Reform or the Minister for Public Expenditure and Reform. Analytical papers are prepared on an ongoing basis in the context of the expenditure management process and reflect the data available at a given point in time.*

Abstract

The health pay bill for 2015 is required to marginally fall in 2015. The pay bill strategy is predicated on an increase in basic pay, which is to be partly funded by a decrease in overtime and agency costs across the health sector. As will be outlined in this paper, despite increasing in line with HSE Service Plan in the first seven months of 2015, the number of WTE staff in the HSE deviated above profile in the months of August and September. Further to this, from an expenditure perspective, costs have increased compared to 2014 and are running above the agreed 2015 allocation. In light of this, further to setting out the trends in health sector pay expenditure to date in 2015, this paper outlines the potential for significant WTE overruns above the agreed profile in the remaining quarter of 2015 and describes how such an overrun would have implications in 2016. Further to this, factors that need to be considered in formulating the HSE schedule of employment for 2016, and subsequent years, are also addressed.

Summary of key findings

- Overall WTE staff levels have increased by 2.94% in the first nine months of 2015. More generally, WTE staff levels have increased month on month so far in 2015, a situation that cannot be replicated if staff levels are to remain on profile in the later part of the year.
- Overall, pay related expenditure increased by €114 million in the first nine months of 2015 compared to the same period in 2014.
- Furthermore, pay related expenditure is predicted to come in €161.3 million, or 2.7%, above the agreed profile position. Agency expenditure is the main driver behind the expected pay variation above profile.
- Further to this, as the HSE staffing strategy is profiled to fall in the last two months of 2015, there is a strong likelihood that the HSE will greatly exceed the plan during these months. Such an overrun will need to be factored into the formulation of the 2016 HSE staffing strategy.
- Adjusting for agency staff, it is estimated that the HSE were 3,362, or 3.06%, below the peak level of staff employed by the organisation in September 2015.
- Going forward, the formulation of future HSE staffing strategies need to be adjusted to an evidence based approach primarily focussed on delivering the best outcomes for patients rather than an emphasis on meeting pre-crisis levels of staffing.

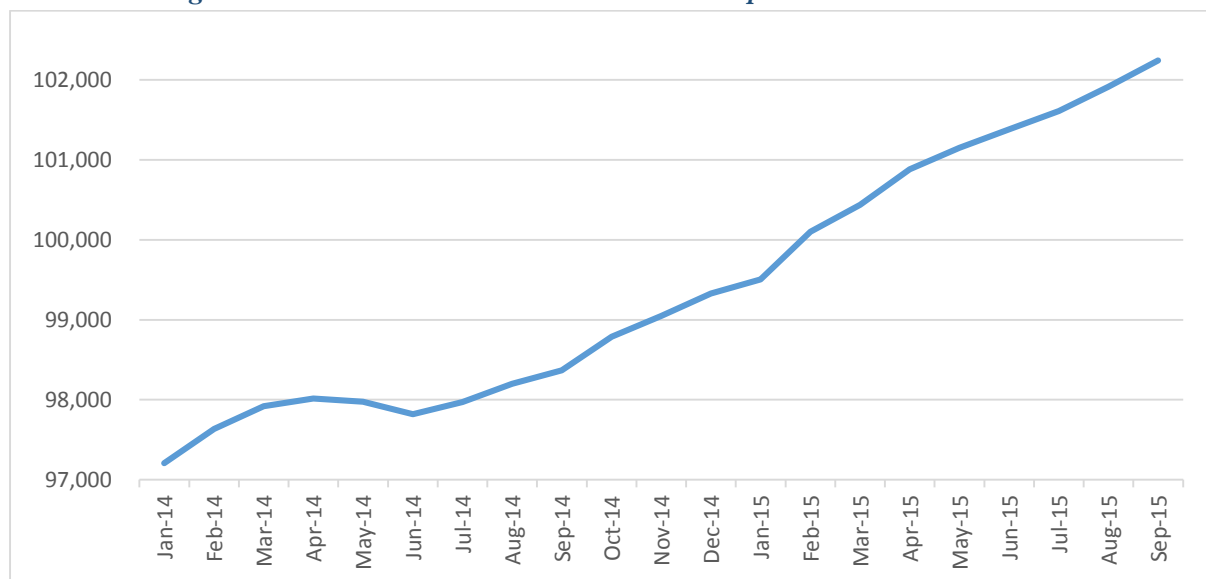
HSE EMPLOYMENT STRATEGY – OUTLOOK 2015 & BEYOND

Context

The 2015 health pay bill strategy is predicated on an increase in basic pay, which is to be funded by a decrease in overtime and agency costs across the health sector. This position is clearly outlined in the 2015 HSE national service plan (page 7), which notes ‘the Department of Health has now delegated greater autonomy and discretion for the HSE to manage staffing levels within the overall pay framework. This will greatly assist in reducing the reliance on agency staff which is very costly and is one of the HSE key priorities for 2015’. As will be outlined in this paper, thus far in 2015, the increase in WTEs in the health sector have increased above the agreed level outlined the HSE Service Plan. Also, from an expenditure perspective, costs have increased compared to the corresponding period in 2014 and are running above the agreed 2015 allocation. A continuation of increased employment at current levels would lead to an overrun in the final quarter of 2015 and would have implications in setting the 2016 schedule of employment. Thus, emphasising the importance of prudent employment management by the HSE in the remainder of 2015. Furthermore, the HSE schedules of employment for 2016 and subsequent years are discussed more broadly, with a view to formulating employment plans that deliver the best outcomes for patients within reasonable budget allocations.

Staff Levels

Absolute Change in WTE’s in the Health Sector Jan 14 to Sept 15



As highlighted in the graph above, the number of WTE staff in the Health sector increased from 97,205 at the end January 2014 to 102,245 in September 2015. This represents an increase of 5,040, or 5.2%, over the twenty month period. From the graph, one can also note that the number of WTE staff in the health sector only increased slightly in the first half of 2014 and even dropped temporarily in May and June of the year. However, it is clear from the graph that the increase is more pronounced from July 2015. Indeed, in the six months from the end of January 2014, staff levels increased by only 767, or less than 1%. In the following 14 months up to September 2015, WTE staff increased by a more substantial 4,426, or 4.5%.

From the table below, it can be noted that staffing levels were above the agreed 2015 profile in January and February of the year. In the proceeding five months of the year, reported staffing levels were below profile before moving above the agreed target in August and September. One can also note from the table that on profile staffing levels are to peak at 101,854 WTE's in September of the year before falling slightly in the final three months of 2015. This is an important observation as WTE staff levels have increased month on month so far in 2015, a situation that cannot be replicated if staff levels are to remain on profile in quarter 4 2015.

Staffing Profile Vs Outturn – 2015 to Date

2015 Staffing Strategy Comparison – WTEs						
<i>Month</i>	Jan	Feb	Mar	Apr	May	Jun
<i>2015 Strategy</i>	98,934	99,061	100,716	100,995	101,302	101,464
<i>2015 Actual Output</i>	99,505	100,102	100,439	100,881	101,152	101,384
<i>Difference over Strategy</i>	571	1,041	-277	-114	-150	-80
<i>Month</i>	Jul	Aug	Sep	Oct	Nov	Dec
<i>2015 Strategy</i>	101,623	101,619	101,854	101,816	101,777	101,741
<i>2015 Actual Output</i>	101,609	101,917	102,245			
<i>Difference over Strategy</i>	-14	298	391			

In terms of analysing the staff gains by different health staff categories, information is available up to September 2015 (using monthly HSE Employment Reports). Compared to the 2015 staff profile, the following observations can be made:

- Overall WTE staff levels are 391, or 0.38%, above the agreed output position in the 2015 HSE staffing strategy.
- In both absolute and percentage terms, the largest variation above profile is in Management/Admin staff at 462, or 3%. Further to this, the Medical/Dental, Health and Social care professionals and Support staff categories are above profile.
- Conversely, the number of nurses employed by the HSE is currently 644 WTE staff, or 1.81%, below the planned level in September 2015. Although, as highlighted in the overall outturn above profile, increases in other categories counter this position.

Staffing Levels by Category - 2015 to Date

Staff Category	Sept 15 Profile	Sept 15	Variance	% Variance
<i>Medical/ Dental</i>	9,003	9,232	229	2.54%
<i>Nursing</i>	35,496	34,852	-644	-1.81%
<i>Health & Social Care Professionals</i>	14,025	14,178	153	1.09%
<i>Management/ Admin</i>	15,388	15,850	462	3.00%
<i>Support Staff</i>	27,941	28,133	192	0.69%
Total	101,854	102,245	391	0.38%

Similarly, this information (monthly HSE Employment Reports up to September 2015) allows one to track the increase in staffing gains by different health staff categories against the outturn

at the end of 2014. The following observations can be drawn from this available data, which is broken down in the table below.

- Overall WTE staff levels have increased by 2.94% in the first nine months of 2015. In absolute numbers, the highest increase in WTE staff has been in the other patient and client care category, with 812 extra staff in the sector compared to the end of 2014.
- In percentage terms, the increase of WTE other patient and client care staff, in the year to date is 4.55%. However, higher percentage increases were recorded in the management/admin (4.89%) and Medical/Dental (4.71%) staff categories.
- Conversely, the number of general support staff have increased by only 72, or 0.76%, in the first nine months of the year. Further to this, nursing staff levels have also increased by less than 1% so far in 2015.

Staffing Levels by Category - 2015 to Date

Staff Category	Dec 14	Sept 15	Variance	% Variance
<i>Medical/ Dental</i>	8,817	9,232	415	4.71%
<i>Nursing</i>	34,510	34,852	342	0.99%
<i>Health & Social Care Professionals</i>	13,639	14,178	539	3.95%
<i>Management/ Admin</i>	15,111	15,850	739	4.89%
<i>General Support Staff</i>	9,421	9,493	72	0.76%
<i>Other Patient & Client Care</i>	17,828	18,640	812	4.55%
Total	99,326	102,245	2,919	2.94%

Comparisons can also be made in staff gains by health staff divisions against the agreed profile, again information is available up to September 2015 (HSE Employment Reports), with the following observations being noted:

Staffing Levels by Health Division - 2015 to Date

Staff Division	Sept 15 Profile	Sept 15	Variance	% Variance
<i>Acute Services</i>	50,395	51,669	1,274	2.53%
<i>Mental Health</i>	9,631	9,316	-315	-3.27%
<i>Primary Care</i>	11,103	10,294	-809	-7.29%
<i>Social Care</i>	24,995	25,366	371	1.48%
<i>Health & Wellbeing</i>	1,311	1,261	-50	-3.81%
<i>Ambulance Services</i>	1,761	1,662	-99	-5.62%
<i>Corporate & HBS</i>	2,658	2,677	19	0.71%
Total	101,854	102,245	391	0.38%

- In absolute and percentage terms, the highest variance over profile in staff levels is in the acute sector, at 1,274 WTE staff, or 2.53%, over the agreed September 2015 position. The Social Care and Corporate & HBS divisions are also above the agreed positions as set out in the HSE staffing strategy for 2015.
- Conversely, WTE staff levels in the Mental Health, Ambulance Service, Primary Care and Health and Wellbeing sectors were below the agreed September 2015 positions outlined in the HSE strategy. Most noticeably, the Primary Care division is over 7% below the specified target staffing level.

As in the case of staff categories, comparisons of the September 2015 outturn against the 2014 end of year position are also observed, with the following being noted:

- In absolute numbers, the highest increase in WTE staff is in the acute sector, with 1,927 extra staff in the sector compared to the end of 2014. In total, this sector accounts for just over 66% of WTE staff increases across the health sector.

- In percentage terms, the highest increase in staffing levels is in the acute sector, with an increase of 3.87%. Further to this, the number of WTE corporate and HBS, Social Care and Ambulance Services staff have also increased by over 2% thus far in 2015.
- Conversely, the Mental Health, Primary Care and Health and Wellbeing sectors have increased the number of WTE staff by below 2% in the first nine months of the year. Further to this, the number of WTE staff in the health and wellbeing division is up by just 24 thus far in 2015, admittedly from a low base.

Staffing Levels by Health Division - 2015 to Date

Staff Division	Dec 14	Sept 15	Variance	% Variance
<i>Acute Services</i>	49,742	51,669	1,927	3.87%
<i>Mental Health</i>	9,191	9,316	125	1.36%
<i>Primary Care</i>	10,103	10,294	191	1.89%
<i>Social Care</i>	24,831	25,366	535	2.15%
<i>Health & Wellbeing</i>	1,237	1,261	24	1.94%
<i>Ambulance Services</i>	1,623	1,662	39	2.40%
<i>Corporate & HBS</i>	2,599	2,677	78	3.00%
<i>Total</i>	99,326	102,245	2,919	2.94%

Pay

In relation to pay related expenditure, as noted already in this paper, the agreed position in 2015 is for an increase in basic pay to be partly funded by a decrease in overtime and agency costs.

Pay Expenditure for January to September – 2014 Vs 2015

€ millions	Jan - Sept 2014	Jan - Sept 2015	Variance - 14 Vs 15	% Variance - 14 Vs 15
Direct Pay	4,123	4,225	102.4	2.5%
Overtime	148.8	163.1	14.3	9.6%
Agency	251.9	249.3	-2.6	-1.0%
Total	4,523	4,638	114	2.5%

The above table sets out overall pay related costs for the first nine months of the years for 2014 and 2015. From the table the following observations can be made:

- Overall, pay related expenditure increased by €114 million in 2015 compared to 2014 over the period.
- In absolute numbers, the greatest increase over the 2014 figure was in direct pay costs at €102.4 million.
- In percentage terms, the greatest year on year increase was in overtime pay at 9.6%.
- In relation to agency expenditure, to date in 2015, outturn is €2.6 million, or 1%, below the corresponding spend in 2014. While this is a modest decrease, this figure must be considered in the context that the agreed pay bill for agency staff for 2015 is significantly below the 2014 outturn.

Pay Expenditure for January to September: Outturn Vs Profile

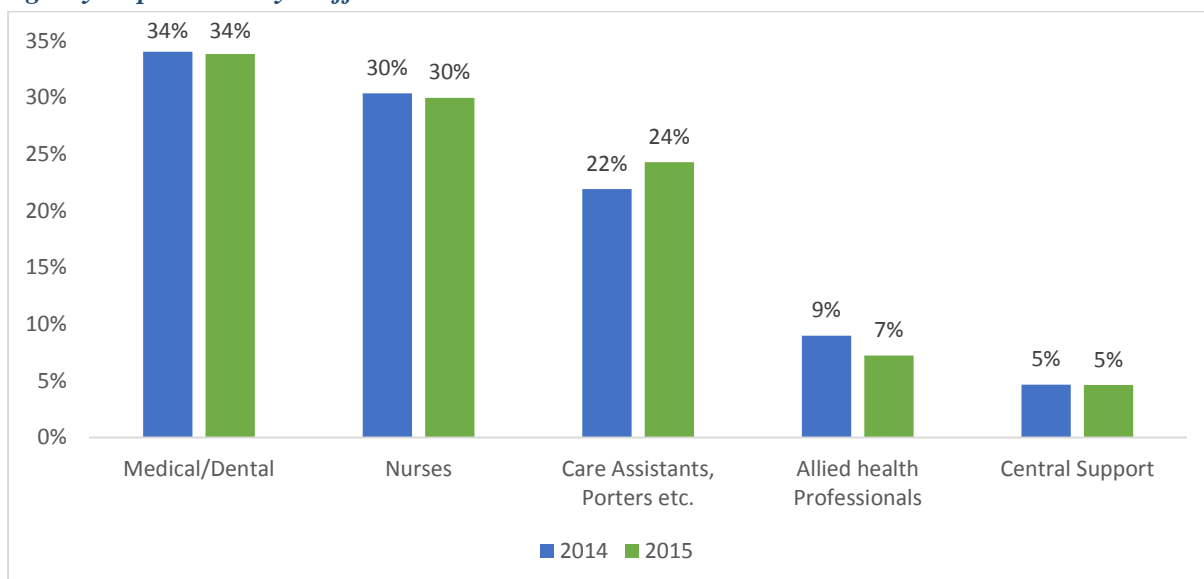
€ millions	Jan - Sept 2015 Profile	Jan - Sept 2015 Outturn	Variance	% Variance
Direct Pay	4,251	4,225	-26.2	-0.6%
Overtime	146.7	163.1	16.4	11.2%
Agency	141.9	249.3	107.5	75.8%
Total	4,540	4,638	97.7	2.2%

The above table sets out overall pay related costs for the first nine months of the years of 2015 against the agreed profile spend for this period. From the table the following observations can be made:

- Direct pay costs are €26.2 million, or 0.6%, below the agreed 2015 position for the first nine months of the year.
- Conversely in relation to overtime expenditure, these costs are €16.4 million, or 11.2%, above the agreed 2015 position for the first nine months of the year.
- Finally, and most significantly, in relation to agency expenditure, costs are €107.5 million, or 75.8%, above the agreed position thus far in 2015.

Expanding further on this final point, agency staff costs for 2015, the monthly HSE performance reports breakdown agency expenditure across different staff categories and health sectors. The most recently published report corresponds to expenditure up to July of this year. The chart below sets out expenditure across the different staff categories, comparing the year to date outturn against the same period in 2014.

Agency Expenditure by Staff Sector – 2014 Vs 2015



From the chart one can note that the share of agency expenditure spent on medical and dental staff has remained constant at the 2014 level, 34%. Indeed, the percentage allocation of resources across the different staff categories have altered only slightly on a year-on-year basis. Further to this, the chart highlights how 60% of overall agency expenditure is accounted for in the hiring of medical/dental and nursing staff.

Agency Expenditure by Staff Sector – 2014 Vs 2015

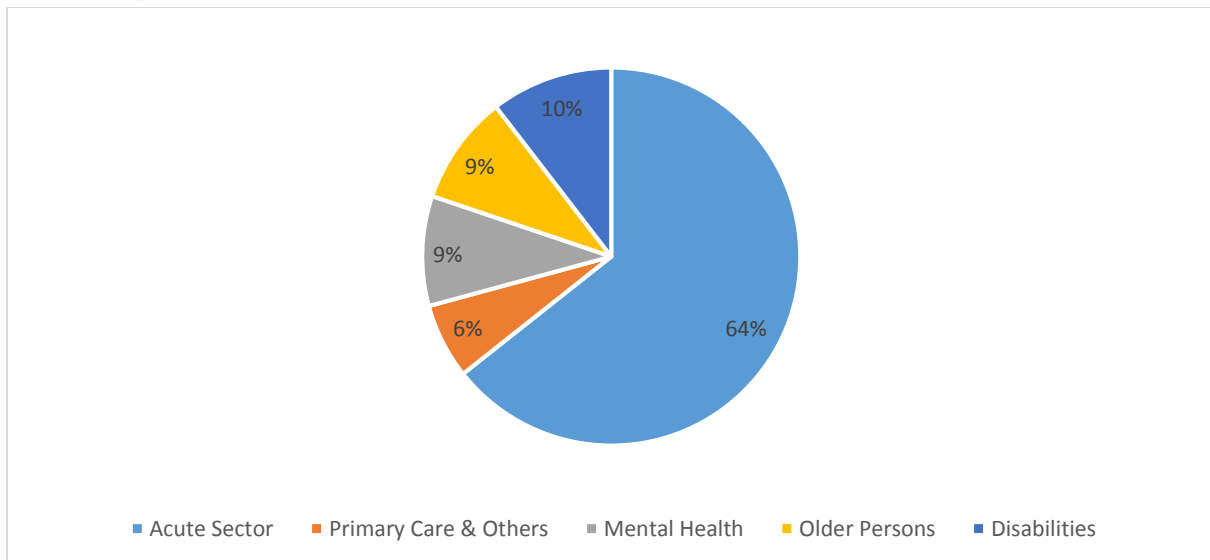
€ millions	Jan – July 2014	Jan – July 2015	Variance	% Variance
Medical/Dental	66.2	65.4	-0.77	-1.16%
Nurses	59.01	57.9	-1.1	-1.84%
Care Assistants, Porters etc.	42.6	46.96	4.4	10.21%
Allied health Professionals	17.5	13.99	-3.5	-19.91%
Central Support	9.1	8.9	-0.14	-1.49%
Total	194.4	193.2	-1.12	-0.57%

Source: July HSE Performance Reports

The table above sets out a comparisons between the outturn to date in 2015 against the same period in 2014. The following observations are noted:

- Comparing the outturn to date in 2015 to the corresponding spend for 2014, agency expenditure has decreased by €1.12 million or just under 0.6%.
- In absolute terms, the highest increase has been associated with care assistant, porters etc., staffing costs, which are €4.4 million, or 10.21%, up on the same period in 2014.
- Expenditure is down in all the other staffing categories, most significantly expenditure on allied health professionals which has decreased year-on-year by €3.5 million, or just under 20%.

Agency Expenditure by Health Sector – 2015 Outturn Jan to July



Breaking down how agency costs are divided across different health divisions, data is only available for the first five months of the year. For these months, agency spending in acute hospitals accounted for 64% of overall agency costs, as graphically demonstrated above. The next highest agency spend by health division was on disability services, which represented 10% of the overall total.

Compared to the observed outturn at the same point in 2014, agency costs in the acute sector and Older persons care have fallen, -7% and -12%, on a year-on-year basis. Conversely, agency expenditure is up in the other health sectors; Primary Care (17%), Mental Health (26%) and Disabilities (36%).

Estimating the outturn for Q4 2015

As set out in the context section of this paper, the end of year staff and pay bill position will have implications on the capacity of the HSE to hire additional employees in 2016 within the agreed budget allocation. Therefore, it is important that a reasonable estimate of the end of 2015 staff and pay levels is carried out. The table below sets out the quarterly change in staff levels over 2014 and 2015 to date. Furthermore, the accompanying commentary outlines the staffing position against profile for Quarter 4 2015 if the average quarterly rate of increased staff levels thus far in 2015 occurred in this period.

Variance in HSE Staff Levels outturn by Quarter

<i>Year</i>	2014				2015			
<i>Period</i>	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<i>Staff Outturn</i>	97,918	97,819	98,367	99,327	100,439	101,384	102,245	
<i>Quarter on Quarter Variance</i>		-99	548	960	1,112	945	861	

- To date in 2015, the average quarter on quarter change in staffing levels is 973. If this average 2015 increase in overall HSE staffing levels was replicated in the final quarter of the year, then the staff outturn for December 2015 would be 103,218.
- Given that the HSE staffing strategy is based on staffing levels falling by 113 in the final three months of 2015, such an increase in staff levels would yield a result of 1,477 staffing variance above profile in December 2015.
- As highlighted in the table above, the overall number of WTE staff in the HSE have not fallen on a quarterly basis since Quarter 2 2014. Hence, it is likely that any overrun in quarter 4 2015 will not fall in the early months of 2016. Thus, in compiling the 2016 staff strategy, the HSE should base the January profile on the December 2015 outturn and not profile. Further to this, the pay bill in 2016 will need to account for the higher level of staff in the early months of the year and this may impact on the capacity of the HSE to add additional health professionals throughout 2016.

Pay Expenditure 2015 – Estimated Outturn Vs Profile

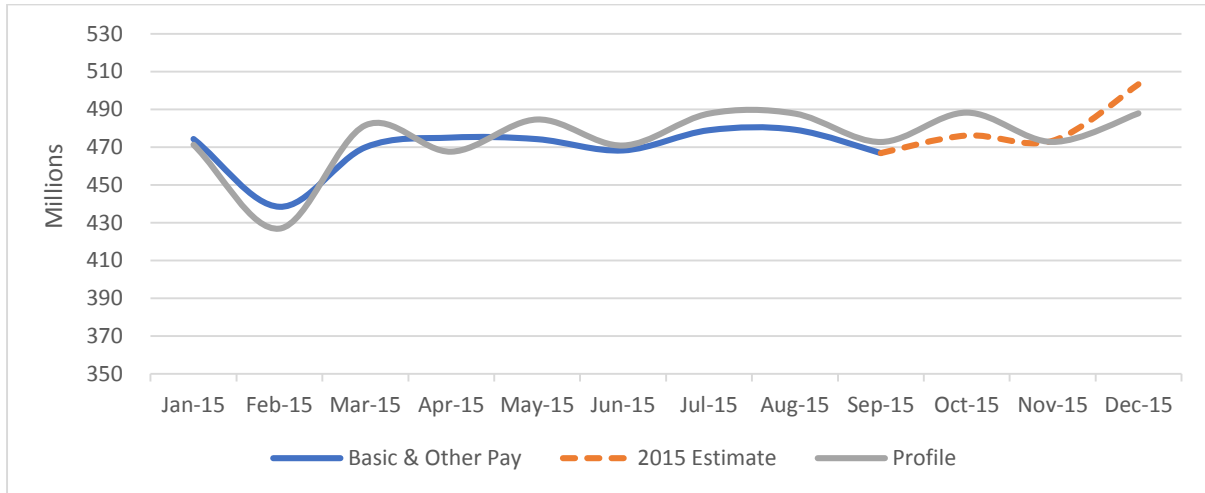
€ millions	2014	2015 Profile	2015 Est. Outturn	Variance Vs. Profile	% Variance Vs. Profile
Direct Pay	5,540	5,700	5,678	-22.4	-0.4%
Overtime	201	195.4	220	24.6	12.6%
Agency	341	178	337	159.1	89.4%
Total	6,082	6,074	6,235	161.3	2.7%

From an expenditure perspective, the table above sets out comparisons between an estimated full year outturn for 2015 against the agreed expenditure profile for 2015. The above estimates are based on the monthly variances to date in 2015 against the corresponding months of 2014, which are then used to project spend for the remaining months of 2015. Percentage fluctuations against the 2014 levels are used to make the projections rather than absolute differences, thus allowing for seasonality affects to be factored into the projections. Estimates are made across the different expenditure categories and these estimates are then summed to give an overall 2015 outturn projection. One can infer the following from the table:

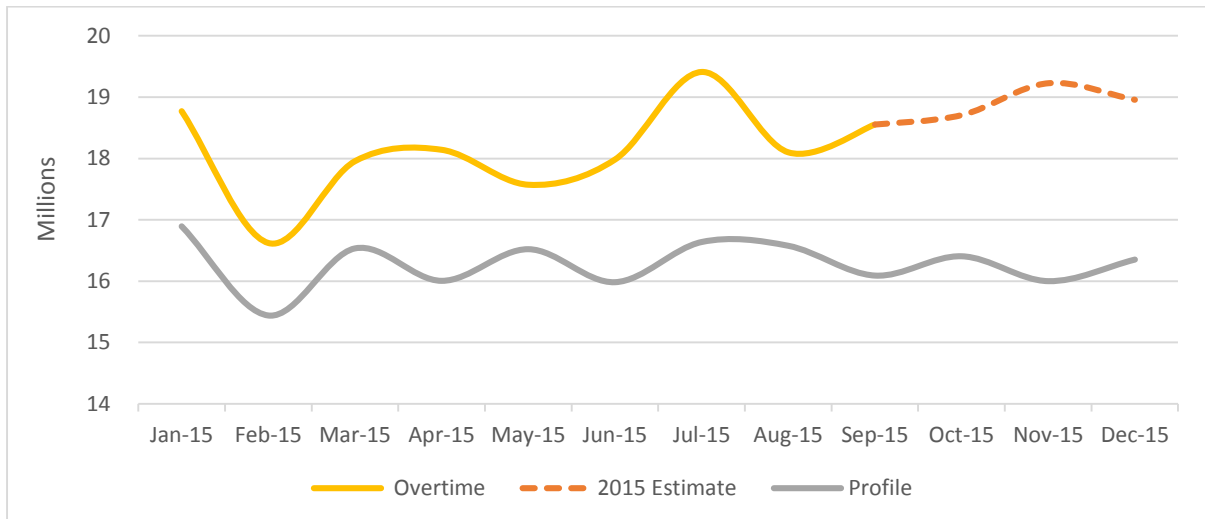
- Overall expenditure is predicted to come in €161.3 million, or 2.7%, above the agreed profile position.
- In both absolute and percentage terms, the biggest overruns are related to agency expenditure. In the full year, agency costs are predicted to be €159.1 million, or 89.4%, above the agreed profile position.
- Overtime costs are predicted to overrun by a more modest, though not insignificant, €24.6 million, or 12.6%.
- Conversely, the direct pay expenditure is estimated to come in €22.4 million, or 0.4%, below the agreed profile spend.

The monthly estimated positions against the 2015 profiles for direct pay, overtime and agency pay are graphically illustrated below:

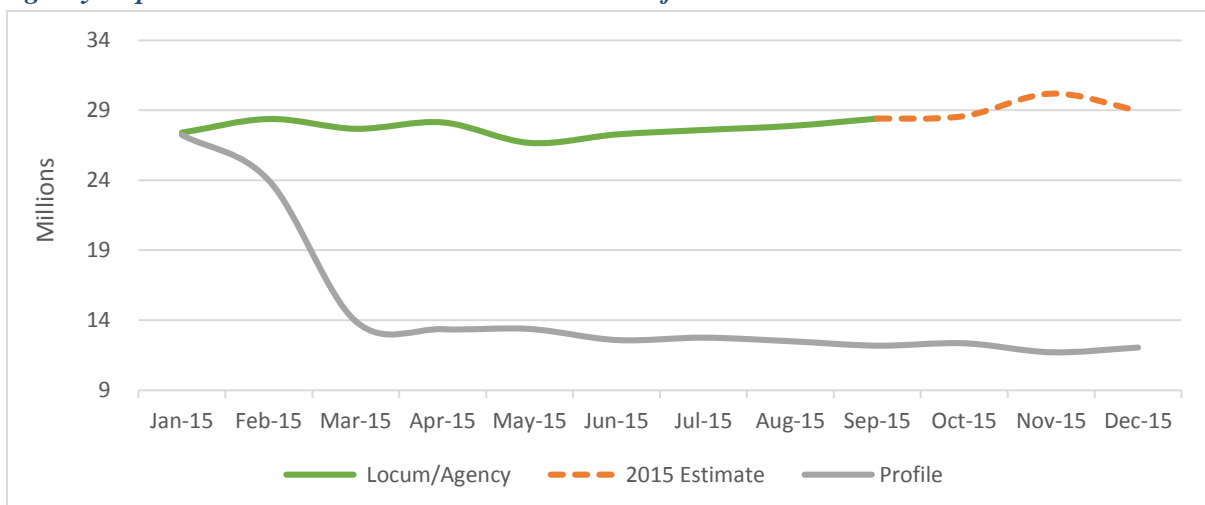
Direct Pay 2015 - Estimated Outturn Vs Profile



Overtime Expenditure 2015 – Estimated Outturn Vs Profile



Agency Expenditure 2015 – Estimated Outturn Vs Profile



Setting HSE Employment Schedules: 2016 and beyond

As set out above, it is highly likely that the end of year 2015 outturn will be above the agreed level outlined in the HSE staffing strategy for 2015. In terms of formulating the 2016 HSE staffing strategy, any overruns over the agreed position in 2015 will have implications in this process. In reference to staffing levels, the strategy for January 2016 should be based on the outturn for December 2015 rather than the profiled position. Accounting for the fact that staffing levels have increased on a month by month basis throughout 2015, it is likely that an overrun above profile of over 1,000 WTE may be observed. Given the need for the HSE to set the 2016 staffing strategy within an agreed level of funding, such a scenario would impact on the capacity of the HSE to increase staffing levels throughout 2016 and would limit the scope of the HSE to swiftly address capacity pressures that arise in 2016.

As outlined earlier in this paper, the 2015 health pay bill strategy was predicated on an increase in basic pay to be funded by a decrease in overtime and agency costs across the health sector. The above analysis demonstrates how the HSE has failed to significantly reduce the reliance on agency staff and the costs associated with them. Further to this, in relation to the predicted overrun in pay related expenses for 2015, the analysis highlights how overruns in agency costs are primarily the reason behind the expected variance over profile. In terms of formulating the 2016 HSE staffing strategy, this example highlights the difficulty associated with reducing the HSE's reliance on agency staff and, notwithstanding the financial benefits from such a tactic, a more realistic approach would be to bring down this spend more incrementally over a number of years.

Looking beyond 2016, in order to address demographic pressures, the level of staff in the HSE will return to pre-crisis numbers as available finances increase. Moving towards this point, it is fair to question how the current level of staff compares to pre-crisis numbers. In what health sectors is there large variances below the peak levels of HSE employment?

In calculating this, one would first need to pinpoint the highest historical level of staff in the HSE. Prior to the early November Cabinet Committee Meeting for Health, the HSE submitted a paper noting that the number of WTE staff in the HSE for September 2015 was still 11,000 lower than peak numbers recorded in September 2007. However, on a WTE basis, the figure stated in the HSE paper for September 2007 was incorrect and did not account for a number of

factors. Firstly, the paper did not account for 3,450 staff transferred to DCYA at the end of 2013. Further to this, 950 staff transferred to DSP at the end of 2010, the table below is adjusted for these transfers, thus allowing for a better estimate of variance between September 2007 and current HSE staff levels to be established.

Furthermore, these figures do not account for the number Agency staff employed by the HSE. As set out below, in July 2015, the most recent data available to this Department, on a WTE basis the HSE employed 4,163 agency staff. With the introduction of employment control frameworks and the moratorium on staff recruitment in 2009, it is assumed that a much lower level of agency staff were employed by the HSE in 2007. Indeed, as set out in Parliamentary Question 2974/08 to Deputy Bernard Durkan, agency expenditure on nursing staff in 2007 was €28.3 million compared to €101.8 million in 2014.

HSE Staffing Levels: September 2007 Vs September 2015

	Est. Sept 2007	Sept 2015	Variance	% Variance
All Grades	108,371	102,245	-6,126	-5.65%
Management - Admin	18,421	15,850	-2,571	-13.96%
Medical - Dental	8,100	9,232	1,132	13.98%
Nursing	38,965	34,852	-4,113	-10.56%
Health & Social Care Professionals	12,312 ^A	14,178	1,866	15.16%
General Support Staff	13,351	9,493	-3,858	-28.90%
Other Patient & Client Care	17,221 ^B	18,640	1,419	8.24%
<u>Add Agency Staff</u>				
Estimated Agency Staff	1,400 ^C	4,163 ^D	2,763	197.36%
Adjusted Totals	109,771	106,408	-3,362	-3.06%

A – Less 3,450 to account for transfer of staff to DCYA in December 2013

B – Less 950 to account for transfer of staff to DSP in December 2010

C - Estimated based 2007 expenditure on nursing agency staff

D - Based on July 2015 figures

- Not accounting for Agency staff, on a WTE basis, current HSE staff levels are 6,126, or 5.65%, below the peak level in September 2007.
- Looking at front line staff alone, on a WTE basis, the HSE currently employ 304 more staff compared to September 2007 levels.
- Further to this, these comparisons do not include the estimated variance in Agency staff employed in 2015 compared to 2007. When this element is included, it is estimated that current HSE staff level are 3,362, or 3.06%, below the peak level in September 2007. Moreover, the majority of Agency staff engage in front line services and thus, when included, would increase the variance of front line staff levels above the September 2007 figure.

The above analysis makes clear two factors that will be critical in the formulation of HSE staffing strategies over the next couple of years. Firstly, as the HSE has increased the number of WTE staff by over 4,000 in the last 14 months, as outlined earlier in this paper, it is highly likely that, subject to financial availability, the number of WTE staff in the HSE will reach the 2007 peak level before the end of 2016. Provided that increases in staffing levels are achieved within the agreed allocation for the health sector, such an outcome would appear to be desirable, particularly as changing demographics place increased pressure on the health system. However, in spite of this, a greater onus needs to be placed on the HSE to outline how increased staffing levels deliver better outcomes for the patient. For instance, could this expenditure be better spent on non-pay initiatives? Therefore it would be welcome if the rhetoric around the HSE staffing strategy switched away from the need to reach pre-crisis levels to a greater focus on how these increases impact on the patient.

Secondly, the table above highlights a difference in the variation between the two periods across the different staff categories. Given this, it is highly likely that when the peak staff level is reached again, the composition of HSE staff across these sectors will differ greatly, most noticeably in the number of nurses directly employed by the HSE. Again, in terms of formulating future HSE staffing strategies, a greater patient centred focus needs to be applied. In deciding how to allocate WTE staff increases across the different staffing categories, prioritisation should be given to the mix in staff categories that produces the best outcome for

the patient, with the reasons for any approach adopted being clearly set out in the HSE staffing strategy. Furthermore, deviations from this profile, as observed to date in 2015, need to be explained.

Beyond these factors, other considerations also need to be addressed. These would include; the geographic spread of staff around the state, demographic pressures, ensuring skills shortages within the health system are addressed, making sure the strategy is compliant within current day government policy, and that the staffing allocations are derived from existing organisational successes within the HSE. All told, the formulation of future HSE staffing strategies need to be adjusted to an evidence based approach primarily focussed on delivering the best outcomes for patients.

Conclusion

As set out in the context section of this paper, the health pay bill for 2015 is required to marginally fall in 2015. More specifically, the 2015 health pay bill strategy is based on an increase in basic pay, offset by a decrease in overtime and agency costs across the health sector. This paper outlines that, thus far in 2015, the increase in WTE staff in the health sector have increased in line with this HSE service plan. However, from an expenditure perspective, costs have increased compared to the corresponding period in 2014 and are running above the agreed 2015 allocation. These trends in health sectors staff and pay expenditure to date in 2015 are further explored in this paper and full year estimates are provided.

In relation to staffing levels, this paper has set out that the number of WTE staff in the health sector has increased by 2,919 to date in 2015. This figure is above the agreed position. It was also outlined that the number of staff in the health sector is planned to peak, this year, at 101,854 in September of this year before decreasing slightly. With regard to this point, while it is to be welcomed that staffing levels have remained in line with profile throughout most of 2015, greater prudence will be required in the final months of the year to ensure that the planned staffing levels are not exceeded. The implications of such an overrun on the 2016 staff strategy have been set out in this paper.

In relation to pay related expenditure, total expenditure has increased by €114 million so far in 2015 compared to the same period in 2014. The variation between the 2015 and 2014 positions

have been primarily driven by an increase in direct pay costs. However, looking at expenditure to date against the agreed 2015 profile tells a different story. In this regard, overruns are driven firstly by agency costs and then overtime expenditure. While direct costs are actually coming in below profile. All told, in the full year, the variance above profile is predicted to be €161.3 million. Again the implications of such an overrun on 2016 have been set out.

Finally, the analysis makes clear two factors that will be critical in the formulation of HSE staffing strategies over the next couple of years. Firstly, given that the HSE has increased the number of WTE staff by over 4,000 in the last 14 months, it is highly likely that, subject to financial availability, the number of WTE staff in the HSE will reach the 2007 peak level at some point in 2016. Secondly, there is a difference in the variation between September 2007 staff levels and September 2015 across the different staff categories. Given this, it is highly likely that when the peak staff level is reached again, the composition of HSE staff across these sectors will differ greatly, most noticeably in the number of nurses directly employed by the HSE. Regardless of this fact, going forward, as staff levels increase towards this peak level the onus on staff recruitment needs to be centred on creating better outcomes for the patient. Moreover, the formulation of future HSE staffing strategies need to be altered to a more evidence based approach, thus providing greater accountability to the process.