



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

Oifig an Phríomhoifigigh Airgeadais
Feidhmeannacht na
Seirbhíse Sláinte
Seomra 125, Ospidéal
Dr. Steevens
BÁC 8

Office of the Chief Financial Officer
Health Service Executive
Room 125, Dr Steevens
Hospital
Dublin 8

28th March 2019

Deputy Richard Boyd Barrett TD,
Dáil Éireann,
Leinster House,
Kildare Street,
Dublin 2.

Re PQ 5945 19: To ask the Minister for Health if he has commissioned or carried out an investigation into the cost-benefit analysis into the use of agency staff versus full-time staff across the public sector; and if he will make a statement on the matter. –Richard Boyd Barrett TD

Dear Deputy Boyd Barrett,

The Health Service Executive has been requested to reply directly to you in the context of the above Parliamentary Question, which you submitted to the Minister for Health for response. Your PQ above has been referred to me for response.

I have made enquiries with various offices within the HSE, namely Finance, HR and Procurement and none are aware of a cost benefit analysis as such as having been commissioned or carried out.

However, we recently answered another PQ in which we were asked for a comparison of the cost of employing a fully qualified agency nurse on a full time basis for one year versus the cost of employing a fully qualified full time staff nurse. Considering your question above, I think this may be of some benefit and go towards answering your question.

I have included, below, Table 1 which was included in the response to that recent PQ. It is an estimate only which has based on the best information available to us. I would draw your attention to the notes and caveats and emphasise that these must be considered when reviewing/quoting these figures.

Table 1

| Agency Nurse Basis 2019 | | | | | | |
|---|---------------|---|--|---------------|---------------|------------|
| Agency | | HSE WTE loaded cost | | | Difference | |
| | € | | | € | € | % |
| Basic | 42,796 | Basic | | 42,796 | | |
| Premia | 10,378 | Premia | | 10,378 | | |
| Individual Total Earnings | 53,174 | Individual Total Earnings | | 53,174 | 0% | 0% |
| Additional costs including ER PRSI, agency fees and VAT. | 32,905 | Additional costs including ER PRSI and the cost of covering sick leave and maternity leave. | | 19,296 | 13,609 | 41% |
| Gross Cost to HSE | 86,079 | | | 72,470 | 13,609 | 16% |
| Notes/ Caveats: | | | | | | |
| 1. 'Basic' nurse assumed in calculations above | | | | | | |
| 2. The calculation above is an approximation only calculated for the purposes of response to the question asked in 'previous PQ'. | | | | | | |
| 3. This is a rate of pay view, as the individual earnings (gross) are comparable. The HSE WTE loaded cost has been calculated for the purposes of the question asked. It is also a like for like view in terms of true cost to employer, to cover comparable annualised hours. | | | | | | |
| 4. The HSE WTE loaded cost includes a cost for annual leave and sick leave. Fundamentally, the agency cost quoted represents the cost of 1 agency nurse (basic for 39 hrs a week for 52 weeks). In relation to the HSE WTE, the reality is that additional costs are incurred to account for sick leave/maternity leave (and other leave entitlements for example force majeure). The cost of this maternity leave and sick leave has been calculated | | | | | | |
| 5. Agency is per the national framework rates only (and not off contract). | | | | | | |

The engagement of Agency staff should be considered in the overall context including increasing demand for services; the impact of earlier constraints on recruitment in the public service; ongoing challenges in relation to the recruitment and retention of clinical staff; actions necessary to support compliance with the European Working Time Directive and efforts to reduce expenditure on agency staff.

The use of Agency staff is under constant review. Agency staff are used where there is a difficulty in recruiting and employing hospital staff and where there is a short-term critical service need. Agency is also used for flexibility to allow for variation in activity and as required to meet patient demand needs.

In certain services we are unhappy with the level of reliance on agency staffing and therefore the reduction and minimisation of agency costs remains an area of focus, including in our 2019 National Service Plan.

Our main focus is to reduce agency spend, but for example, until the supply of nurses willing to take up HSE contracts increase, agency nurses are being used to fill long-term vacancies and 'lines' rather than for short-term, temporary vacancies, which was the original purpose of having agency frameworks in place.

Together with Procurement a tendering process has just been completed for recruitment of International Nurses and the contracts are currently being issued to the successful Contractors. It is hoped that the recruitment of these international nurses, together with on-going local recruitment campaigns, will assist in reducing the number of vacancies and therefore subsequently reduce the overall agency spend.

Approximately 94% of our pay related spend each year is for directly employed staff and in certain cases, other than utilisation of agency, there are limited choices in terms of maintenance of essential services. In other circumstances, the flexibility, preferably as a short term measure (e.g. short term sick leave cover), offered by agency staffing makes it an appropriate choice. We are seeking to maximise the retention of graduate nurses on a cost neutral basis especially through the displacement of existing agency staff.

If you have any queries, please do not hesitate to contact me at sarah.anderson1@hse.ie or tel: 045 882559.

Yours sincerely

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