



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

Oifig an Cheannaire Oibríochtaí,
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16th November 2020

Deputy Alan Kelly,
Dail Eireann,
Leinster House,
Kildare Street,
Dublin 2.
e-mail: alan.kelly@oireachtas.ie

Dear Deputy Kelly,

The Health Service Executive has been requested to reply directly to you in the context of the following parliamentary question, which was submitted to this department for response.

PQ 30662/20

To ask the Minister for Health the steps he is taking to ensure that the substantial deficits currently experienced by section 38 and 39 disability service providers are eliminated; the target date he is working towards for the elimination of these deficits; and if he will make a statement on the matter.

HSE Response.

The majority of disability service provision in Ireland has historically and continues to be provided by voluntary agencies, which are funded under Section 38 and Section 39 of the Health Act 2004. All providers in this category are governed via voluntary Directors of Boards and subject to onerous and intensive regulatory frameworks, including HIQA, Charities Regulation, Company Law and Housing Regulations (where the provider concerned is also an Approved Housing Body).

Disability organisations can be characterised as systemically challenged in terms of financial sustainability and many are struggling in the context of attaining and sustaining appropriate levels of governance and leadership capacity. Consequently, a significant number of existing providers continue to present a risk in terms of service continuity without medium to long-term statutory intervention/ reform.

Disability Operations undertook a high level review of approximately twenty nine voluntary section 38/39 providers in terms of financial sustainability. This review identified significant risk for the providers concerned, and by extension the State, in terms of the financial viability of S38/39 disability provider sector where significant deficits have been identified.

The key drivers of this challenging position relate to the following challenges;

- Responding to changing/ unmet service user need (Including clinical/ safeguarding risks).
- The cost of maintaining very onerous and intensive regulatory compliance (in particular HIQA) regimes none of which have been financially/ risk assessed prior to implementation. This has been a serious impediment to both planning and supporting transition to a well as maintaining compliance;

- The cost of implementing ambitious and far reaching policy initiatives without the necessary requirement for multi-annual investment planning. For example, Decongregation, New Directions, Progressing Disability Services for Children and Young People;
- Disability services, in terms of the scope of the current operating model, stretches well beyond the role and remit of Health & Social Care Provision; for example, in the area of housing, transport and training/ employment based programmes all of which are significant cost factors in the delivery of disability supports currently.
- Costs incurred by the current COVID -19 pandemic

The HSE is very mindful of achieving an appropriate balance in respect of the benefits deriving from the expertise and innovation garnered via voluntary provider organisations, whilst also recognising the need to maintain strong fiscal governance and the delivery of high quality health and social care services. Equally, the HSE must have regard to duplication of agencies and costs associated with the governance and management of the scale of entities, thereby creating opportunities for the HSE to increase overall value for money and ensure health resources are maximised to benefit the citizen. To achieve this, there is a strong imperative to reform this sector and seek alignment under Sláintecare and most particularly in respect of systemic financial/ governance concerns in the sector.

It is important to note that the Executive has put measures in place in order to support vulnerable provider organisations, including delivery of a national service improvement programme. These measures include:

- Improvement Plans across governance / service delivery / Compliance
- Detailed Financial Analysis
- Validation processes – Finance / Clinical / Services
- Service Delivery reviews
- Move to an approval funding approach
- Continued monitoring and engagement
- Improving aptitude for delivering change

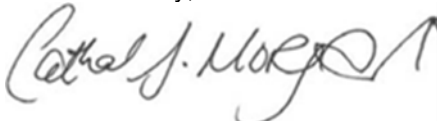
Reform Programme

The HSE and the Department of Health are currently holding discussions on the dispersal of funding to voluntary organisations in the disability sector, with an obligation for organisations to commit to reform measures that will enhance service delivery and sustainability. Details of this are being finalised.

The HSE recognises that longer-term vision necessitates a multi-year programme of work with a long-term commitment to delivery. The approach is action-focused so as to deliver tangible short term benefits as better services are built up for longer term sustainability. In this regard, the HSE welcomes the recent announcements from the Government of additional funding for Disability Services. It includes:

- An additional €100 million secured for Disability Services in the recent budget.
- €20 million in one-off grants to be provided to reform disability services, build the capacity of disability organisations, and to improve the quality of life of those who rely on these services

Yours sincerely,



**Dr. Cathal Morgan,
Head of Operations - Disability Services,
Community Operations**