



Feidhmeannacht na Seirbhíse Sláinte  
Health Service Executive

**Oifig an Cheannaire Oibríochtaí,**  
Na Seirbhísí Míchumais/An Rannán Cúram Sóisialta,  
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27<sup>th</sup> October 2020

Deputy Alan Kelly  
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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 30017/20**

*To ask the Minister for Health the steps he is taking to ensure that the deficits experienced by section 38 and section 39 disability service providers are eliminated; the date on which these deficits will be eliminated; and if he will make a statement on the matter.*

**HSE Response**

**Funding Disability Services.**

At the beginning of 2020, the HSE Disability Services was allocated c. €2 billion. This funding is providing Disability Services throughout the country to children and adults with physical, sensory, intellectual disability and autism.

The funding reflects an incremental increase in the provision of funding to the Disability service as follows;

2014: €1.4 billion  
2015: €1.5 billion  
2016; €1.6 billion  
2017: €1.7 billion  
2018: €1.8 billion  
2019: €1.9 billion  
2020; €2.0 billion

The increase in funding for disability services in recent years has been welcome. However, to meet the demographic challenges associated with the increase in the number of people living with a disability, the increase in age and life expectancy and the changing needs of people with a disability, collaborative working is required across the wider health and social care setting with the aim of improving access to services for all people with a disability.

In addressing this challenge, disability services have a significant programme of reform underway which is informing a new model of service provision. Transforming Lives sets out the recommendations of the Value

for Money and Policy Review of Disability Services in Ireland, 2012. It provides the framework for the implementation of:

- Time to Move on from Congregated Settings – A Strategy for Community Inclusion in respect of residential centres to support the transition of people from institutional settings to community-based living.
- New Directions Programme – to improve day services and supports and aims to meet the needs of the individual.

In addition to the challenges posed by the ongoing Covid-19 pandemic, as we move through our programme of reform and consolidation of the disability sector, an increasing challenge has been in striking the appropriate balance in relation to the competing need for resources across these national policy objectives and the presenting needs of the disability population.

All funded services are required to deliver safe and effective services within a defined budget allocation. The HSE must ensure that it prioritises available resources on the basis of meeting the health and social needs of people with a disability.

The HSE works in partnership with agencies to ensure the best level of service possible is provided to people with a disability and their families, within the resources available.

There is continuous engagement between the HSE, the Community Healthcare Organisations (CHOs) and these agencies to ensure resources are prioritised on the basis of meeting the needs of people with a disability and those caring for them.

## **Funding Issues**

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 approx. 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 deficits totalling circa €30m 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

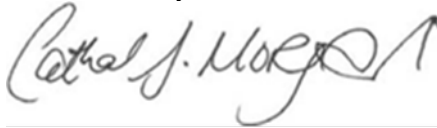
HSE is very mindful of achieving an appropriate balance in respect of the benefits deriving from the expertise and innovation garnered via voluntary provider organisations, whilst also recognising the need to maintain strong fiscal governance and the delivery of high quality health and social care services. 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. Additionally, the Executive is currently developing options in terms of immediate as well as long-term policy considerations.

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 to deliver tangible short term benefits as better services are built up for longer term sustainability.

The HSE welcomes the announcement of an additional €100 million secured for Disability Services in the recent budget. The specific breakdown of this investment will be discussed as part of the normal service planning process and will be detailed in the Letter of Determination from the Department of Health. However, the HSE anticipates that funding will be allocated to support Voluntary Service Providers.

Yours sincerely,



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