



Rialtas na hÉireann  
Government of Ireland

# Spending Review 2021

## Executive Summaries – Tranche 5 Publications

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These papers has been prepared by IGEES staff across a number of Departments. The views presented in the papers do not represent the official views of each Department or Minister.

# IGEES

Irish Government Economic and Evaluation Service

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## **Expanded Provision of Home Support and Total Costs of Long Term Care for Older Persons – A Scoping Review and Exploratory Analysis**

### **Executive Summary**

This exploratory analysis sought to characterise how costs behave relative to changes in activity levels as a result of increased provision of home support, using available data on the current provision of long term care for older persons and findings from studies that have examined this in other settings.

The provision of long term care for older persons is of particular relevance to health policymaking in Ireland at present, given the Programme for Government commitment to introduce a statutory scheme to support people to live in their own homes that will provide equitable access to high-quality care and the Sláintecare commitment to expand community-based care. The financing model for the scheme has yet to be determined.

Results of a scoping review of the available literature suggest that implementing a statutory home support scheme has the potential to significantly increase costs of long term care. However, careful targeting of services and effective cost controls may help limit expenditure increased associated with enhanced service provision.

Results of an economic analysis showed that the degree to which increased home support provision substitutes for family/unpaid care is likely to be a more important cost driver than either the extent of any crowding out of private spending on home support care, or substitution of nursing home care by home support. Effective targeting of additional hours to current home support recipients is another key factor for controlling costs. The ranges within which these parameters would have to fall relative to each other for increased provision of home support to be cost saving are reported.

As well as being a useful tool for assessing the potential costs of expanded home support, the model can also be used to explore the degree of improvement in health related quality of life that would be needed for a new scheme to be considered cost effective using conventional willingness to pay thresholds in Ireland.

Important limitations of this work include the exclusion of hospital costs, client co-payments or contributions to the cost of care, and administrative and clinical assessment costs associated with enhanced provision of home support.

These findings are intended to highlight important considerations that can contribute to the design of a statutory home support scheme and inform the development of a plan to monitor and evaluate the scheme following implementation.

## **Social Care for People with Disabilities: Trends in Expenditure and Delivery of Services**

### **Executive Summary**

- Expenditure on social care services for people with a disability is over 11% of total gross voted current health expenditure. Expenditure on this health expenditure line totalled €2.09bn in 2020, a 37% increase in expenditure since 2015.
- Despite an increase in allocation, the last six years has seen consistent overspend on the start-of-year budget for healthcare disability services. This trend has continued in 2020 when disabilities was an estimated 2.1% (or €44 million) over the starting budget by year end.
- Over 60% of expenditure is spent on residential places, and over 20% on day care services. Aggregate average annual unit costs are substantial for these services: close to €140,000 per residential placement and above €20,000 per day care place.
- From 2015-2018, activity in non-residential social care services for people with disabilities – personal assistance hours, home help and respite care – show a lower growth in activity than spend. The increase in unit costs in disability services is noted and further analysis is needed to identify the cost drivers.
- In 2018, more than 80% (over €1.3bn) of the expenditure in disability services was concentrated on residential and day care. Opportunities exist to strengthen the link between expenditure and activity across services and service providers, to help improve monitoring and in turn cost-effectiveness and value for money.
- Improved budgetary control and a strengthened focus on sustainability and value for money is imperative in the context of the planned Transfer of Functions relating to specialist community-based disability services from the Minister for Health to the Minister for Children, Equality, Disability, Integration and Youth.
- A systematic approach for data collection in the disability services sector is required to enable better reporting on the activity and expenditure in this sector and the interlinkages of such.

## Executive Summary

### Context & Rationale

This paper investigates factors that affect agency and overtime expenditure in the Irish health sector, focusing specifically on the impact of staffing supply and rising demand for healthcare.

Agency refers to the utilisation of temporary staff through a recruitment agency. Agency staff can work across healthcare settings and locations. Overtime refers to hours worked by permanent employees above their contracted hours.

While these flexible staffing arrangements can address short-term staff shortages in the health sector, these methods are more expensive than delivering healthcare using core hours of directly employed staff. Studies have also found that reliance on these kinds of staffing arrangements can lead to worse patient outcomes.

Expenditure on agency and overtime hours have been increasing in recent years. The factors driving this increasing trend are not clear. One potential cause is that rising demand for agency and overtime is driven by staff supply shortages, implying that changes in permanent staffing levels is inversely related to agency and overtime usage. An alternative theory is that rising expenditure on agency and overtime is driven by the rising demand for healthcare, implying that rising agency and overtime expenditure is correlated with higher levels of activity.

This paper provides a thorough analysis of agency and overtime from 2012 to 2019<sup>1</sup>, giving consideration to staffing levels, absence trends and activity levels in the health service. It also provides a granular analysis of these staffing mechanisms by different service areas, highlighting different trends in agency and overtime usage. The results from this paper can contribute to improved budgeting, monitoring, and forecasting of agency and overtime expenditure, and adds to the understanding of the underlying drivers of agency and overtime usage.

### Key Findings

- Agency expenditure has had an almost constant increase from 2012 (€214.9M) to 2019 (€423.3M), with the only decrease shown in 2015, where expenditure fell 3% (€9M). The overall growth from 2012 to 2019 was a 97% increase (€208M).
- In 2012, overtime expenditure stood at €255.1M. Overtime expenditure fell in 2013 and 2014 but has increased thereafter. Expenditure on overtime increased by a total of 15% (€38M) from 2012 to 2019, and 46% (€92M) from 2014 to 2019.
- Expenditure on agency and overtime has risen more sharply than the average wages over this time period. This suggests that the amount of hours of agency and overtime has increased, pointing to a growing reliance on agency and overtime to deliver healthcare.
- From international research, we have found that high usage of agency staff and overtime hours are a feature of a number of health systems worldwide. Many sources have shown that while agency and overtime can enhance the flexibility of the health sector to respond to

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<sup>1</sup> The year 2020 has been excluded from the analysis due to the large effect the COVID-19 pandemic has had on the health sector, and the large increases in agency and overtime usage because of it.

changes in staffing or service demands, it is more costly than permanent staff, and overuse can negatively affect staff wellbeing and patient safety.

- Staffing levels, measured in whole-time equivalents (WTE), decreased from 2012 to 2014 but have shown a continuous increasing trend since 2015. From 2012 to 2019, WTE has increased by 14% or 15 thousand WTEs.
- The absence rates of public healthcare staff did not greatly differ over the time period studied, implying that the availability of core hours of work provided by the directly employed workforce did not differ greatly.
- While national trends show almost continuous increases from 2015 to 2019 across staffing levels and agency and overtime expenditure, trends across the six service areas vary considerably.
- Acute Services<sup>2</sup> has seen larger increases in WTE over the period studied than the other service areas, increasing by 24% from 2013 to 2019. Acute Services also shows the lowest average annual percentage growth (5%) of agency expenditure when compared with other service areas. This may indicate that higher levels of staffing are helping to offset the need for agency staff in this setting, supporting the idea that growth in agency usage is driven by staff shortages.
- Other than Acute Services, all other service areas showed low levels of staff growth and higher average growth in agency expenditure over the period studied. This relative stagnation of WTE growth in certain areas may be driving the need for agency staff. This is further evidence to support the theory that staff shortages are leading to higher agency usage. However, more research is needed to confirm this link.
- Mental Health Services has experienced a significantly higher growth in agency expenditure than any other service area at an average of 30% annually from 2014 to 2019. This service area has the second smallest workforce out of all the health sector service areas (8% of the health sector workforce, as at the end of 2019) but from 2016 onwards had the second highest agency expenditure rates. Mental Health Services also have the second highest expenditure on overtime, and staffing levels show very low growth rates over the time period.
- Further research into the reasons for the lower levels of staffing increases seen in some healthcare settings could uncover causes of the increasing reliance on overtime and agency. Identifying the reasons for low staff growth could help inform policies or targets to reduce reliance on agency and overtime.
- This research found that there is a lack of data related to activity in the community setting and conclusions on the relationship between rising agency and overtime trends and healthcare demand could not be drawn. There is a need for greater data to be collected in the community setting, specifically relating to activity in Primary Care Services, Disability Services, Mental Health Services and Older People's Services. Consistent measurement of the number of people who received care, where that care was provided and a comparable

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<sup>2</sup> Acute Services include Inpatient Scheduled Care, Unscheduled/Emergency Care, Maternity Care Services, Outpatient and Diagnostic Services.

measure for how much care was provided would significantly improve the ability to analyse activity trends in this setting.

- An increase in data linking staffing levels with activity in healthcare settings would allow for further research into this area. Improved activity metrics in the community could feed into the development of workforce to activity ratios which could be analysed over time to give greater understanding of how the use of overtime and agency hours react to surges in demand.