



ASSOCIATION OF HOSPITAL CHIEF EXECUTIVES

# SUBMISSION TO PUBLIC SECTOR PAY COMMISSION FROM THE ASSOCIATION OF HOSPITAL CHIEF EXECUTIVES

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## *Introduction*

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The Association of Hospital Chief Executives (AHCE) is the body which promotes issues and items of importance in protecting the welfare of patients and other interest to the Voluntary Hospitals. The Association has been in existence for 22 years, is well recognised and respected, and participates on many established fora with the Department of Health (DoH), Health Service Executive (HSE) and other State Bodies.

Its members cover a whole range of hospitals including academic teaching hospitals, maternity hospitals, paediatric, other single speciality hospitals/organisations and mental health facilities.

A copy of the membership is attached for your information and attention as Appendix 1.

In this paper, the AHCE make some pertinent points to the Commission to reflect the concerns of its members. This is not an exhaustive list of issues but gives a summary overview of issues which the Association believe must be addressed.

In total, the voluntary hospitals/organisations represent/employ approximately twenty five thousand (25,000) healthcare professionals with an annual budget of approximately €1.5 to €2 billion (1/3 of the State funding for hospital services). They account for almost 30% of all in-patient care and provide the majority of the strategically critical national speciality services.

Each Chief Executive Officer is accountable to a Board, who function independently but collaboratively with the HSE, through the Service Arrangement. This Service Arrangement is constructed under the 2004 Health Act and forms the legal basis upon which services provided by voluntary hospitals/organisations are funded by the HSE.

We as Chief Executive Officers, together with all our staff, are public servants who work in the public healthcare system to support the welfare and safety of patient care.

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## ***Key points for consideration***

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Each Chief Executive Officer has accountability to his/her Board for the management of their hospital/organisation. All staff working in voluntary hospitals/organisations, including medical and other clinical staff, are accountable either directly or indirectly to the Chief Executive Officer.

The Chief Executive Officer has the responsibility to ensure that the full range of operational and strategic management to support patient care on a 24/7/365 day basis is provided. In addition, he/she carries the statutory/legal responsibilities of the organisation, many of which function as limited companies. This means he/she legally holds equivalent responsibility to that of a Company Director including, but not limited to, full regulatory compliance for health and safety, employment regulations, pay and pension management, procurement regulations, financial reporting and audit, data protection, Freedom of Information regulations as well as ensuring good risk management and accountability for organisational performance.

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## ***Rise in accountability***

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Over the past few years the legal, compliance and accountability demands have risen hugely with no commensurate increase in staffing, so in effect all those accountabilities fall directly on the Chief Executive Officer's shoulders. The increase in accountability is being driven by the Department of Public Expenditure and Reform (DPER) and HSE and various other regulatory bodies, e.g. Health Information and Quality Authority. While Chief Executive Officers welcome and support the accountability associated with this senior level posting, it is an essential requirement that this accountability and responsibility is recognised with a salary and grading commensurate to other senior appointees holding similar responsibility on a 24/7/ 365 day basis.

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## ***Impact of suppression of grading structure***

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As the Commission will be aware, it has become extremely difficult to attract key senior staff into our services. There is no doubt that salary and conditions are huge impediments in this regard. In the last two years in an unprecedented move, the DoH in conjunction with DPER and the HSE, have intentionally and without due consideration reduced the pay rates for new Chief Executive Officers of voluntary hospitals/organisations by 20-25% as per DoH Circular 11/2015 (Appendix 2) and HSE HR Circular 022/2015, (Appendix 3). This reduction has been imposed on top of the Financial Emergency Measures in the Public Interest (FEMPI) Act 2015 and the Pension Levy. The Chief Executive Officer of the voluntary hospital/organisation is the only category of public servant this cut has been applied to. In effect, potential applicants will be doubly disenfranchised going forward. Applicants will not be attracted to the positions with the result that posts will remain unfilled. This will result in Boards being unable to carry out their statutory duties and the delegated functions of the day to day running of hospitals/organisations will not be possible. Patient care will inevitably be seriously compromised.

Pay linkages with other senior public servant grades were previously well established. As a result of the DPER decision these are now gone. So in effect, the Chief Executive Officers are now a group that has no pay relationships with other grades. It is extremely frustrating to see accountability and performance expectations continue to increase while the salary offered decreases. It is also increasingly the case that other members of the senior management team reporting to the Chief Executive Officer has greater earning potential than their executive manager.

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## *Impact of FEMPI legislation*

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Under the above emergency legislation enacted at the time of the economic downturn, Chief Executive Officers salaries were reduced by approx. 10%. At the time, all deductions were taken at the higher rates on the scale in line with top line public servants but to date none of the FEMPI reductions have been returned. Despite this, Chief Executive Officers have been expected to manage organisations and protect patient safety through the economic crisis, the current trolley and recruitment crises, achieve targets set with reduced allocations and motivate staff to do more of a higher standard with less cost. The reward for this is to have a salary reduction and grades/status downgraded. The gap between the Chief Executive Officer's salary and those of other staff has narrowed and will narrow further as various returns of FEMPI reductions occur for other staff.

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## *Likely consequences of downgrading the Chief Executive Officer role*

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As stated previously, the impact of downgrading pay status for the Chief Executive Officer is that it sets a ceiling for the organisation and the appointments made to management teams. Again, there are at present major issues in attracting and retaining managers of the calibre and experience that good healthcare and patient safety demands. Currently some significant posts are unfilled, others are filled temporarily or not at all, and if pay and conditions are downgraded this will only make these jobs impossible to fill with the calibre of staff required to ensure high standard public service provision.

Potential candidates do not see the remuneration as being sufficient to match the increase in responsibility and accountability and are often attracted to roles in the private sector offering significantly higher remuneration and benefits.

The Public Appointments Service recently stated that pay rates now on offer to hospital Chief Executive Officers including academic teaching hospitals with budgets of €200/€400 million is too low to attract top calibre candidates to apply for these posts. These are the largest acute hospitals in the country and provide the majority of national clinical speciality services. However, the ability for other voluntary hospitals/organisations to recruit now and into the future is also severely compromised as higher rates of remuneration are available without the level of accountability and responsibility.

With the new salary scales many current members of senior management teams would have to take a pay reduction in order to take up the post of Chief Executive Officer. It follows that as the salaries for Chief Executive Officers are reduced the salary/grade of other senior management officers are likely to be reduced also. This will fundamentally compromise the ability to recruit to clinical, professional and corporate positions all of which have higher salary opportunities in the private health sector.

In the case of corporate roles (ICT, HR, Finance) the demand in the private and commercial sectors is extremely competitive for competent staff. These companies can offer benefits, in addition to salary, that are not permitted in the public sector. Therefore, the pay parity must be maintained.

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## ***Complexity of voluntary hospitals / organisations***

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The voluntary hospitals/organisations employ many hundreds to thousands of staff for whom the Chief Executive Officer has employer responsibility and accountability. In many cases, the voluntary hospital/organisation is the single largest employer in the geographical area, even when compared to the private sector. The organisations are complex, busy and function 24/7/365. Comparatively speaking it would be impossible to get Chief Executive Officers in the private sector to manage the complexity and risk of the voluntary healthcare business on the current Chief Executive Officer salary.

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## ***Rising regulatory framework / compliance requirements***

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The Irish Business and Employers Confederation carried out a review of the regulatory and compliance requirements of the voluntary hospitals/organisations and have advised that in many cases the accountability and compliance requirements are greater than in the private sector. The Public Service Accountability framework is much more onerous when compared with the audit controls under Sarbanes Oxley (US) or the Companies Act 2004 (UK) for the private sector.

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## ***Our relationship with the HSE***

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The AHCE has a long history of collaborative working with state bodies and agencies. While the Association pre-dates the HSE by many years and indeed continues to work seamlessly with it despite its imminent demise, the parity of esteem that once existed is now being challenged. It appears to us that the HSE appoint staff at grades such as General Manager and Assistant National Director where the level of accountability held is less than that of a Chief Executive Officer of a voluntary hospital/organisation. There is an imbalanced relationship where Chief Executive Officers are reporting on behalf of their Boards to officers with less accountability and a higher salary.

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## ***Conclusion***

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Chief Executive Officers are accountable directly to a Board for the quality and safety of patient care, appropriate financial management and statutory and other legal compliance in addition to the day to day management of highly complex 24/7/365 organisations. The Chief Executive Officer on behalf of his/her Board manages the relationship with the HSE consistent with the Service Arrangement as approved by the Board. It is important to note that the voluntary hospital/organisation Chief Executive Officer is responsible in law to a Board and not to a HSE Hospital Group CEO or Community Health Organisation Chief Officer. It is the Board that have the legal relationship with the HSE and this relationship is managed on a day to day basis by the Chief Executive Officer on behalf of the Board.

If nothing is done to arrest the elimination of the grade of Chief Executive Officer and the reductions of the associated salary while the accountability and role expands, the AHCE has a genuine fear for the future safety of voluntary hospitals/organisations and services. Good healthcare can only be assured by the oversight of staff who have the requisite expertise and qualifications and are paid commensurate with same. The grade and pay structure is integral to the attractiveness of the job and the interest of individuals with the knowledge and skill set required to manage the complexity of healthcare. The re-instatement of the cuts to the Chief Executive Officers salaries by the DoH/DEPR/HSE would be small monies indeed comparative to the number of individuals involved and the potential negative long-term impacts of the current scenario.

Signed:   
Chairman

Date: 25 January 2017



**ASSOCIATION OF HOSPITAL CHIEF EXECUTIVES**

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***Membership***

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1. Beaumont Hospital, Dublin
2. Cappagh National Orthopaedic Hospital, Dublin
3. Central Remedial Clinic, Dublin
4. Children's University Hospital, Temple Street, Dublin
5. Clontarf Orthopaedic Hospital, Dublin
6. Coombe Hospital, Dublin
7. Dublin Dental Hospital
8. Leopardstown Park Hospital, Dublin
9. Marymount University Hospice, Cork
10. Mater Misericordiae Hospital, Dublin
11. Mercy University Hospital, Cork
12. Milford Hospice, Limerick
13. National Rehabilitation Hospital, Dublin
14. National Maternity Hospital, Holles Street, Dublin
15. Our Lady's Childrens Hospital, Crumlin, Dublin
16. Our Lady's Hospice, Harold's Cross, Dublin
17. Peamount Hospital, Dublin
18. Rotunda Hospital, Dublin
19. Royal Hospital, Donnybrook, Dublin
20. Royal Victoria Eye and Ear Hospital, Dublin
21. South Infirmary-Victoria University Hospital, Cork
22. St. Francis Hospice, Dublin
23. St. James's Hospital, Dublin
24. St. John's Hospital, Limerick
25. St. Vincent's Hospital, Fairview, Dublin
26. St. Vincent's University Hospital, Dublin
27. Tallaght (AMNCH) Hospital, Dublin

373651



14<sup>th</sup> September 2015

Ms Rosarii Mannion  
National Director of Human Resources,  
Office of the National Director of HR, HSE,  
Dr. Steevens' Hospital  
Dublin 2

**Re: Salary rates for future CEO appointments to Section 38 agencies**

Dear Ms Mannion

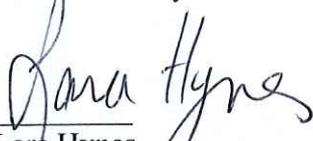
This Department has completed a review of the appropriate salary levels for the CEOs of Section 38 agencies, in conjunction with the HSE and DPER. This review was carried out on foot of Recommendation No. 20 in the HSE's Internal Audit report on the remuneration of senior managers in Section 38 agencies which stated that a review of the remuneration rates of CEOs and senior management was required for a number of organisations, particularly in the social care area, to ensure pay rates reflect the comparable size, scale and complexity of each organisation.

The review of the appropriate level of remuneration for Section 38 Agencies is now complete in respect of the CEOs. Completion of this banding exercise is an important stage in addressing non-compliance with Government pay policy as it will provide clarity on the appropriate rate of pay for all the CEO posts within the health service.

It has been agreed with DPER that in future there will be two banding levels - one for the CEOs of Acute Hospitals and one for the CEOs of Social Care organisations. The attached document, Appendix 1, outlines the revised salary bands which will apply to any new CEO appointments arising from this date.

Can you please bring the new salary rates to the attention of all Section 38 agencies.

Yours sincerely



Lara Hynes  
Principal Officer  
National HR

lus Aite do  
**Shábháilteacht 1** Othar  
Patient Safety **First**



HEALTH SERVICE EXECUTIVE  
16 SEP 2015  
RECEIVED  
Office of the National Dir. HR  
Cuirfead fáilte roimh chéad in-aeirias in Gaeilge  
**An Roinn Sláinte/Department of Health**  
Teach Haicín Baile Átha Cliath 2  
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Fón/Tel (01) 635 4000  
Facs/Fax (01) 635 4001  
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Suíomh Gréasáin/Web www.health.gov.ie  
Páipéar Athchúrsáilte/Printed on Recycled Paper

# APPENDIX 1

## Banding of CEO Salaries in Section 38 Agencies - September 2015

Hospitals		
Band	Pay Scale	Agency Names
Band H1	€64,812 €65,000 €65,114 €67,485 €69,839 €72,702 €74,551	6 Cork Dental Hospital, Dublin Dental Hospital, Incorporated Orthopaedic Hospital, Royal Hospital Donnybrook, St. Vincents (Fairview), Leopardstown Park,
Band H2	€75,000 €76,250 €77,500 €78,750 €80,000	6 Cappagh, National Rehabilitation Hospital, Pearmount, Royal Victoria Eye & Ear St. Johns Hospital, St. Michaels Hospital,
Band H3	€89,000 €91,500 €94,000 €96,500 €99,000 €101,500 €104,000	5 Coombe, Mercy University Hospital, National Maternity Hospital, Rotunda Hospital, South Infirmary Victoria University Hospital,
Band H4	€95,000 €97,500 €100,000 €102,500 €105,000 €107,500 €110,000	2 Our Lady's Childrens Hospital, Temple Street Childrens University Hospital
Band H5	€121,600	5 AMNCH, Beaumont Hospital, Mater Misericordiae Hospital , St. Vincents University Hospital, St. James Hospital

Social Care (not hospitals)		
Band	Pay Scale	Agency Names
Band SC1	€64,812 €65,000 €65,114 €67,485 €69,839 €72,702 €74,551	6 BOC Clare, Carriglea Cairde Services, The Childrens Sunshine Home, Sisters of Charity Kilkenny, BOC Roscommon, KARE
Band SC2	€75,000 €76,250 €77,500 €78,750 €80,000	6 BOC Limerick, BOC South East, CRC, Cheeverstown House, Our Ladys Hospice, Sunbeam House,
Band SC3	€89,000 €91,500 €94,000 €96,500 €99,000 €101,500 €104,000	5 BOC Galway, BOC South, COPE Foundation, Muiriosa Foundation, Stewarts Care,
Band SC4	€95,000 €97,500 €100,000 €102,500 €105,000 €107,500 €110,000	3 St Michaels House, Daughters of Charity, St. John of God Hospitalier



Feidhmeannacht na Seirbhíse Sláinte  
Health Service Executive

Oifig an Stiúrthóra Náisiúnta, Acmhainní Daonna  
Feidhmeannacht na Seirbhíse Sláinte  
Ospidéal Dr. Steevens'  
Baile Átha Cliath 8

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Health Service Executive  
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## HSE HR Circular 022/2015

**To:** Each CEO Section 38 Agency

**From:** Rosarii Mannion, National Director of Human Resources

**Date:** 23<sup>rd</sup> September 2015

**Re:** Salary rates for future CEO appointments to Section 38 Agencies

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Dear Colleagues

This Circular is to advise on the salary rates for future CEO appointments to Section 38 Agencies. The Department of Health has completed an extensive review of the appropriate salary levels for the CEOs of Section 38 Agencies in conjunction with the Department of Public Expenditure and Reform and the Health Service Executive.

The review of the appropriate level of remuneration for Section 38 Agencies is now complete in respect of the CEOs. It has been agreed with the Department of Public Expenditure and Reform that in future there will be two banding levels – one for the CEOs of Acute Hospitals and one for the CEOs of Social Care organisations.

Please note Appendix 1 and attached letter which outlines the revised salary bands which will apply to any new CEO appointments arising from this date.

All queries concerning this Circular should be directed to National HR by email to [hilary.dolan@hse.ie](mailto:hilary.dolan@hse.ie) or by phone to 01 635 2612.

Yours sincerely

**Rosarii Mannion**  
National Director of Human Resources