IRISH HOSPITAL CONSULTANTS ASSOCIATION

HERITAGE HOUSE,
DUNDRUM OFFICE PARK,
DUBLIN 14.

TELEPHONE: 298 9123
FAX: 298 9395
e-mail: info@ihca.ie
website: www.ihca.ie

15 March 2017

By email and post
Mr Kevin Duffy
Chairman
Public Service Pay Commission
St Stephen's Green House
Dublin 2

Re: Requested supplementary information and reply on public service pension matters

Dear Mr Duffy,

I am pleased on behalf of the Association to enclose the supplementary information requested by the Commission during our meeting on 9 January. I also include our initial reply to your letter dated 20 January on public service pension matters.

1. Supplement to the IHCA Submission dated 16 December 2016

At our meeting in January the Commission's members requested additional information in respect of the following:

- Extent of consultant vacancies.
- Age profile of consultants and those with specialist registration.
- Reliance on foreign trained doctors.
- Cost of temporary and agency consultant staff.

1.1. Extent of Consultant vacancies

There were 370 vacant permanent approved consultant posts in publicly funded acute hospitals on 30 September 2016. This is the equivalent to a full 15% of the 2,518 approved consultant posts in those hospitals, as confirmed in the attached HSE reply to a PQ in October 2016 (*Appendix 1*). The reply to the PQ did not provide a breakdown by specialty and the IHCA is not in a position to provide this due to the lack of readily available information in that respect.

As outlined in our meeting, it is estimated that there are a further 65 vacant permanent consultant psychiatry posts in the Mental Health Service, as that service was not included in the HSE reply to the PQ which related solely to acute hospitals.

1.2. Age profile of Consultants and Specialists

The age profile of consultants employed directly by the HSE (excluding HSE funded voluntary hospitals) is outlined in the table below. It is a concern that 25% of the hospital consultants are over 55 years with 10% over 60 years.

Age Profile of Consultants in HSE Acute Hospital Posts

	< 20	20 - 24	25-29	30-34	35-39	40-44	45-49	50 - 54	55-59	60-64	65+	Total
Nos	-	-	-	21	159	354	441	390	278	149	44	1,836
% of total				1%	9%	19%	24%	21%	15%	8%	2%	100%

Source: HSE March 2016

Medical Council data confirm this concern with 30% of its registered specialists including consultants (excluding GPs) over the age of 55.

Age Profile of Members of the Specialist Register

	Under 35	35 - 45	45-54	55-64	>65	Total
Numbers	80	2,326	2,401	1,683	721	4,398
% of total	2%	29%	39%	23%	7%	100%

Source: 2015 Medical Council Workforce data on registered specialists, including consultants but excluding GPs, practising medicine in Ireland

1.3. Reliance on foreign trained doctors

The IHCA December 2016 submission to the Commission confirmed that Ireland has a very high dependence on foreign trained doctors based on 2013 OECD data. The table below includes statistics on the percentage of foreign trained doctors practising in Ireland and other countries for the years 2011 to 2014.

Percentage foreign trained doctors

	2011	2012	2013	2014
Ireland	35.7%	32.6%	34.2%	36.1%
Spain	9.4%	-	-	-
Germany	7.3%	8.2%	8.8%	9.5%
Italy	0.7%	0.7%	0.7%	0.7%
France	8.2%	8.7%	9.2%	9.8%
UK	29%	28.7%	28.7%	28.3%

Source: OECD Health Database – Health workforce migration dataset (2011-2014)

1.4. Cost of temporary and agency consultant staff

As discussed at our January meeting there is evidence that temporary and agency consultants are costing two times the salary paid to non-new entrant consultants and three times that being paid to new entrants. In that respect, I enclose a Freedom of Information reply which confirms the cost of providing an agency Consultant in Emergency Medicine at €368,000 on an annual basis (Appendix 2).

I am also aware of anecdotal evidence of other cases where the HSE, acute hospitals and mental health services are paying well above the formally agreed salaries to fill vacant consultant and doctor posts, on a temporary or agency contract basis. The primary reason is that the Irish Health Service is no longer competitive, because of the scale of the salary cuts

since 2009 combined with demanding working conditions, in recruiting the calibre and number of consultants required to deliver care to a growing number of patients.

Furthermore, the IHCA is concerned that health service employers are appointing locum and agency doctors, who are not registered as specialists with the Medical Council, to temporary consultant posts. Section 37 of the Medical Practitioner Act 2007 provides that unregistered medical practitioners shall not practice medicine. In addition a doctor who is not registered as a specialist with the Medical Council is not authorised to practise as an independent specialist or consultant.

The fact that acute health service employers are employing doctors in consultant positions who are not on the specialist register highlights the extent of the consultant recruitment and retention crisis that has arisen due to FEMPI salary cuts and the increased pension levy imposed on consultants since 2009.

2. Public Service Pensions

I note that your letter of 20 January stated that it was intended to share with all stakeholders in February the methodology and assumptions adopted by the Department of Public Expenditure and Reform in assessing the relative value of public service pensions. At the time of writing the Association had not received that documentation.

This initial response to the Commission's request for our views on public service pension matters is limited in the absence of the information on the methodology and assumptions adopted by the Department. Accordingly, we would appreciate another opportunity to comment further when those details are made available to us.

The Department states in its letter to the Commission in January that *"the benefits of the pension arrangements of public service employees are significant and have likely increased the value of pensions from the 12% discount that was used in the 2007 Benchmarking Report."*

The Association requests that the following key factors are taken into account in assessing pension matters in conjunction with the review of the need to reverse the salary cuts imposed since 2009 and the increased pension levy which currently applies to public service employees

2.1 Consultants who are in high demand internationally took up their posts in the Irish health service on the basis that the salary and pension terms entered into would be honoured. However, since early 2009 the State and hospital employers have not paid the full salary included in the 2008 Consultant Contract entered into by over 2,000 consultants with their employers. In addition, consultant salaries have been subjected to the additional 2009 pension levy equivalent to between 8.5% and 9% of salary and FEMPI cuts in 2010 and 2013. Furthermore, new entrant consultants have had further reduced discriminatory salary scales imposed on them. The combined effect is a consultant recruitment and retention crisis as described in the IHCA's submission to the Commission in December 2016 and in the above supplementary information.

2.2 It is widely acknowledged that to arrest the crisis and start rebuilding the Irish health service's competitiveness in the effective recruitment and retention of hospital

consultants it is necessary for the State to honour the 2008 Consultant Contract terms, reverse the FEMPI cuts and pension levy and end the discrimination against new entrant consultants.

2.3 The Department's position that *"the benefits of the pension arrangements of public service employees are significant and have likely increased the value of pensions from the 12% discount that was utilised in the 2007 Benchmarking Report"* is also questionable in view of the significant additional charges and changes that are now applicable to consultant gross salaries and pension arrangements compared with 2008. These include:

i) Higher paid public servants and consultants are exposed exceptional additional tax on the value of their public service pensions if they exceed the new significantly reduced Standard Pension Fund Threshold (SFT), which limits the value of pensions. The resultant additional tax is levied at the marginal taxation rate on the arbitrarily calculated value of a public servant's pension at the time of retirement. This is in addition to the application of the usual tax deductions being applied as the pension is paid during retirement. The SFT limits have been reduced on two occasions in 2010 and 2014 and the arbitrary multipliers used to calculate the value of the pension were increased in 2014. The net effect is that hospital consultants are exposed to the payment of exceptional increased tax on their pensions. Where applied it is equivalent to the charging the marginal taxation rate twice on a portion of a consultant's pension at an effective cumulative rate of approximately 70%.

ii) The Pension Related Deduction (pension levy) introduce in 2009 is tiered and equivalent to between 8.5% and 9% of a consultant's salary. This is in addition to the superannuation deduction of 6.5% and the Class A PRSI levy of 4%. These pension related deductions total around 20% of gross salary.

iii) It should be noted that since 2011 the Universal Social Charge, equivalent to about 6.5% of a consultant's gross salary, is applied to salaries in addition to the standard and marginal rates of taxation.

iv) The *Career Average* Single Public Service Pension Scheme introduced in 2013 significantly impacts on consultant pensions more so than other public servants because consultants are more likely to have breaks in service. This arises due to the need to complete fellowship and other training abroad after completing specialist training. The net effect is that the value of such consultant pensions are reduced compared with equivalent higher paid public servants who do not incur breaks in their service.

Conclusions

The Association welcomes the Commission's assessment of these and the other factors outlined in our detailed submission. Given clear evidence of the persistent and serious Consultant recruitment and retention crisis there is an opportunity for the State and the Irish health service to address the crisis. This will require the restoration of trust and a number of fundamental actions to provide an improved platform to start rebuilding our international competiveness in the effective recruitment and retention of hospital consultants.

The key actions that are required including the reversal of the FEMPI salary cuts and increased pension levy introduced between 2009 and 2013, the honouring the 2008 Consultant Contract terms, and the ending the discrimination against new entrant consultants.

To prevent further ongoing deterioration of the crisis, we would welcome the Commission's acknowledgement of the scale of the problem and its support for the reversal of the salary cuts and increased pension levy in the report to be submitted to the Minister for Public Expenditure and Reform.

If you require further information or documentation concerning the Association's submission, please do not hesitate to contact me.

Yours sincerely,

Martin Varley,
Secretary General

Appendix 1 - HSE PQ reply Nov 2016 Q12

12. Could the Minister and the HSE set out in tabular form:

(a) The number of approved consultant posts in each publicly funded hospital, broken down by specialty.

Response: The number of approved consultant posts in HSE publically funded hospitals was 2,518 as at 30th September 2016. The detail of the number of approved consultant posts by hospital is provided in tabular form in appendix 12(a) attached

(b) The number of approved consultant posts in each publicly funded hospital filled on a permanent basis, broken down by specialty.

Response: As the staffing environment in the HSE is dynamic and subject to change, the numbers of Consultant posts filled on a permanent basis and the number of vacancies arising is not static. The staff census of September 2015 identified 370 consultant posts that were not filled on a permanent basis.

(c) The number of approved consultant posts in each publicly funded hospital that are unfilled (including positions occupied by a locum or a consultant employed by an agency), broken down by specialty.

(d) The length of time each of the unfilled posts have been vacant.

(e) The date at which the above measurements were taken.

(f) The number of anticipated retirements to take effect in 2016/17, broken down by hospital and in turn by specialty within each hospital.

Response: c) d) e) and f) The information is not currently available, however the HSE is the process of implementing an online Consultant Module for all clinical sites. This Module will facilitate each site to cross check all consultants employed at that site with approved consultant posts for that site. It is expected that the first of these reports will be available by the end of Q1, 2017. In addition, training in the use of the module is currently taking place across all relevant sites.

Appendix 2 – Reply to a FOI request confirming cost of providing a Locum in ED

Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

Consumer Services Department
Letterkenny General Hospital/ St. Conal's Hospital,
Letterkenny, Co. Donegal.
(074) 91 04429

IHCA
16 FEB 2017
Received

15th November 2012.

Mr. Peter O Rourke,
Glencarn House,
Rameiton,
Letterkenny,
Co. Donegal.

Dear Mr. O Rourke,

I refer to your request under the Freedom of Information Act 1997 and 2003 for access to information held by Letterkenny General Hospital regarding *the cost of the provision of a Locum Consultant in Emergency Medicine, paid to an Agency during the period 1st October, 2011 – 1st October, 2012, to include the entire Agency charges and cost,* was as follows –

The value of payments made for the shared post of Agency Consultant in the Emergency Department for 12 months ending October, 2012 was €368,000.

If you are not happy with this response you may wish to appeal in writing to *Mr. Sean Murphy, General Manager, General Hospital, Letterkenny, Co. Donegal,* stating that you wish to appeal.

Yours sincerely,

Noeleen O Donnell,
Consumer Services Officer.
PBD.