

Public Sector Pay Determination Lacks any Effective Independent Input or Oversight

Last year Stratis Consulting suggested that the engagement 'on a successor agreement to the Public Service Stability Agreement (PSSA) should commence with an initial focus on:

1. A shared analysis and understanding of the critical condition of our public finances.
2. A full assessment of the extent of delivery of existing commitments on productivity and change, which were included in previous agreements.
3. An examination of whether all existing pay and benefits obligations can be met including the (then) proposed 2% pay adjustment from the 1st October 2020.
4. A resolve to address the situation on future public sector pay determination including disputes in essential services.

It is fair to say that this did not happen and instead we have a new agreement 'Building Momentum' which will cost an estimated €906 million spread over 2021, 2022 and 2023, providing for a 1% pay rise in October 2021 and a further 1% rise in October 2022.

There is a pot of money, (equivalent to a further 1% pay increase or c. €237m), being set aside to deal with sector issues, pay claims or outstanding awards in particular parts of the public service which is likely to translate into a 1% further pay increase across the board, unless the Employer side tables a different approach to ensure that the value of this payment is reckonable for outstanding awards/ claims etc.

In addition, a new 'independent body' will be established to examine what has been termed the 'additional hours without additional pay' introduced for groups in the public service under the previous Haddington Road agreement in 2013. A further fund of €150 million is being established to cover costs that will arise as a result of recommendations on the future of these hours during the lifetime of the agreement. This Body will not look at a comparative analysis of working hours in the private sector and we can reasonably predict that the budget allocated (it is unusual that the outcomes of a review are pre-funded) will be insufficient to meet the demands that will emerge. Overtime and premium payment levels are to return to those that applied prior to the cuts introduced in 2013.

Stratis has no confidence that these estimates are accurate, and we expect that sector agreements have the potential to re-introduce and drive multiple leapfrogging claims.

No Audit of Delivery of Existing Commitments

Previous Public Sector pay agreements contain many clauses on organisational transformation and change. These include commitments on normalising weekend working, more open recruitment, productivity measures set out in the 2013 Lansdowne Road agreement which continue to apply during PSSA, the introduction of time recording systems, industrial action being ruled out in situations where the employer is abiding by the agreement, etc.

Other employee / union protections around outsourcing, no compulsory redundancy, work-life balance arrangements, minimising the use of agency staff etc. are jealously guarded by Public Sector Unions and Public Sector employers are regularly reminded of their obligations in these arenas.

Any objective observer of industrial relations (IR) in the Public Sector over the past 10 years will accept that there is a need to examine the extent to which there has been delivery on clauses previously agreed or whether they are just being repeated in subsequent agreements. There may be a view that if a change is not implemented within the currency of an agreement then the commitment lapses. This is an untenable position, but it has not been properly challenged by Employers. Some Managers must also take responsibility for not fully using the clauses within existing agreements to effect essential change.

Independence and Transparency in Public Sector Pay Determination

It is incredible that there is no external independent oversight, no private sector employer representation or involvement, and no representatives of the taxpayer within the current system of Public Service Pay determination. How is the principle of intergenerational fairness captured? Our younger citizens, especially those that do not work in the Public Sector, will be burdened for decades with various commitments being made including in the area of pensions. As taxpayers, we are all being prepared for increases in personal taxation in the years ahead and it is unclear how much of these increases will be used to fund the Public Sector Payroll or Public Services.

In our view, a new Public Service Pay Commission (PSPC) model should be adopted with a statutory remit to ensure independence and transparency in determining all elements of public sector remuneration. This would involve considering the job content of particular grades, the context (including both fiscal and economic) for setting the appropriate level of pay for groups or categories of workers based on appropriate criteria, comparing public service and private sector remuneration in their totality and assessing public sector remuneration in Ireland with EU and International equivalents.

An Independent Commission could also recommend proposed increases, scrutinise delivery of agreed reforms, provide verification of implementation before any conditional payments are made and ensure transparency of benefits by job category and on all aspects of remuneration across the Public Sector. A PSPC could also act as an 'Oversight Body' to ensure compliance with the provisions of the agreements including issues of implementation and interpretation.

Public Servants are entitled to be treated fairly and equitably when it comes to all elements of remuneration. The public service does an incredibly important job, as we have witnessed and for which we are all grateful during the Covid-19 crisis. We all have a vested interest in ensuring that value for money is delivered and that Senior Public Sector Managers have the autonomy to reform their organisations in line with strategic priorities. Senior Public Sector Managers must also be equipped with effective mechanisms to deal with poor performance, excessive absence and behaviour that undermines the maintenance of standards across their organisations.

There has to be a clear mechanism through which all elements of remuneration are identified and any proposed Union agreements with individual Public Sector organisations should be submitted for review by the 'Independent Commission' before being approved.

A special Workplace Audit Unit should be established to ensure that areas of the Public Sector are deploying their people resources in the most efficient and effective way possible. This would ensure that payroll budgets are analysed and accounted for and improvements and action plans are developed and reviewed.

Public Sector Unions have acted very responsibly in the past when it comes to dealing with major crises in Public Finances. But there is a gap between commitments to effect organisational changes in principle and active support for their implementation in practice. There are examples of Unions seeking further concessions in return for full implementation of changes that have already been negotiated. They have also been successful in leveraging off agreements for essential workers and seeking similar treatment for other colleagues across the Public Sector. Public Sector Unions understandably will always strive to achieve best remuneration for their members, but they also have a responsibility to support the deployment of best people practices and effective ways of working to underpin this.

Finally, as Stratis has long since been pointing out, the WRC Code of Practice on Disputes Procedures in Essential Services exists in name only and is being totally ignored. A special mechanism to deal with remuneration and dispute resolution in essential services is required, and is long overdue, and one that provides commitments on job security and fair remuneration in return for a removal of the threat of industrial action across essential services. This could be addressed as part of the review identified above.

Conclusions

We have to ask why there has been no radical change to our system of public service pay determination to date, and whose interests are being served by the current system, and if there is any appetite to effect real change? It is our view that Government needs to establish an independent body to research best international practice and recommend a new and sustainable model of Public Sector Pay Determination.

Our Senior Public Servants deserve a proper independent system of pay determination that takes account of National and International benchmarks. This was one of the recommendations of the Public Service Pay Commission, so why has this recommendation not been adopted by Government?

A lot of our politicians come under attack from those on the far left every time the prospect of a pay increase is mooted for them. We need qualified and competent people to be willing to come forward to take on roles within our political system at all levels and the current approach whereby pay increases have to be forfeited or pay reductions adopted is often untenable. Their pay should be linked to appropriate Public Servant Grades (County Councillor, TD, Minister for State, Minister, Tánaiste and Taoiseach). We are aware that the vast majority of Politicians work hard to serve their communities and we should be mature enough as a society to ensure that they too are remunerated fairly for the work they undertake on our behalf.

We need to solve the issue of how we deliver Public Sector Remuneration in Ireland, open it up to permanent independent oversight, address fairness and equity for all stakeholders, ensure effective performance management and accountability and ultimately ensure that there is an environment where people are proud to come to work and give of their best in serving the public interest.

We need an independent expert body with a statutory remit to deliver fair remuneration to Public Servants that is evidence based and also takes account of Public Sector finances and the need to deliver value for money to society.

If you would like to talk to us about any of the above issues, please get in touch with me at brendan.mcginty@stratis.ie, or any one of [our Partners](#).

Brendan McGinty
Managing Partner

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W: www.stratis.ie Twitter: [@Stratisconsult](https://twitter.com/Stratisconsult) LinkedIn: [Follow us here](#)

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