



Evaluation: Institute of Public Administration [IPA]

“Report of Pay and Benefits Research Study for the AHCPS”

The Association welcomes the IPA Report as commissioned by the Executive Committee in 2016.

The Report is intended to support the long-established position of the Association that an independent pay evaluation mechanism is required to determine the pay of public servants particularly at our grades where such disparities exist with the private sector.

The findings are very much in line with reports published by the Economic and Social Research Institute and the Central Statistics Office that identified how the pay of senior civil and public servants has fallen behind their private sector equivalents.

Context:

The Report has identified that there is now a more pressing demand for strong strategic and operational senior management. It draws attention to a changing civil service environment where Government and public expectations of the civil and public service have grown. These changes they conclude have impacted on the skills and competencies required of managers often operating in a politically charged environment.

While the IPA Report highlights that the population of the State is growing yet in 2008 there were approximately 73 public service employees per 000 population but in 2016 the equivalent figure was 63 per 000. The IPA states that the net impact of the reduction in civil service employee numbers has given rise to new challenges and places specific demands at the higher grades and for Principal Officer and Assistant Principal Officer post holders in particular.

Job Analysis & Comparator Data:

The Report identifies that Principal Officers and Assistant Principal Officers are key participants in the top management process of Departments/Offices with a critical leadership role in developing and implementing government policy and ensuring that the legislative and policy frameworks are in place in the economic, financial, international environmental and social arenas etc. The IPA has drawn attention to the reduction in PO numbers resulting in APs playing key leadership roles.

FEMPI:

The Association welcomes the highlighting in the Report of how the Government has:

- **Imposed three pay cuts on our members**
- **Required longer working hours**
- **Reduced annual leave and reduced sick leave etc.**

IPA Pay & Benefit Analysis:

The Report explains that it used the midpoint of the Pre 1995 and Post 1995 Principal Officer pay scales of 1st April 2017 in establishing “average” PO pay for comparability purposes. The IPA concluded that the salary of the Principal Officer would need to be increased by 38% to match the equivalent of Base Pay in the private sector. When the value of Total Pay in the private sector is factored in the 38% rises to 60% - the Report explains that ‘Total Pay’ is inclusive of both Base Pay and bonus payments. In evaluating the Assistant Principal Officer “average” pay the IPA explains that it used the average of the two mid points 3 & 4 of the Pre 1995 and Post 1995 AP scale of 1st April 2017. The IPA concluded that the salary of the Assistant Principal Officer would need to be increased by 18% to match the equivalent of Base Pay in the private sector. When the value of Total Pay in the private sector is factored in the 18% rises to 30%.

This is clearly an evidenced based exercise that has established a strong disparity of 60% and 30% for POs & APs when comparing their salaries to the Total Pay package in the private sector. It supports the position articulated by the Association that the salaries of our members are out of step with the private sector with a very startling position shown at Principal Officer grade.

It should be noted that the IPA figures do not factor in the remaining pension levy of approximately 6% for APs and 7% for POs. These further compound the pay disparity.

2008:

Salary Comparison to IPA Established Private Sector Earnings in 2016:

It is interesting to compare 2008 salary scales to the IPA findings.

PRINCIPAL OFFICER and ASSISTANT PRINCIPAL OFFICER SCALES – 1 September 2008

Principal Officer		
Point on Scale	Pre 1995	Post 1995
	Basic (€)	Basic (€)
1	86,168	90,702
2	89,819	94,550
3	93,449	98,370
4	97,109	102,218
5	100,191	105,463
LSI 1	103,389	108,082
LSI 2	106,582	112,191

Assistant Principal Officer		
Point on Scale	Pre 1995	Post 1995
	Basic (€)	Basic (€)
1	66,179	69,659
2	68,656	72,268
3	71,132	74,871
4	73,609	77,483
5	76,087	80,090
6	77,520	81,593
LSI 1	80,016	84,225
LSI 2	82,520	86,865

The Report established a private sector comparator of €119,430 for **base pay** in 2016 in relation to the Principal Officer Grade.

The Report used the midpoint of the Pre 1995 and Post 1995 PO scales for comparability purposes. Adopting this approach for 2008, where the 1st September 2008 was the last time Principal Officers received a pay increase, results in the following position:

2008 Principal Officer Average	IPA Average Adjusted Median	2008 % Diff
€95,910	€119,430	25%
2017 Principal Officer Average		2017 % Diff
€86,266	€119,430	38%

The Report established a private sector comparator of €138,480 in relation to a **total cash comparison** for POs. This results in the following position when 2008 is compared to 2016:

2008 Principal Officer Average	IPA Average Adjusted Median by 18%	2008 % Diff
€95,910	€138,480	44%
2017 Principal Officer Average		2017 % Diff
€86,266	€138,480	60%

Applying the same exercise for Assistant Principal Officers where the IPA established a private sector comparator of €79,751 the following is the position for **base pay**:

Assistant Principal Officer 2008 Average - €	IPA Average Adjusted Median - €	2008 % Diff
74,273	79,751	7%
2017 Average - €		2017 % Diff
67,711	79,751	18%

The Report established a private sector comparator of €87,726 in relation to a **total cash comparison** for APs. This results in the following position when 2008 is compared to 2016:

Assistant Principal Officer 2008 Average -€	IPA Average Adjusted Median by 10%	2008 % Diff
74,273	87,726	18%
2017 Average - €		2017 % Diff
67,711	87,726	30%

Consequently, even if the FEMPI legislation was fully reversed in 2016, returning our grades to their 2008 pay levels, their 2008 salary scales would not have matched the private sector in 2016.

Ever Widening Gap:

It was clearly established at the IRN Conference in March 2017 in UCD that private sector base pay increases of 2% would apply this year. The growing application of bonus payments as highlighted by the Report will result in far higher average pay increases in the private sector. As a result, the private sector continues to move away from the salary levels of our grades. The comparability exercise carried out by the IPA compares 2016 private sector pay to PO & AP pay scales of 1st April 2017. Consequently, the application of the aforementioned private sector increases in 2017 will further compound the situation and enlarge the gap between public and private sector pay.

Pensions

The Report considers it reasonable to place a 12% cost on the value of the employee contribution of Public Service Pensions in keeping with the independent findings of the 2nd Benchmarking Body [2007].

A full FEMPI reversal would return our grades to 2008 pay levels. Comparing these to the 2016 IPA average adjusted median for private sector pay, and factoring in the 12% establishes the following:

	Average PO Salary - €		Average AP Salary - €	
IPA Figure	138,480		87,726	
2008	<u>95,910</u>		<u>74,273</u>	
Difference	42,570	44%	13,453	18%
Less Pension Value		12%		12%
Balance		32%		6%

The Report notes the substantive reform whereby all staff appointed since 1995 pay a 6.5% pension contribution, all staff appointed since 2004 have a retirement age of 65 and all staff appointed since 2013 are in a career average scheme.

That's in addition to paying the remaining pension levy of approximately 6% for Assistant Principal Officers and 7% for Principal Officers.

Independent Pay Determination Mechanism:

The IPA Report is a welcome development that clearly supports the Association's contention that there is an immediate need to have in place a properly measured private sector pay exercise. The IPA has quoted in its Report that in accordance with the Senior Public Service Leadership Development Strategy that there is now a *'more complex environment that poses challenges to the structures, systems and strategies that have served us in the past. Factors such as the economic crisis, the increased importance of citizen orientation and quality of civil and public services, in addition the need for permanent reform and change, demands strong strategic and operational top management'*.

It is reasonable to conclude that unless public service pay keeps pace with the private sector, the public service will not attract the best people capable and adequately skilled to fulfil these important management roles.

The IPA has referenced the 2015 Annual Report of the Public Appointments Body that states that *'remuneration has become more of a competitive issue in public service recruitment as private sector organisations use remuneration as part of their overall approach to develop, attract and retain talent. This has now become a real disincentive to potential candidates from the private sector who are interested in working in the public service'*.

The Association awaits with interest the report of the Government appointed Public Service Pay Commission. The Report of the Pay and Benefits Research Study as completed by the IPA for the Association clearly provides the evidence that there is an immediate need to address the ever-widening gap between private and public sector pay.

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General Secretary

5th May 2017