

Controlling the costs of the new deal – DPER's task

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The cost of the new public service pay agreement – ‘Building Momentum’ – has been put at €906m over the next two years, spread over the three calendar years, 2021, 2022 and 2023.

The Department of Public Expenditure and Reform broke down the cost as €59m in 2021, €460m in 2022 and €217m in 2023, giving a total pay cost of €735m. In addition, it is providing €171m to cover the cost of the ‘Haddington Road hours’, twilight payments, tool allowances and new entrant measures for teachers.

This means that Minister McGrath will not have to pencil in anything for public sector pay rises in the next two budgets in October of this year (Budget 2022) and October 2022 (Budget 2023). However, public sector unions will likely push for talks on a follow on deal in the middle of next year, with a view to a new one starting sometime in 2023.

Sectoral bargaining is like DPER's wild card

The current €906m cost will see the public service pay bill increase from the 2021 gross estimate of just over €21 billion to around €22 billion. However, this precludes a number of pay issues currently outstanding.

There is no provision for additional recruitment. The Government has already committed to recruiting thousands of additional public servants, mainly in health and education.

EXTRA STAFF

Over the last number of years, additional recruitment has added twice as much to the pay bill as pay increases. Between 2017 and 2020, the pay bill increased by €3.2 billion, of which €2.4 billion (75%) was accounted for by additional recruitment. While it was inevitable that the cost of additional recruitment would rise significantly following the recruitment ban, the onset of the pandemic and the growing influence of the State has also seen a significant expansion in public service numbers.

If ‘Building Momentum’ pay increases will add around €1 billion to the pay bill by 2023, it can be expected that additional recruitment will add at least an additional €2 billion by that time. Other claims not included in the costing, include the recent call, from health unions, for some form of Covid reward (See News item in this issue)

THE EXTRAS

Another cost is the offer of Sláintecare public-only contracts to medical consultants. The Department of Health has already spoken of new contracts of up to €250,000 a year. But this will depend on how many consultants opt in, or remain on their public/private contracts.

The Government has already signed off on legislation to allow such pay increases to be applied outside of current restrictions, as Minister McGrath put it “to take the handcuffs off FEMPI”.

Another potential cost is the medical consultants' claim to upgrade public health doctors to consultant status. This is already an industrial dispute, although Minister Donnelly has already promised to restructure the public health system. No detailed offer has been tabled.

Furthermore, there is no provision for a settlement of the consultants' long-standing claim for pay equity between those recruited before and after 2012, something DoH has acknowledged. Can these outstanding claims can be dealt with within the parameters of the new sectoral bargaining clause

'WILD CARD'

The IMO voted to reject the new deal and it is unclear whether it will sign up to it on the basis of ICTU's aggregate ballot. If they elect to stay outside, they can't benefit from the bargaining clause. The IHCA, outside of Congress, must also decide where it stands.

Sectoral bargaining is like DPER's wild card. It will try to manage disputes, like those involving Gardaí and nurses in recent years, eventually, which had a domino effect throughout the public sector.

Keeping the clause within 1% (up €250m) to cover claims looks ambitious, but the timeline – as the agreement notes – can extend into a new deal in 2023. DPER will want to avoid the mistakes of two decades ago, when a 3% local bargaining clause gave rise to a series of leapfrogging claims, also involving Gardaí and nurses.