

Senior civil servants “review panel” raises crunch issues for Minister

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The Minister for Public Expenditure & Reform, Michael McGrath, must decide soon whether to implement, on time, pay restoration for senior public servants, as formally agreed in Building Momentum. Meanwhile, the Minister has been careful to draw a distinction between his planned ‘review panel’ and the defunct Review Body on Higher Remuneration.

Last week’s decision by Public Expenditure & Reform Minister, Michael McGrath, to establish “an external review panel” to examine top pay levels in the public service, could have implications for pay restoration due to those earning above €150,000 a year.

The review panel is to “make recommendations to strengthen the recruitment processes for Senior Public Service posts and to review the process for determining the terms and conditions of employment”.

The Minister is facing crucial decisions in the coming months

A spokesperson for the department, responding to a query from IRN about whether the relatively small group earning €150,000 or more, might have their final pay restoration, due on July 1, 2022, deferred due to the proposed exercise, replied:

“In light of the consideration now being given to an external review to examine the processes and procedures around the recruitment of senior public servants, as well as the process for pay determination at senior levels, DPER is currently examining potential options around how and when this final element of restoration will be implemented.

“As restoration is provided for in legislation, this will require careful consultation with the office of the Attorney General.”

Regarding the review exercise per se, the department said that to “ensure transparency and objectivity in the process, it is proposed that the Panel would consist of three members from different relevant backgrounds with Secretariat support to be provided by DPER”.

Officials in DPER are “currently examining the issues” and will recommend: Terms of Reference; Scope of the Review; Potential membership of the Review Panel.

“CAREFUL WHAT YOU WISH FOR”

Addressing the Public Accounts Committee last week, Minister McGrath also made it clear that he is not considering the reconstitution of the Review Body on Higher Remuneration, as recommended in the joint report from PAC and the Committee on Finance, Public Expenditure and Reform and the Taoiseach.

“That’s not a step I’m taking now, but I am going to ask this independent panel to make their recommendations as to what they think is the best course of action in relation to arriving at decisions in relation to senior pay in the civil service and across the public service”, the Minister said.

He warned PAC members that “we need to be careful what we wish for”. Referencing the last report of the Higher Review Body in 2007, which was “stood down” in 2009, he explained it had recommended salaries for secretaries general of up to €318,000, €310,000 for the Taoiseach, €270,000 for the Tánaiste and €240,000 for Ministers.

“If we absolve ourselves as an Oireachtas ... and completely hand over control of this matter to a third party body, then we may not like the outcome”, he said. “What I’m setting up now will advise me in the coming months what they think is the best course of action and I will then take that on board and make a decision and a recommendation to Government.”

The Minister also told the Committee, that he is of the view that the majority of TLAC members should be made up of people from outside the civil and public service. “I think that would be a better overall balance, especially when we are trying to attract more people into the civil and public service from the private sector.”

He further explained how Health secretary general Robert Watt’s salary had risen to €298,000 recently. This was because the Civil Service had opted for a straight increase of 1% under the sectoral bargaining clause of the public service pay agreement, Building Momentum, applicable from February 2022.

Meanwhile, apart from protests by the IMO, regarding the possibility that the Government may stall on the final piece of what has been a seven-year pay restoration process for senior public servants earning more than €150,000 a year, other Congress public service unions have not commented on the issue.

Seasoned observers have privately suggested that Congress unions should insist that all elements of the agreement be honoured, especially at a time when the Exchequer can afford what would – in money terms – be a relatively minor overall cost.

The controversy surrounding Robert Watt’s €81,000 pay rise, when he moved to the secretary general post in Health from DPER, is a background factor in all of this. But whatever about sympathy or lack of it regarding senior, higher paid, public servants, it is usually standard trade union practice to ensure that all elements of a national-level agreement are honoured.

“DEVASTATING”

Separately, IRN understands that Minister McGrath has been strongly advised that not keeping the July 1, 2022, commitment to this particular group wouldn't be a wise move.

Another well-placed source told IRN that a delay in honouring the restoration could have a “devastating” impact on the current, critical and already difficult extended talks on a new public contract for hospital consultants.

It would also be somewhat ironic were the Government to introduce legislation to even temporarily delay a pay rise that would also mark the end of FEMPI measures on that very same day (July 1), even if it concerns just a small group of higher paid public servants.

Coincidentally, July 1, 2022, is also the anniversary of the date the extra working hours under the HRA were introduced in July, 2013, a sort of high water mark for the retrenchment measures that were integral to measures triggered by the financial crash. This also happens to be the date on which the Mulvey ‘Independent Body’ has recommended that the additional HRA working hours are to be restored from.

It was also suggested to IRN that imposing a ceiling on one group could, over time, trickle down to the groups below that higher level, however temporary such a scenario might turn out to be.

POLITICAL FLAK?

Sources IRN spoke also suggested that the main motive for even considering a halt to this final element of what has been a series of restoration measures, is – in their view - largely political. There is a fear that with inflation climbing and the pressure on Government to provide alleviating measures, paying more to those at the top – including Mr Watt – could open up another window of attack for the opposition.

However, if more hospital consultants are needed - and all parties agree they are - what would be the logic in stalling on this pay rise?

Moreover, if the review panel exercise is going to examine the issue of attracting talent from the private sector into the public service, such a move would surely put off potential private sector recruits?

EXPECTANT

The public service unions also fully expect that the main recommendation of the Independent Body's review of the HRA working hours – a 35 hour week – will be applied from July 1.

The Kieran Mulvey chaired review says the cost will be €179m for the remaining six months of this year, or an ongoing €358m over a full year. (See [separate News item](#))

Any delay on restoring the hours, the unions have warned, could upset the timetable for talks on a new deal to replace Building Momentum. When warmly welcoming the Mulvey recommendations last month, most of the public service unions also sent a subtle message to government: the restored hours are a concession needed to maintain IR stability.

All in all, the Minister's in-tray is filling up, with crucial decisions to be made in the coming months: finalising pay restoration; when and how the HRA hours report will be implemented; some 'tidying up' with respect to the €1,000 Covid reward; and just what can be afforded when DPER and the public service unions sit down to talk, in early summer or early autumn.