Proposed public service pay deal looks too good to fail

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The proposed revisions to the public service agreement have yet again shown the capacity public service unions have for conducting a successful negotiating strategy. While the deal should grant the Government industrial peace, not being part of a wider consensus-based approach may come to be seen as a missed political opportunity.

With all four 'top table' unions expected to recommend that their members back the proposed revisions to Building Momentum, its passage seems virtually assured. Fórsa and the INMO were first two unions to recommend a 'yes' vote, last week, with the SIPTU and the INTO following suit this week.

As we observed last week, the WRC-brokered deal offers public servants an advantageous pay deal, while avoiding charges of "chasing inflation" or setting an unattainable benchmark for the private sector.

The rollback of HRA hours is worth both time and money to many

Coverage of the deal generally has focussed on the key essentials – the 6.5% in new increases in three phases to the end of next year, but a closer look reveals a far better outcome in relation to inflation for the 350,000 public servants it covers.

The outcome also demonstrates that members of the ICTU public services committee (PSC), led by chair Kevin Callinan, showed their talent for devising and carrying through a successful negotiating strategy.

Ultimately, this depended on a Government prepared to bend, which it did – but only when timing was right. Minister for Public Expenditure & Reform, Michael McGrath, wasn't pushed into an early deal – even indirectly by his cabinet colleague, Leo Varadkar, who had hinted after a first round of failed talks that a better offer was on the cards.

All parties will hope by the time they return to the negotiating table, perhaps as early as Spring 2023 – though more likely in the autumn of next year – that the inflation crisis will have eased and the forecasted recession turns out to be less than expected. Whatever about inflation, however, it may be wishful thinking to expect factors outside of our control to improve; the likelihood is that they won't.

The Government may look back on a missed political opportunity, by failing to link this deal to accompanying cost of living measures, which could in part be mediated through the

Labour Employer Economic Forum (LEEF). Given the growing international uncertainty and gloom, consensus might be a more elusive goal next year.

SELLING IT

For public servants, the pay deal is attractive at face value, even more so when added elements and perspectives are factored into the mix. Union officials selling it won't be shy about filling in the missing pieces, to present a more complete picture.

The pay rises in year one, starting with 3% backdated to February 2 of this year – come on top of the already agreed 1% under sectoral bargaining, effective from February 1 – and the final 1% under the existing deal. This will mean at least 5% this year on pay.

The second phase of 2% follows on March 1, 2023, under the revised terms, followed by a final rise of 1.5%, or €750 - whichever is greater, on October 1, 2023.

In total therefore, this is an 8.5% deal covering this year and next – not just 6.5% (and that excludes the one percent that kicked off Building Momentum in 2021).

Furthermore, the proposed deal is again weighted toward the lower paid by virtue of the 1.5%, or €750 lump sum (in 2023), whichever is greater, formula. This could mean pay rises of 12% plus for some lower paid grades.

FULLER ACCOUNT

But this is only part of the picture. When the unions explain the deal to members, they will give a fuller account of what 2022 and 2023 has in store, starting with the fact that all FEMPI measures are now behind them.

Crucially, the much sought after goal of rolling the unpaid 'HRA hours' was actualised this year, after being agreed in principle in the original Building Momentum agreement. In making this concession, at an initial cost this year of €160-180m (and around €320m next year), the Government fully accepted the Kieran Mulvey-led Independent Review. This backed a reduction in working hours of between 1.5 to 2 hours for those that had the imposition of extra working time in 2013, due to the financial crash.

This rollback is worth both time and money to many, not least to nurses, a critical group in industrial relations terms. Further illustrating the importance of this group is the fact that nurse managers get a specific mention in the revised deal, which will mean their particular sectoral bargaining rise will amount to 3.28%, backdated to February. This will restore parity with their staff nurse colleagues, who secured a special deal in the settlement of their 2019 strike.

Although unrelated to the new deal, it is a simple fact that most public servants benefit from increments as part of their terms and conditions. This reality has to be factored in when assessing how close the rises in pay packets this year will come to matching an inflation rate of 9% or more.

Another benefit, also separate from the deal, is the fact that almost a third of public servants – those working mainly in health – have, or will soon, benefit from the special pandemic award of €1,000 on a pro-rata basis.

All of these elements will help to cushion public servants against the ravages of higher energy costs in particular.

THE PROCESS

When the parties bridged the two-month plus gap by resuming talks at the WRC late last month, well-placed sources told IRN that neither side would have formally re-engaged unless confident that a viable package would emerge. Homework was undoubtedly done in the period since the June talks collapsed.

Key to success was securing a viable outcome for both sides; affordability for the Government, without upsetting the private sector, and a winning outcome for public servants.

That has been achieved, though it remains to be seen if the Government itself can follow up with a package that contains reliefs for hard-pressed businesses and workers, within a coherent budgetary strategy.

On the union side, those who negotiated the terms will want the deal to pass – and it should do so. But whether the Government gets any kudos for the agreement depends on what it does next.

LOOKING TO 2023

The reference to a “broader review of public service pay” comes out of a recommendation by the now defunct disbanded Public Service Pay Commission and its reports on recruitment and retention issues over 2018 and 2019. The Commission, as the proposed agreement says, recommended that the parties “should consider putting arrangements in place, at an appropriate time, and without compromising the stability of the public service pay bill”.

Similar territory was considered by the Public Service Benchmarking Body over two decades ago, but left in abeyance due to the difficulty of upsetting pay relationships.

On sectoral bargaining, the proposed revision says that “in order to build on this process”, the parties agree than an initial “exploratory engagement on the potential options for a future approach to such issues will take place in early 2023 with a view to informing negotiations on a successor public service agreement.”

That may look vague but it does raise the question about what to do about outstanding 'legacy' claims – something the sectoral bargaining clause is meant to resolve. Notably, aside from the reference to the nurse managers deal in the formal text, there are no known 'side deals' or 'chairman's notes'.

DISPUTES PROCEDURES

Nonetheless, anomalies will arise and test the BM's disputes procedures. There is an added reference that they re-affirm these procedures "as clarified in February 2022".

This relates to concerns that only disputes regarded as a threat to the stability of the pact are supposed to be referred to the PSAG (Public Service Agreement Group) stage of the procedures. Too many rows have been sent in that direction, IRN understands.

A similar problem arose in the early 2000s when the National Implementation Body (NIB) was established to avert serious disputes. Some things don't change, namely a tendency to refer rows to disputes bodies before they have been fully aired at the appropriate level.

What has also not changed is that the decision on this proposal is a numbers game. And while there is no certainty at this point, this proposal looks far too good to be rejected.