# Public service pay: can parties cut a deal and maintain industrial peace?

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**Last year, public service management and unions negotiated significant pay rises, thereby securing a level of industrial peace that must be the envy of our nearest neighbours. But pulling off a similar feat this year will challenge the ingenuity of negotiators at a time when the political temperature is rising.**

Last August, public service unions and government negotiated a revised wage deal that added 6.5% on a phased basis to the terms of an agreement that hadn't yet run its course.

Of late, some commentators have suggested that the 6.5% deal – across 2022 and 2023 – has fallen short of inflation. This interpretation fails to take account of other prior pay commitments and a number of additional pay-related elements.

*The contrast with the UK is a telling one*

Not one single public service union voted against the revised Building Momentum deal, with many recording historic membership margins in favour *(see IRN 37/2022).*

The previous deal, the first stage of Building Momentum, involved two 1% payments across 2022, one of them a special sectoral bargaining element. These modest rises (2%) must be added to the terms of the revised agreement (6.5%) to give a more complete picture, which means that the vast majority of public servants stand to benefit from basic pay rises to the tune of 8.5% over 2022 and 2023.

Assessing the entirety of what public servants got goes some way toward explaining why there was no serious opposition to the revised Building Momentum agreement. It is widely acknowledged within industrial relations circles that the public services committee of ICTU, led by Fórsa general secretary, Kevin Callinan, exceeded expectations.

Many seasoned IR practitioners IRN spoke to at the time were surprised at the final set of pay rises achieved, despite the increasing rate of inflation.

## PAY DIDN'T CHASE INFLATION

In the private sector, meanwhile, there had been some fears – as it turns out misplaced – that pay would chase inflation. This simply didn't happen.

Historically, the public service tends to follow the private sector, but if anything, the revised public service agreement at least matched and was arguably ahead of many private sector wage deals, with the important caveat that public servants had – due to the pay cuts imposed during the financial crash – some catching up to do.

But Building Momentum as a whole has also been about much more than just basic pay rises. Perhaps the biggest achievement of the union negotiators was to restore the pre-Haddington Road working hours. To take one example, nurses secured a 1.5 hour reduction in their official working week.

This negotiating success has meant more than reduced weekly hours; it also enhances knock-on benefits in areas like overtime calculations and so on. It was such a popular "win" that at the recent INMO conference, the union's president went out of her way to congratulate the PSC negotiators.

Other elements are also worthy of closer scrutiny when it comes to the cost of living. On top of the rises in basic pay, increments – while unrelated to the pay negotiations – are enjoyed by most public servants and must be added to the equation when assessing how these workers have fared in the ongoing inflationary environment.

There were other elements too, such as outstanding agreements for some categories outside of the sectoral bargaining clause (SIPTU chefs and Fórsa Hospital Pharmacists were two such examples).

Separately, a large proportion of healthcare or related staff – 170,000 or more may be the final figure – finally got their deserved pandemic payment award. (Inexplicably, a cohort of non-HSE staff are still waiting)

## PROSPECTS

So, what are the prospects of a similar agreement in the coming months?

With inflation only easing very slowly – though the jury is out on this – it would seem the longer the Government waits to deal, the better from its perspective. Nonetheless, the trade unions know that there is ample money in the kitty to meet a hefty wage rise.

The high level of member expectations however, could prove to be as big a challenge for union leaders as it will be for the DPER negotiators. Discouraging groups of workers from breaking free of the current centrally-led negotiating framework is going to be a major challenge for Mr Callinan and his colleagues.

At this early stage, it is impossible to put numbers on what might be achieved, though it would be fair to suggest that whatever the outer limit on basic pay might seem to be, the history of national pay talks suggests a further percent or two can reliably be added.

That was certainly the case last time out, when the trade union side left the bargaining table without even putting an offer of 5%, over two years, to a ballot. It took a break of almost two months for a deal to eventually be brokered at the WRC.

## STRIKE-FREE ZONE

A crucial benefit of these agreements is that the public service has been an almost strike-free zone since 2019. It is self-evident that the terms of these agreements, combined with attendant dispute resolutions processes, have helped to secure industrial peace.

The contrast with Europe and the UK could not be starker. The conduct of industrial relations in the UK in particular, given its historical industrial relations and legal similarities to Ireland, stands in marked contrast to the situation here. Strikes across swathes of the British public system and in public services provided by private operators, from health, education to transport, have been going on for over a year.

Even where deals have been agreed, they look less attractive than what the unions have secured in Ireland, though perhaps this isn't such a surprise in a growing economy.

## CREDIBILITY

In Ireland, however, the WRC – which facilitates public service talks – and the Labour Court retain their pre-eminence and standing when it comes to dealing credibly with IR, acting as de facto "protectors" of voluntary agreements. The contrast with ACAS in the UK is telling.

Since the start of social partnership in Ireland in 1987, the UK and Irish systems have diverged considerably. And despite the collapse of partnership, how public service pay negotiations are conducted today isn't that far removed from the old partnership model.

In the private sector, while plant-level bargaining is the preferred option of employers and trade unions, the behaviours learned in the 22-years of social partnership still condition what is a restrained approach to pay bargaining, based on an agreed set of informal "rules". As in the public sector, strikes over pay are rare events.

None of this is to predict that the current level of industrial peace will continue. Indeed, given that a general election can't be too far off and the state's finances are so healthy, strikes may actually be more likely.

## ODDS IN FAVOUR

Last week, Fórsa members showed their very strong support for inflation-matching pay increases, with a "clear majority" of member respondents in favour of a ballot for industrial action if negotiated increases are below the rate of inflation *(see IRN 18/2023).*

A week earlier, the general secretary of the INMO, Phil Ní Sheaghdha, said the next public sector pay deal must address the cost-of-living crisis as well as dealing with claims involving change, without always being told that such claims are contrary to the existing agreement.

Talks about how claims of this type can be managed are currently being discussed between DPER and the PSC under clause 3.3 of Building Momentum, the most recent meeting taking place last week. The clause covers the question of "outstanding adjudications, commitments, recommendations, awards and claims" and how these might be approached in a new agreement.

The outcome of these talks will impact on the structure of any new deal, which will surely involve a combination of basic pay rises, weighted in favour of the lower paid; a formula for managing sectoral or group claims in the immediate future; and the social wage aspects of Government budgetary decisions.

Other non-pay issues, such as outsourcing and industrial peace/dispute resolution processes, will also be part of the next agreement.

An increasingly important issue that hasn't been fully addressed in recent years is the related problem of attracting and retaining staff, something that clause 3.3 also comprehends. How this might be managed within a 'one size fits all' public sector pay policy remains a dilemma. It has been tackled on occasion by ad hoc approaches, such as bringing in staff on higher points on existing scales, or through additional allowances.

Money won't be the main problem this time, but giving possible hostages to fortune could be. The management of expectations at a time when politicians will be at their weakest in terms of resolve, prey to the pressures of facing re-election, could undermine the determination of the Ministers for Finance and Public Expenditure to hold a line.