



ASSOCIATION OF HOSPITAL CHIEF EXECUTIVES

Mr Kevin Duffy
Chairperson
Public Service Pay Commission
St. Stephens Green House
Earlsfort Terrace,
Dublin 2.

8/3/17

Dear Mr Duffy,

Thank you for inviting representatives of the AHCE to present our submission to the Public Sector Pay Commission on the 22/2/17. At that meeting your colleagues requested further background information to support our submission.

Please find attached the following documents (MATHs salary comparators and Pre- and Post-FEMPI CEO salary comparators) which we hope will provide the relevant clarification in relation to their queries. This material plus the previously submitted documents will clearly demonstrate the historic pay relativity to the CEO's of smaller Health Boards and Programme Managers and also Principal Officers and Assistant Secretary's of Government Departments.

If you should require any further information, or clarification do not hesitate in contacting me directly.

Kind Regards

Fearghal Grimes
Chairman, AHCE

CEO Salaries Major Academic Teaching Hospitals (MATHS)

There are seven Major Academic Teaching Hospitals (MATHS) in the country two of these are HSE operated hospitals i.e. Cork University Hospital, Galway University Hospital, and five are 'Voluntary Hospitals' with their own Board these are Beaumont Hospital, St James's Hospital, Tallaght Hospital, St Vincent's University Hospital and Mater Misericordiae University Hospital.

There has been a long established parity between the salary of the CEOs of the five Voluntary MATHS and the General Managers of the two HSE MATHS. This parity has been based on the similar levels of scale and complexity across the seven hospitals.

As at 1/1/17 the salary rate of the five Voluntary Hospital MATHS CEOs as set out in the Consolidated Scale is €121,600. The salary rate for two HSE MATHS General Managers is €136,282.

A comparison between 1/1/10 and 1/1/17 for three scales is informative

Voluntary MATHS CEO salary (single point scale)

1/1/10: €145,959 1/1/17: €121,600 a reduction of 16.7%

HSE MATHS General Manager Salary (single point scale)

1/1/10: €145,959 1/1/17: €136,282 a reduction of 6.6%

Voluntary MATHS Deputy CEO salary (max point)

1/1/10: €110,808 1/1/17: €103,943 a reduction of 6.2%

The Voluntary MATHS CEO salary has been reduced by 10% more than either their counterparts in the HSE or their own Deputy CEOs. There has been no rationale presented to support this reduction.

It is clear that a reduction that removes parity with both similarly sized HSE hospitals and the reduces the difference with their Deputies negatively impacts on the attractiveness of the MATHS CEO role. This is evidenced in the non-advertising of the vacant Beaumont Hospital CEO post.

The Chair of Beaumont Hospital Board Ms Ann Fitzgerald has been quoted as follows:

.. the Public Appointments Commission told Beaumont the €120,000 salary would not attract any "viable" applicants and refused to become involved in "a futile effort", Ms Fitzgerald told the HSE ... Irish Times Oct 18th 2016.

CEO Salary Comparators – Health Related Agencies with Independent Boards

Submission to Public Service Pay Commission March 2017

| Agency | CEO Salary | Source of Salary Information | Annual Budget | Source of Information |
|------------------------------------|---|--|---------------|--|
| HIQA | €143,535 | HIQA Annual Financial Statements 2015 | €17.9m/71 | HIQA Annual Financial Statements 2015 (online) |
| Nursing Midwifery Board of Ireland | €119,381 | MMBI Annual financial Statements 2014 | €8.76m/45 | MMBI Annual financial Statements 2014 (online) |
| CORU | €98,460 | Annual report 2014 | €2.78m/27.5 | Annual report 2014(online) |
| Health Research Board | €104,317 (non-Personal Pension Contribution requirement) or €109,580 (Personal Pension Contribution requirement). This single point scale is the maximum of the Principal Officer Higher Scale inclusive of an allowance. | Recruitment campaign 2013 | €31.7m | Annual report 2015(online) |
| National Treatment Purchase Fund | €121,600 | Article Irish Medical Times regarding recent recruitment campaign for position – Jan 16 2017 | €5.18m | 2014 Financial statements(online) |

***The majority of Section 38 organisations have greater annual budgets than the majority of the above.**

Sample Section 38 Voluntary CEO Salary

| Agency | Banding | New salary scale | Budget (based on income)/WTE (if available) | Source of info |
|----------------------------------|---------|-------------------|---|-----------------------------|
| St James's Hospital | H5 | €121,600 | €350m/4000 | Agency direct communication |
| St John's Hospital Limerick | H2 | €75,000-€80,000 | €25.6m/350 | Agency direct communication |
| National Rehabilitation Hospital | H2 | €75,000-€80,000 | €35.0m/460 | Agency direct communication |
| CRC | SC2 | €75,000-€80,000 | €18.5m/273 | Agency direct communication |
| Leopardstown Park Hospital | H1 | €64,812 - €74,551 | €15.9m/225 | Agency direct communication |

Succession Planning Challenge

Band H1 Hospital Example

Proposed new salaries following DEPR unilateral review.

Band H1 CEO Salary Scale €64812 - €74,551 (Grade 8 equivalent)

Internal Staff – Existing Band H1 Hospital

| | Scale | Implications for salary if took up CEO post on new salary scale |
|--|-------------------|---|
| Deputy CEO/Head of Finance (same organisation) | €64,812 - €74,551 | Status Quo |
| Medical Officer (same Organisation) | €81,633 | Loss of income |
| Chief 11 Pharmacist (same organisation) | €65,000 - €79,062 | Loss of income |
| Senior Pharmacists (same organisation) | €59,427 – 66,080 | Overlap of scales and small increase at end of scale |
| Director of Nursing (Band 3) | €63,652 - €67,982 | Overlap of scales and small increase at end of scale |
| Therapist Managers | €60,641 - €69,659 | Overlap of scales and small increase at end of scale |

External Candidate Pool

Potential external CEO candidate pool has traditionally come from 3 streams

- Senior Management/Administration
 - Directors of Nursing
- Health and Social Care Professional Management

Sample grade comparison to new H1 salary scale

| Grade | Salary Scale | Implications for salary if took up CEO post on new salary scale |
|--|-------------------|---|
| General Manager/ Functional Officer | €65,376 - €79,481 | Loss of income |

| | | |
|---------------------------------|-------------------|--------------------|
| Grade 8 | €64,812 - €74,551 | Status Quo |
| Therapy Manager (in Charge III) | €67,254 - €73,783 | Similar/Status Quo |
| Chief 1 Pharmacist | €71,573 - €81,740 | Loss of income |
| Principal Psychologist | €85,734 - €98,703 | Loss of income |
| Band 1 Director of Nursing | €70,031 - €81,552 | Loss of income |
| Band 2 Director of Nursing | €65,149 - €75,766 | Similar/Status Quo |

Typical Hospital Management Team

❖ Salary Pre FEMPI



Typical Hospital Management Team

❖ Salary Post FEMPI



Typical Hospital Management Team

❖ Salary Post FEMPI with new Chief Executive

