

NATIONAL FEDERATION OF VOLUNTARY BODIES

Providing Services to People with Intellectual Disability

SUBMISSION TO THE PUBLIC SERVICE PAY COMMISSION

RE: SECTION 38 CEO SALARIES

The National Federation of Voluntary Bodies Providing Services to People with Intellectual Disability is the national umbrella organisation for voluntary / non-statutory agencies who provide in excess of 85% of this country's direct support services to people with intellectual disability in republic of Ireland. Our Member Organisations account for in excess of 85% of this country's direct service provision to people with an intellectual disability and autism in the Republic of Ireland.

The Department of Health and HSE have over the years openly acknowledged the integral role that the voluntary sector plays in the provision of health and social services in Ireland. They recognise that the voluntary agencies have been to the forefront in identifying needs in the community and developing responses to them.

Today, our Section 38 member agencies employ approximately 10,000 social care professionals, across a wide range of disciplines, with an annual aggregate budget of approximately €1bn.

Each Chief Executive Officer is accountable to a Board who function independently, but collaboratively with the HSE through annual Service Arrangements.

KEY POINTS FOR CONSIDERATION:

All staff employed by their respective organisations, including all professional, management / administrative and direct care staff are accountable, either directly or indirectly, to the Chief Executive Officer.

It falls to the Chief Executive Officer to ensure that all operational and strategic management required to meet the needs of the people with intellectual disability, who they support on a 24/7/365 basis, is provided. Most of our Section 38 organisations are companies limited by guarantee and the Chief Executive Officer carries the legal / statutory responsibilities to ensure compliance with the Companies Acts. This means that he / she holds responsibility for, but not limited to, full regulatory compliance with health and safety, employment regulations, pay and pensions management, procurement regulations, financial reporting and audit, data protection, Freedom of Information regulations, as well as ensuring good risk management and accountability for organisational performance.

GROWTH IN COMPLIANCE / ACCOUNTABILITY:

Over recent years there has been a significant upward trajectory in legal, compliance and accountability demands by the Department of Public Expenditure and Reform (DPER), HSE and the Health Information and Quality Authority (HIQA) without the commensurate increase in staffing in the voluntary organisations. While CEOs accept the need for full accountability of public funding received, and compliance with statutory regulations, it is imperative that this high level of accountability and responsibility is recognised with a salary and grading which applies to senior appointments holding similar responsibilities in other entities providing services on a 24/7/365 day basis.

IMPACT ON DEPARTMENT OF PUBLIC EXPENDITURE AND REFORM AND DEPARTMENT OF HEALTH CIRCULARS:

Over the last few years in an unprecedented development, the Department of Health, in conjunction with the Department of Public Expenditure and Reform and the HSE, have reduced the pay rates for existing CEOs by up to 10% and for new CEOs of Section 38 voluntary organisations by up to 25% (reference Department of Health Circular 11/2015 and HSE HR Circular 022/2015). This reduction comes on top of the Financial Emergency Measures in the Public Interest (FEMPI) Act 2015 and the Nominated Health Agency Superannuation Scheme (NHASS) levy. The introduction of these circulars and legislation is already having, and will continue to have, a devastating impact on our Section 38 member organisations' ability to recruit and retain key senior staff. Potential candidates, who were attracted to these senior positions, have turned down offers of the post and it is likely that when existing interim arrangements cease these post will remain unfilled, meaning that the Boards of these organisations will be unable to carry out their statutory duties and the delegated function of running their organisations in an effective and efficient way will not be possible. The services and support which these organisations provide to the citizens with intellectual disability, who they support, will inevitably be seriously compromised.

Prior to the introduction of the circulars and FEMPI legislation pay linkages with other senior public servant grades were well established. These linkages no longer exist which effectively means that Section 38 CEOs have no pay relationship with other grades. It is also increasingly the case that other members of the senior management team, reporting to the CEO, have greater earning potential than their Executive Managers and, therefore, are not attracted to these posts. It should also be noted that in the larger organisations senior managers reporting to the CEO carry responsibilities and budgets greater than CEOs of smaller organisations. In 2015 when a sizing/review of CEO salaries was carried out by the HSE/Department of Health the CEOs were not consulted on their roles nor invited to submit any information on their responsibilities. Information was not shared with them on the process followed in this review. The outcome resulted in significant cuts to CEOs' salaries with no appeal process. At a time when accountability and performance expectations continue to increase it is extremely demoralising and frustrating for CEOs to see the salaries on offer decreasing.

LIKELY CONSEQUENCES OF DOWNGRADING OF THE CHIEF EXECUTIVE ROLE:

The effect of the downgrading of the pay status of the CEO is that it sets a ceiling for the organisation and the appointments made to management teams. It follows that as the salaries for Section 38 CEOs are reduced the salary / grade of other senior management officers will also be reduced. The unintended consequences of this situation is in our view the destruction of a vibrant voluntary sector, which has contributed so much to this State and its citizens since its foundation and before. There are already significant difficulties emerging in attracting and retaining key staff with the necessary competencies and expertise required to take on the increasing accountability and operational challenges. Potential candidates are not attracted by the remuneration, which they view as being misaligned with the responsibilities they are required to carry, and they are in many cases being attracted to roles in the private sector offering significantly higher salaries and benefits for similar or lesser responsibilities.

In the case of the corporate roles in areas such as HR, Finance, ICT, the demand in the private and commercial sectors is extremely strong for competent staff. These companies can offer benefits, in addition to salary, that are not permitted in the public sector. It is vital therefore that at the very least pay parity is maintained.

COMPLEXITY OF VOLUNTARY ORGANISATIONS PROVIDING SERVICES TO PEOPLE WITH INTELLECTUAL DISABILITY:

Our member organisations provide a wide range of essential services to people with intellectual disability on a 24/7/365 basis and in the substantial majority of cases from birth to end of life. These organisations employ many hundreds to thousands of staff, in a wide variety of professional and social care roles, in respect of whom the Chief Executive Officer carries employer responsibility and accountability. In many cases, the voluntary organisation is the single largest employer in the respective geographical area, even when compared to the private sector.

The responsibilities of the CEO in our Section 38 member organisations have grown exponentially over the past number of years. Implementation of national disability policy means a move away from care and support in institutions, to the provision of supports in local communities, involving active community participation for the person with an intellectual disability. The CEOs are required to instigate, implement and manage de-congregation plans, build capacity in community settings and are increasingly required to take on the “community connector” role and the mobilisation of significant numbers of volunteers, undertake restructuring and reconfiguring of services to meet changes signalled by the HSE in the service delivery system. He / she is also required to ensure compliance with national quality standards and regulations and take on the legal responsibilities attached to the role of Provider Nominee. He / she also holds responsibility for the implementation of national safeguarding policy and risk assessments. In addition, CEOs of Section 38 member organisations are responsible for asset management and estates, legal agreements, insurance, FOI and data management, IT structures, complaints management, company secretary duties, CHA Named Officer duties and oversight of necessary associated companies and housing associations.

The Irish Business and Employers Confederation (IBEC) carried out a review of the regulatory and compliance requirements of the voluntary organisations and concluded that in many cases the

accountability and compliance requirements are greater than in the private sector. The Public Service Accountability Framework is much more onerous when compared with the audit controls under Sarbane Oxley (USA) or the Companies Act 2004 (UK) for the private sector. Comparatively speaking, it would be impossible to get Chief Executive Officers in the private sector to manage the complexity and risk presenting to voluntary organisations on the current CEO salary.

OUR RELATIONSHIP WITH THE STATE:

The National Federation of Voluntary Bodies has a long history of collaborative working with the State. In fact, in the case of many of our Section 38 member organisations the relationship goes back to a time prior to the foundation of the State. Services are now provided to citizens with intellectual disability on behalf of the State through Service Arrangements which are agreed annually with the HSE. We endeavour to work collaboratively with the HSE, however, the parity of esteem that once existed is now seriously challenged. It is our experience on the ground that HSE appoint staff at management grades where the level of accountability and breath of responsibility held is less than that of a CEO of a voluntary organisation. There is an incongruous relationship where Chief Executive Officers are reporting on behalf of their Boards to officers with less accountability and a higher salary.

CONCLUSION:

Chief Executive Officers of Section 38 voluntary organisations are accountable directly to their respective Boards for the quality and safety of service to the people with intellectual disability who they support, appropriate financial management, and statutory and other legal compliance in addition to the day to day management of highly complex 24/7/365 organisations. It is important to note that the legal relationship is between the Board of the organisation and the HSE, and it falls to the Chief Executive Officer to manage the relationship with the HSE on a day to day basis on behalf of their Boards, consistent with the Service Arrangements as approved by the Board.

Under the terms of the Department of Public Expenditure and Reform / HSE Circulars and FEMPI Legislation, which were introduced during the economic downturn, CEO salaries were reduced by 10% approximately and to date none of the FEMPI deduction has been returned. Despite this CEOs have been expected to maintain essential services with little or no investment and cuts in core funding throughout the economic crisis. The reward for this is to have a salary reduction and grades / status downgraded.

It is imperative that this anomalous situation with regard to Section 38 CEO salaries is addressed as a matter of high urgency. The National Federation of Voluntary Bodies holds genuine fears about the future sustainability of a vibrant and robust voluntary sector. High quality and safe services with excellent outcomes for people with intellectual disability can only be assured by the oversight of senior management who have the requisite expertise, skills and qualifications and are paid accordingly. Inaction on this critically important point has high potential to lead to negative long term impacts on all concerned.