

Submission on the role and methodology of the Public Service Pay Commission

Among the aspects that the Department will ask the Commission to consider as part of the proposed methodology is the need to consider the starting salary as part of the terms and conditions of engagement for identified technical/professional positions compared to similar roles in a competitive marketplace where their expertise and skills are in demand. This has been identified as a factor in the low level of interest by applicants of suitable calibre to fill specific advertised positions. Likewise, we ask that the Commission consider not just the basic salary, but also the wider remuneration package available within the Civil and wider Public Service. We are already beginning to experience recruitment, and more often retention, issues with general service staff, in an increasingly competitive marketplace, where the traditional attractors to the Civil Service are no longer attracting the numbers or quality of staff we need. Although the salary is a large part to play in these issues, anecdotal evidence suggests that it is not always competitive with the Irish private sector packages, in terms of pay, pension and additional extras (e.g. health care, pension contributions). There is a need to consider if the total remuneration package available in the Public Service, for general service staff, in circumstances where the traditional draw of a “good pension” is no longer either true or, indeed, a draw for staff coming into employment. The pension related deductions that have been introduced have also decreased employees take home pay.

The Department are finding it more difficult to retain staff recruited via open competition at the more senior levels meaning it is proving increasingly difficult also to deliver on Action 8 of Civil Service Renewal, the aim of which is to ‘open up recruitment [and promotion processes] to all levels’.

Examples from the Department in relation to technical business areas of the Department include the Air Accident Investigation Unit, the Railway Accident Investigation Unit and the Marine Survey Office (MSO), , as outlined at Appendices 1, 2 and 3 attached. Examples from agencies under the aegis of the Department (Tourism Ireland and Fáilte Ireland) are outlined in Appendix 4 and 5. A response to Appendix 5 from the Tourism Development Division of the Department is outlined in Appendix 6. A number of specified recruitments¹ in both the Department and a number of the non-commercial state agencies under our aegis have highlighted issues including: -

- The Department/public service agency are competing with the commercial and/or private sector to recruit from the same small pool of candidates;
- The commercial and/or private sector offer better terms and conditions which the public service cannot compete with;
- The numbers of candidates applying for such identified posts are already restricted given the essential requirements and relevant experience required for the role (e.g. minimum years of relevant experience of working in transport incident/accident Investigation etc.);
- Despite extensive recruitment campaigns for such positions, the Department/agencies have failed to attract sufficient suitable candidates with the required competencies and experience to fill all vacant positions. Two knock on effects of this are a) the use of consultants and secondments to fill the gaps have proven more expensive than paying a higher salary and b) there is the actual cost of failed recruitment drives, not only financially but operationally.

¹ Detail on specific Departmental cases - AAIU, RAIU and MSO outlined in Appendix 1, 2 and 3 and agency under the aegis of the Department in Appendix 4 and 5

- Experience to date has shown that the starting salary on offer has been too low to attract the calibre of candidates required and is limiting the pool of candidates for consideration;
- In some instances (e.g. recruitment of inspectors for Railway Accident Investigation Unit) candidates who had passed the initial screening stage withdrew when informed that there was no flexibility on starting salary.
- The link between pay and pension entitlements also needs consideration by the Commission, in particular the impact of the introduction of the [Public Service Pensions \(Single Scheme and other Provisions\) Act 2012](#) which made certain changes affecting existing public service pension arrangements, including the introduction of a 40-year limit on the total service which can be counted towards pension where a person has been a member of more than one existing public service pension scheme; the extension of pension abatement and, in cases where a person is paid more than one public service pension, the aggregation of those pensions for the purposes of imposition of the Public Service Pension Reduction (PSPR). This has served to be an active discouragement for the mobility of experienced personnel from other public service sectors into specified posts in the Department and agencies.
- The public service pension is no longer attractive to potential candidates, meaning the pension on offer is no longer a competitive advantage (i.e. can no longer be off-set against a lower salary than that offered in the private sector). Added to that is impact of PRD (pension related deduction) as it applies to all public servants, regardless of what pension scheme they are contribute towards.

Appendix 1 - Air Accident Investigation Unit (AAIU)

The AAIU is an investigation body that is functionally independent of the Department of Transport, Tourism and Sport (DTTAS). Technical investigations are conducted by Inspectors of Air Accidents (PO scale) who are either qualified commercial/military Pilots with 15 years operational experience or commercial/military Aeronautical Engineers with 15 years operational experience.

Pervious to the current restricted Terms and Conditions (T&Cs) on recruitment; such as Pension Abatement, and entry level at the first point on the scale, the AAIU experienced no difficulties in securing interest from both military and commercial personnel seeking employment in the Unit. By way of example, the AAIU/PAS held a competition for an Engineer in 2008 and a total of 33 candidates made applications for the position. A similar competition for an Engineer position was held in 2015 and only 12 persons applied. More interestingly, the AAIU previously relied heavily on applications from the military. However, since the introduction of Pension Abatement and the restriction of first point on the scale, the AAIU has not received applications from any serving military engineers in the last two engineering competitions.

Specific to the last Engineering competition held in 2015, 12 commercial engineers applied, 3 were deemed suitable for interview, 3 were interviewed and one (ex-military) was deemed suitable for the position. This individual did not take up position due to T&Cs and as such the entire recruitment effort came to nought.

Specific to the last Pilot competition held in 2014, 9 Pilots applied, 5 were deemed suitable for interviewed, 5 were interviewed and 5 were deemed suitable for the position. The first candidate took the position with Pension Abatement waiver from DPER. The second candidate (a commercial pilot) declined, due T&Cs. He subsequently took up employment with another state body. The third candidate (a retired Pilot) accepted the second available position.

With the AAIU in direct competition with entities such as the IAA (who have flexibility in their T&Cs) and in an effort to entice individuals out of industry or the military to join the Unit, the current restrictive nature of the T&Cs are seriously hampering our ability to recruit appropriately qualified individuals. While Pension Abatement waiver has been given in the last Pilot recruited, the mention of Pension Abatement in the Information Booklet is putting military or ex-military applicants off. More importantly, the restrictive nature of entry at the first point of the scale is not competitive. Individuals will not join the AAIU at salary scales below what they are already earning in the commercial world and at senior military level. Furthermore, it has been proven that an individual with a choice of either AAIU or the IAA, will go to the IAA as there is flexibility in the point of scale in which someone can join.

Chief Inspector
17 Aug 2016

Appendix 2 – Railway Accident Investigation Unit (RAIU)

Getting the right people is key to the future of our business, with my team acting as the face of the investigation unit it's vital that we have the right people on-board, ensuring that the unit's name is synonymous with excellent work, quality investigations and professionalism. We invest heavily in the training of our investigators, so we need to find the right people to start with. The individuals that we recruit, we hope will remain with us for as long as possible to maximise our investment. We do not want to be training staff so that they leave us extremely well qualified and experienced and becoming a valuable asset for some other organisation. A means of doing so is offering them comparable salaries to that within the industry.

Experience to date has shown that the starting salary on offer has been too low to attract the calibre of candidates required and is limiting the pool of candidates for consideration. Last year candidates who had passed the initial screening stage and were put on the Public Appointment Service panel withdrew when informed that there was no flexibility on starting salary.

We have had a vacancy since October 2012 and the use of consultants and secondments has proven more expensive than paying the higher salary. There is obviously also the cost of failed recruitment drives, not only financially but operationally, a small unit like ourselves that do not have the luxury of easily absorbing the staff shortfall.

In summary, I would suggest:

- Flexibility on starting pay (that at least matches the industry norms).
- Incentives to keep staff in the post.
- Reasonable time frames on the processes – decision/approval to recruit – recruitment process – offer phase.

Chief Railway Investigator
19/08/2016

Appendix 3 – Marine Survey Office (MSO)

In relation to recruitment of marine surveyors to the Marine Survey Office (MSO) the issue of starting salary is important in the context of attracting the high quality candidates required by the MSO to enable it to carry out its statutory functions in an effective and efficient manner. The MSO would propose the restoration of the flexibility that was previously in place whereby the qualifications and experience of officers joining the Department can be considered and reflected in their being placed higher on the incremental scale.

Background to MSO's specific issues-

The Department is competing both nationally and internationally with shipping companies and other associated maritime employers to attract industry professionals who are by the nature of the maritime industry extremely mobile. Therefore the salary and benefits packages on offer outside the State must be taken in to account.

There is an on-going global shortage in merchant navy officers and this will maintain upward pressure on salary packages both in the merchant marine and the industry's shore-side employers, from which most of the MSO surveyors are recruited. Senior maritime personnel enjoy will be increasingly difficult to attract to working in DTTAS given this competitive marketplace where their expertise and skills will be more and more in demand.

The latest five-year BIMCO/ICS Manpower Report forecasts a serious future shortage in the worldwide supply of seafarers. The report identifies:

- A current shortfall of about 16,500 officers (2.1%), but
- A need for an additional 147,500 officers by 2025 to service the world merchant fleet. – source: https://www.bimco.org/News/2016/05/17_BIMCO_Manpower_Report.aspx

Masters or Chief Engineer's salaries are typically in the range of €80,000+ for international trading vessels, depending upon the type and size of ship. It should also be taken into account that salaries on foreign-going ships may be tax free.

Similarly, alternative shore-side based professional maritime positions such as shipping company superintendents, fleet managers etc are expected to offer similar remuneration to senior ship's officers.

Base salary example: Source - HR Consulting (the Secretariat to the Maritime HR Association)

UK, salaries 2015, Median (50 th percentile) Base salary	typically more than 5 years' experience	typically more than 8 years' experience
Technical Superintendent	£64,000	£79,000
Marine Superintendent	£70,000	£85,000

Please see below a range of currently offered job opportunities:

Safety officer

€97297 tax free plus benefits

Currently advertised, require senior deck officer

DFT/444/16/DFTc Inspector of Marine Accidents (Nautical)

Department for Transport

Southampton

Salary : £71,584 - £78,742

Operations manager

Maritime experience

\$100000 - \$150,000 tax free and extensive benefits

€88454 - €132,675

Lowest currently advertised:

Chief engineer ferry

£55,000

€64,178

Work 6mths per year

Vessel manager

£65,000-75,000

€75,849 - €87,514

Marine consultant

£60,000 - £70,000

€70,018 - €81,688

Engineering instructor

€80,000 - €90,000

Technical superintendent

€80,000 + 20% annual bonus

Technical fleet manager

£75,000 - £85,000 + benefits

€87,514 - €99,192

Technical superintendent

£65,000 - £80,000

€75,849 - €93,348

The incremental scale for the marine surveyor grade is set out below.

€61,698	€65,434	€68,553	€70,626	€72,706	€74,781
€76,853	€79,319 (NMAX)	€82,126 (LSI1)	€84,935 (LSI2)		

The most recent competition for the recruitment of MSO surveyors took place in Autumn 2015 and there were indications that the inflexibility of the “begin at rate” was as an off-putting issue for some potential high calibre candidates and this would be of no surprise given the salary opportunities that exist elsewhere as set about above. Therefore the re-introduction of a flexible approach to the starting salary on the incremental scale is essential going forward.

Marine Survey office
24/08/2016

Appendix 4 – Tourism Ireland

Tourism Ireland competes with the commercial and private sector for candidates of suitable calibre in respect of specialist knowledge and appropriate experience both in Ireland and in overseas locations. This is particularly true for multi-lingual roles at all levels in Digital Marketing, IT jobs and roles where specialist knowledge and/or qualifications are required such as HR, Finance, Brand Management and general marketing experience in a global environment at a senior level.

Starting salaries that we can offer together with the limited room to be flexible around these are often too low to attract the calibre of candidates required. Additionally our experience would show that pay rates at the top of the scales are often out of kilter.

In overseas markets, where the majority of our staff are based, there has been salary inflation which we are unable to respond to. As a result recruitment in overseas markets is increasingly challenging in locations where the local cost of living is high and our pay scales and rates are deemed to be inadequate. Currently we have very specific problems with recruitment in London because of this. We receive very low numbers of suitable applicants (both internal and external) for vacant positions in this market.

FEMPI and recent national agreements (Haddington Road, Lansdowne Road) have removed a lot of opportunity for any salary growth so staff do not see an opportunity for meaningful salary progression. (Reversal of cuts in the context of the Lansdowne agreement should not be confused with salary advancement.) This can lead to departure of very talented staff earlier than we would have liked.

The exclusion of Assistant Secretary and above grades with regards the reversal of pay cuts under the Lansdowne Road agreement could have the unintended consequence of making such roles unattractive to experienced and competent personnel from the private and public sector. In real terms pay will become uncompetitive versus lower grades and private sector equivalent roles.

The small size and geographical spread of Tourism Ireland can also sometimes result in the same problem. The very structured nature of the pay/grading approach has many benefits but does not allow the flexibility that is needed from time-to-time to retain and reward staff who are deemed to be specialists and/or critical to the business and whom we would wish to retain.

More generally staff who have reached the top of their salary scales have in fact not only not progressed but have gone backwards. The potential effect of this on morale and staff engagement right across the public sector is something to be mindful of.

Historically, the public sector pension scheme was good and considered to be a benefit of working in the public sector. This has been eroded with the introduction of the new pension scheme and imposition of pension levy. The net effect is that the perceived attractiveness of a public sector pension is being steadily eroded.

Benefits often available in the private sector (e.g. car allowances, private health insurance, bonus payments, share options, onsite facilities, life assurance, etc) are not available in the public sector. Any review of Public Sector Pay, should factor this in balancing it against the perceived worth of relative job security and public sector pensions.

The Commission should review and consider:

- Pay levels (both public and private sector) in Ireland and in key overseas locations.
- Pay and grading structures for the public sector in other jurisdictions.
- Prevailing rates of pay/packages in the competitive market place – market comparisons with similar jobs.

The Commission should consider not only pay levels across the public sector but also the approach to and options for pay scales and grading structures within the wider public sector.

- Is the current approach appropriate to evolving structures and business requirements?
- How does it impact on issues such as engagement, promotion, mobility and transfers within the Civil Service and across the wider public sector?
- Is it possible to design a more flexible approach, within an overall framework, which would give greater autonomy to individual bodies around the approach they take to pay and grading? This would help bodies to
 - ✓ respond to market conditions as appropriate by determining pay rates for key posts in line with market rates and the needs of the organisation,
 - ✓ facilitate the recruitment and retention of people with highly sought after skills and experience, and
 - ✓ to accommodate such things as lateral career development moves and specialist roles/knowledge workers.

Tourism Ireland
23/08/2016

Appendix 5 – Fáilte Ireland

Set against the back drop of the economy emerging from the harsh cuts and moratorium on recruitment this Commission is very welcome.

Fáilte Ireland has been successful in recruiting to key positions in the past 18 months. In generalist and middle management (HEO/AP grades) strong candidates have emerged from the recruitment processes although due to the requirement for new entrants to start at the first point in scale proportionately there have been less applicants from the private sector which does have implications and knock on effects for other public service organisations. However in highly specialised and technical roles the field has been less strong, such as Head of Marketing (Digital) and Manager Marketing (Digital). The market rates for these roles commands a much higher salary 100+ for Manager (AP level) and 100k++ for Head of Marketing.

Fáilte Irelands remit as the National Tourist Development Authority obliges us to seek and source the highest calibre of candidates to deliver the best results for Government, Industry and the tax payer and therefore flexibility and negotiation possibilities (within a framework) would be helpful for key strategic posts such as the two mentioned above.

The guidance document attached sets out the key areas and these concur with our own views as to possible aspects for exploration. A further area for consideration is transferability of Civil and Public Servants across and within the sectors in terms of salary scales, recognising service, pay on promotion and annual leave etc.

Anecdotal discussions with HR colleagues in both the Civil and Public Service organisations see each individual recruitment becoming a negotiation and rule checking where clear instructions/circulars are not provided for to support ease of movement with these sectors.

- Providing objective analysis on the appropriate pay levels for identifiable groups within the public sector;
- Comparing appropriate rates for identifiable groups with prevailing private sector/market rates. This should have regard to evidence on recruitment and retention trends in respect of each group;
- Comparing appropriate rates for identifiable groups within the public service with their equivalents in other jurisdictions, particularly where internationally traded skillsets are required, having due regard to differences in living costs;
- Providing objective analysis on the appropriate pay levels for officeholders' pay and pensions.

Fáilte Ireland
19/08/2016

Appendix 6 - Tourism Development Division response to Appendix 5

Key considerations of the Pay Commission

- Agree with four items bulleted – all important
- Suggest that the Commission also consider issues affecting transferability of Civil and Public Servants across the public service – e.g. salary scales, recognition of prior service, pay on promotion, annual leave, etc.

Supporting arguments/issues

- The Department/public service agencies are competing with commercial/private sector to recruit from same pool of candidates.
- For generalist and middle-management grades, although strong candidates are still emerging from the recruitment process, the requirement for all new entrants to start at the first point on the relevant salary scale is leading to proportionately fewer applicants from the private sector, which has knock-on implications for the public service.
- For highly specialised and technical roles, the starting salary on offer – as well as the lack of flexibility to negotiate upwards – is proving very problematic. Evidence from FI's recruitment campaigns for the Head of Digit Marketing and Digital Marketing Manager would suggest that a) the starting salary on offer (well-below current market rates for similar positions in the private sector) was too low to attract the calibre of candidates required; and b) some stronger applicants subsequently withdrew from the process when informed that there was no flexibility on starting salary.

Hoped for outcomes

- Following the Pay Commissions considerations and analyses, it would be useful if a framework guidance document could be agreed setting out any flexibility and negotiation possibilities.

Tourism Development Division (Corporate Governance of Fáilte Ireland)
24/08/2016