



RACO Submission to the Public Service Pay Commission: 05 March 2019

Unique Nature of Military Service

Normal Public Service employment conditions do not apply to those in the Defence Forces. Serving Defence Forces personnel forfeit “normal employee status” while remaining subject to the following conditions of service at all times:

- Subject to military law as well as civil law;
- The provisions of EU Working Time Directive do not apply to the Defence Forces;
- Duty Obligation 24/7/365 – both at home and overseas;
- Posting “by order” anywhere/anytime/for any duration;
- Subject to mandatory early retirement (at 54 for Captain and 56/58 for Commandant);
- Subject to annual (military standard) medical and fitness testing;
- Membership of a Trade Union is “prohibited”;
 - ...by extension Affiliation to ICTU is “prohibited”;
 - Industrial Action is “prohibited”;
 - Any form of protest on pay or conditions is “prohibited”.

Defence Management’s obligation to military personnel, in recognition of these service restrictions and IR limitations, should be **to advocate on behalf of Defence Forces personnel**. What our Members see is an ongoing failure on the part of the Department of Defence to protect our weakened employee status, and in doing so ensure that the Defence Forces are not disadvantaged, relative to other Public Service employees, in the industrial relations arena (particularly concerning pay and conditions). Our Members feel that their loyalty to the State and its citizens, and their unwillingness to take any form of industrial action in defence of their pay and conditions is being exploited by Government and the Department of Defence who are content to let the DF continue as the lowest paid public sector cohort, despite being the most trusted, at a score of 82%¹. Yet again, the Defence Forces continue to hold the trust and regard of the Irish people through their loyalty, professionalism and devotion to duty, in the face of inadequate resources, the poorest public pay levels in Irish society and serious deficiencies in trained manning levels. RACO hopes that the Public Service Pay Commission will take on board the opinion of the Irish public and reward the loyalty and professionalism of our people.

Inadequate and Dysfunctional Organisational Structure – Impact on Recruitment and Retention

Employment Control Framework (ECF) and Defence Forces Regulation CS4

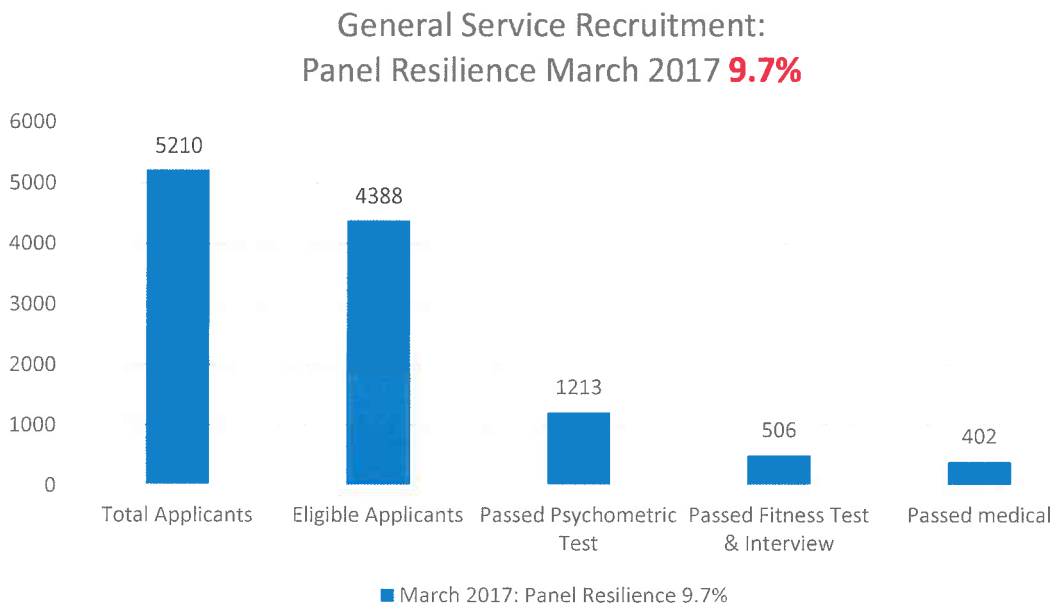
Inadequate structures and capacity of manning levels and the failure by management to address the anomalies created by the 2012 Reorganisation is compounding the current exodus of highly skilled and experienced staff. In addition to the actual vacancies within the officer numbers, there is also a very significant number of operational and administrative factors that are impacting upon the actual number of officers available for operational duties on a daily basis. Inaccurate recognition of whole-time numbers of ranks in the DF organisational structure ECF and Defence DFR CS.4 is an ongoing glaring anomaly. The structure fails to account for a further 151 whole time appointments overseas, on career courses, Leave of Absence/ Special Leave, Secondment etc.

¹ IPA Report on Public Sector Trends December 2018

Recruitment

Efforts to effectively provide for trained “manning levels” of the DF have been systematically failing since 2012. Overall numbers continue to decline despite unprecedented efforts at recruitment in the face of the continued exodus of trained professionals. The result of the organisations inability to retain trained professionals is a Defence Force that is failing to maintain functional manning levels. Where Management’s sole focus continues to be on the function of recruitment and initiatives to increase numbers entering the Defence Forces, the deliberate failure to address “retention” is compromising the entire HR function. “No amount of water will fill a leaky bucket”.

The Defence Sector’s sole attempts have been the introduction of initiatives to increase the numbers of potential recruits entering service. These include initiatives to reduce the established benchmarks of entry standard, training standards and timelines. Removal of full security clearance measures by the Garda Síochána and the reduction in Recruit and Cadet basic training timelines were introduced with the objective of reducing the timeline in addressing the numbers. These measures have had no medium or long-term impact other than to potentially expose the organisation to greater operational and organisational risk.



Resilience of General Service Recruitment Efforts March 2017

The Defence Sector Management submission to PSPC 1 noted the significance of the recruitment and retention functions of the HR model where they note;

“Maintaining defence capacity requires that a satisfactory balance is maintained between exiting personnel and new recruits . . . current trends in recruitment and retention are posing significant challenges to the organisation in this regard” (P 1).

The Defence Sector Management further note that;

“the issue for the DF today is that currently they are losing personnel faster than they can recruit them and this is happening both at the officer, but more extensively at the enlisted level and “addressing the loss through increased recruitment poses difficulties due to significantly increased demands in terms of training personnel, training facilities and recruitment staff” (Page 2).

In summary, the Defence Sector Management submission clearly acknowledges the;

- Issues and challenges as a consequence of failing recruitment and retention policies.
- Consequence of the failure to retain “skilled and experienced” personnel and the consequential impact on operational capability.
- Implications of the retention failure with respect to additional demands on organisation training infrastructure, training instructors and training support staff.

The University of Limerick Focus Group Report 2017

The DF commissioned the University of Limerick to conduct an organisation Climate Survey in 2015 followed up by a more in-depth Focus Group Report in 2017. Where the initial climate survey was based on quantitative data, the Focus Group Report was more qualitative in design and product.

Related references to the DF Recruitment function in the Focus Group Report 2017 refer. The authors’ summary concludes that;

“Serious concerns from an organisational level are presented here...the DF is reaching a point of being hollowed out in terms of experienced human capital, notwithstanding the increased recruitment of cadets it would take 10 plus years to replace the expertise that has been lost”.

“Furthermore, ... it will be difficult to get cadets up to the standard required as the mentoring capability is being lost with those that are exiting/retiring. As highlighted in other sections there was widespread frustration at a perception that there is a focus on recruitment and that retention is not a priority. This in turn is leading to a sense of disconnect/divide between all ranks and Senior Military management/The DoD and a fear for future capability of the DF”.

Other notable references to “Recruitment” referenced by the Focus Group Report 2017 include;

“Contributing to the stress caused by lack of numbers, there is a perception that management are focusing on recruitment rather than retention”.

“Organisation is in more trouble than management thinks.”

“Need to retain the right people with pay and conditions.”

“Officers have expressed that management’s focus on recruitment rather than retention is their primary source of stress. This has led to having higher numbers of inexperienced members while those with significant experience and capability are leaving. The workload is increasing and there are fewer members to do the work, so this has led to an inability to meet demand to the standard required. Members are feeling overworked and Officers fear for the safety of their members and the capability of performing to the best possible standard”.

Since the publication of this report, no new policy initiatives have been introduced by management to address the underlying issues identified.

The Gleeson Commission² states (para 3.7.10) that;

“One factor which must be taken into account is the need to arrive at rates of pay which are sufficient to enable the DF to recruit and retain personnel of the proper quality.”

Additionally, Para 3.7.11 notes the consequences where management ignore the clear evidence of difficulties where the report states that;

“[T]o ignore identifiable problems of recruitment would be to run the risk that the DF would be unable to secure the services of sufficient numbers of suitable personnel. To ignore clear evidence of difficulties would lead to out-flow of skilled personnel. In either event, the capacity of the DF to carry out the tasks assigned to them could be undermined and the problems would take many years to remedy.” This finding is particularly relevant as the “retention” of commissioned officers continues to be a major challenge for the DF (Gleeson Commission).

Conclusions on Recruitment

Recruitment and Retention are intrinsically linked. Recruitment functions should not be evaluated based on numbers of applicants alone. Excessive and continual recruitment at new entrant level is not a credible or viable response to the DF HR issues. (Gleeson Commission)

- Rates of pay in addition to improved conditions of service for military personnel must be sufficient to enable the DF to recruit and, more importantly, retain trained professionals of the proper calibre and experience. (Gleeson Commission)
- The DF is currently suffering from a **dysfunctional cycle of turnover**. This has consequential implications that Management are ignoring and requires immediate attention. (Focus Group Report 2017)
- Extraordinary high levels of new inductee training are diverting resources from other key activities such as operational taskings. (Department of Defence submission to PSPC1)
- Loss of trained and qualified leader expertise is increasing risk where it takes a minimum of 2 - 8 years to safely develop these leadership capabilities. Training, educating and developing military competencies is primarily an in-house function, common amongst armed forces. Exigencies of military service demands bespoke HR policy. Public service “norms”, where they are inconsistent and incompatible with the “employee status” of Defence Force personnel, will result in the continued failure to adequately and safely staff appointments.

² The Commission on Remuneration and Conditions of Service in the Defence Forces (Gleeson Commission) was established on 29 July 1989 to carry out a major review of the remuneration and conditions of service of the Defence Forces having regard to their separate and distinct role and organisation and to make recommendations. This was the first independent commission in the history of the State to examine pay and conditions in the Defence Forces.

Retention

The exit of highly trained, qualified and experienced military professionals is an ongoing trend since 2010 across all services and grades. Where the organisation is clearly unable to replace those exiting staff with equally qualified and experienced professionals, the result is increased operational risk, ineffective governance and noted impact on the wellbeing of serving personnel. The cost benefit of retention over continual recruitment is indisputable particularly where the majority of training and qualifications must be developed from within Military Institutions.

Between 2010 and 2017, 586 officers retired from the DF. The vast majority of these retirements were of Captain, Commandant and Lieutenant Colonel rank. Our submission showed how the number of Captains retiring trebled between 2010 and 2015. No effort was made to retain these officers in service. It costs the State approximately €0.5m to train and qualify each officer. This amount excludes the amount Continuous Professional Development or 'Rating' in aviation terms. These statistics are, the Association contends, an indication of a combination of factors all of which are supported by multiple stakeholder submissions to the PSPC and informed commentary;

Organisational Climate - Inadequate manning levels is regarded as the root cause with consequential implications such as increased risk in the performance of tasks and operations, employee burnout due to long term unplanned multitasking, personal and professional wellbeing compromised, higher instance of postings resulting in long term separation from family and community, and **dysfunctional turnover** of staff (Defence Forces Focus Group Report by University of Limerick 2017).

Remuneration - FEMPI Pay Cuts, disproportionate cuts to New Entrant Final Superannuation Benefits and increasing pay differential with other Public and Private Sector employment.

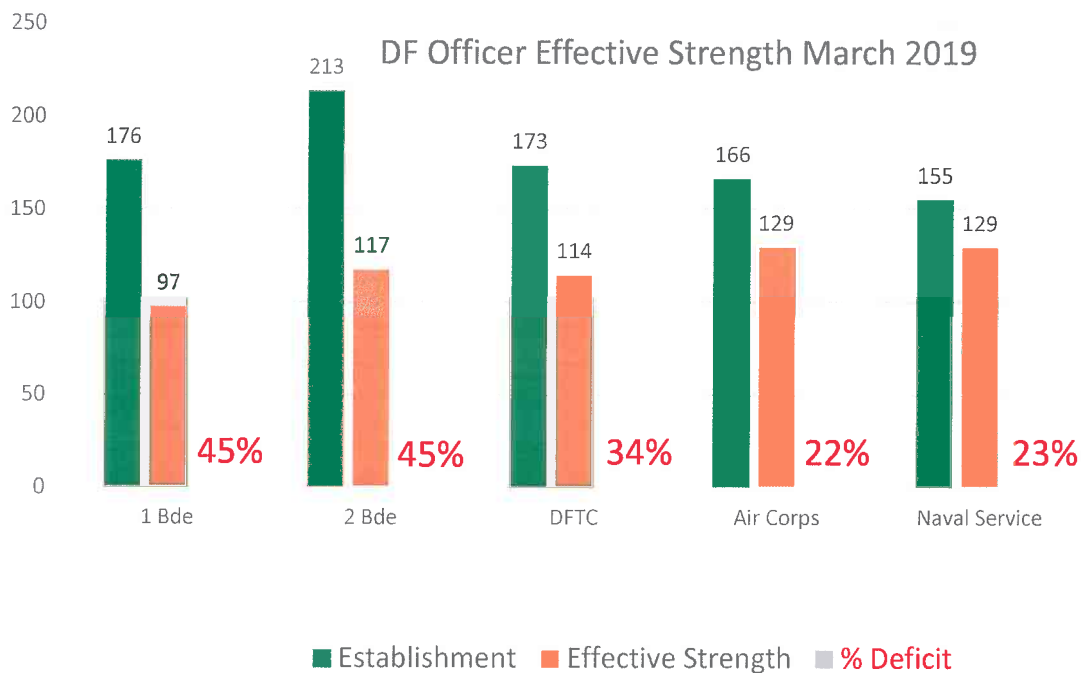
ECF/DFR CS.4: These documents provide for the organisational structure and manning levels. Inaccurate recognition of whole-time numbers of ranks in the DF organisation structure Employment Control Framework (ECF) and Defence Forces Regulation CS.4 (DFR CS.4) is an ongoing glaring anomaly. The current organisational establishment, as set out in the ECF / DFR CS.4, fails to provide for a further 151 whole time appointments overseas, on career courses, LOA, Secondment etc.

Overseas Establishment: Junior officers (Second Lieutenant, Lieutenant, Captain) on overseas duty are not provided for in the DFR CS4/ECF. In effect, this means that there are currently 28 appointments vacant in the units that the officers deployed from (not to mention those preparing for deployment).

Full Time Training Requirements: Students on Junior and Senior Command and Staff Courses have not been provided for. Once again, there is no allocation in the DFR CS4 structure to take account of the officers undertaking these courses, lasting 6.5 months and 10.5 months in duration respectively. As a result, the home unit will continue to carry those officers on their overall strength for the duration.

Special Leave without Pay & Allowances: There are currently 26 officers on SLWPA for a period of one (1) year or longer. In contrast to other sectors, the Defence Forces is not authorised to promote or induct against these figures and they are carried on the overall strength, belying the unit strength figures.

Secondment: There are currently three (3) officers on long-term secondment both on and off island. Again, the Defence Forces is not authorised to promote or induct against these figures and they are carried on the overall strength of the organisation.



Supplementary Notes:

1 Bde: Lts are at 31%; Capts at 50% / 2 Bde: Lts 490%, Capts 53% / DFTC: Lts 35%, Capts 64%

Air Corps Pilots are at 71% Strength and falling / Air Traffic Controllers are at 66%

Conclusions on Retention

Rates of pay and conditions of service for military personnel must be sufficient to enable the DF to recruit and, more importantly, **retain** personnel of the proper quality and experience (Gleeson Commission)

- The DF is currently suffering from a dysfunctional cycle of turnover. This has far reaching implications and demands immediate retention initiatives. Military Management should not be deliberately excluded from HR Policy Decisions. (UL Focus Group Report 2017)
- Cost benefit of retention over forced excessive recruitment is indisputable. Management are failing to acknowledge and adequately provide retention initiatives to stem the outflow of trained professionals.
- Retention initiatives, pay and non-pay, are not alien concepts to military organisations. The UK Armed Forces are particularly responsive to ensuring fully trained “manning levels” across the services. Most recently the UK Government signed a bill into law to provide for flexible working time (10 February 2018).
- Loss of trained and qualified officer expertise is increasing risk where it takes a minimum of 2 - 8 years to safely develop. Cost benefit of retention is obvious.

Impact of staff shortages on service provision

Service provision continues, but sustainment remains a significant challenge due to the inadequate manning levels. The question remains; Service Provision at what cost?

The Focus Group Report by the University of Limerick identifies and contextualises the **impact** of continuing to deliver services with inadequate manning levels:

- Risk in the performance of tasks as a consequence of inadequate experience and workload.
- Governance is compromised with officers treble jobbing due to inadequate manning levels.
- Instance of postings is unfairly high....no continuity and stability for personnel and their families
- Overburdening of duty rosters, tasking . . . in contravention of the Working Time Directive (WTD).
- Prolonged periods away from family and community.
- No ability to reasonably plan annual/monthly operations, training or career development.
- Air Corps flight operations, pilot and ATC manning levels are restricting flight operations.
- Reduced capacity to respond to Aid to Civil Power / Authority operations.
- Collective operational training severely impacted.
- Increased Stress and Impact on Wellbeing.
- Mentoring/Supervision severely affected

Evidence of labour market pressures

Pilots are being headhunted by airlines, where many former Air Corps Officers occupy Post Holder positions as Chief Pilots and in the areas of pilot training. As more pilots leave to the aviation industry there is a multiplier effect, as their peers are encouraged to follow, attracted by the comparatively more attractive terms and conditions.

Ordnance personnel are leaving for better paid similar jobs in advisor roles. They have been shown to be highly sought after by the private sector and many have left to pursue jobs with increased wages, greater work-life balance and a fixed place of work. Examples of companies Ordnance Officers have left the DF to join include Diageo, Aldi and the ESB. In addition, several officers have taken up permanent roles with the UN.

HR and Operations staff are leaving to perform the HR function in civilian companies with superior conditions of service and greater work life balance.

Engineer Officers are leaving because the economy is improving so there is a greater level of construction.

Remuneration – What can the Pay Commission Deliver for the DF?

RACO's February 2018 submission to the PSPC contained a number of remuneration claims, all of which are accompanied by detailed business cases. These include:

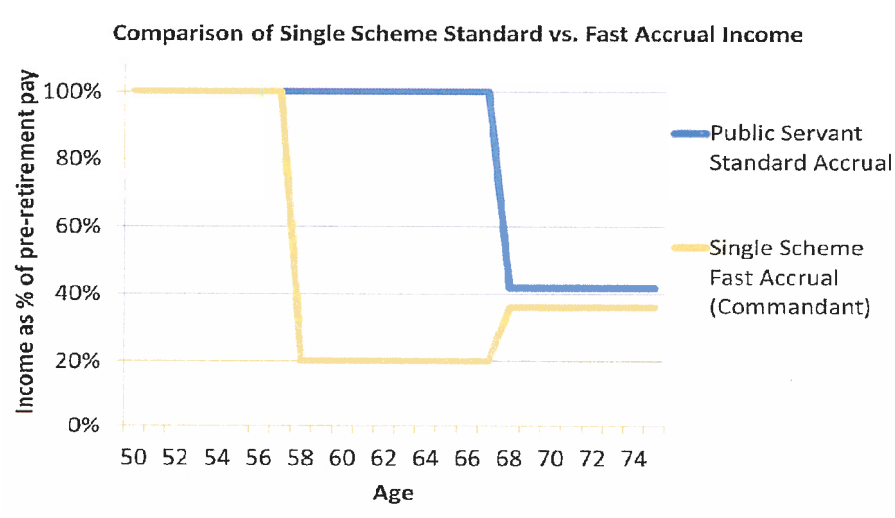
- Increase in Military Service Allowance (taking into account payments to AGS in November 2017 and increases in rent allowance granted by Government to AGS, Firefighters and Prison Officers)
- Restoration of 10% cut to allowances and duty pay rates for Saturday/Sunday imposed by Haddington Road Agreement
- Air Corps Allowances
 - Reintroduction of Pilot Service Commitment Scheme
 - Aeronautical Engineer, Communication Information Services and Air Traffic Service
- Naval Service Patrol Duty Allowance Increase
- Ordnance Duty Allowance Increase
- Restoration of Specialised Instructor Allowance – Officers

Single Pension Scheme (SPS) – Supplementary Pension for Post 2013 Officers

As a fast accrual pension group, CCR 421 provided for the payment of a 'supplementary' or transitional pension to be paid to commissioned officers until they became eligible for the payment of State Pension Contributory (SPC). With the introduction of the Single Pension Scheme (SPS) Act in 2013, this supplementary pension is no longer payable to post 2013 entrants.

RACO contends that the single biggest factor negatively effecting retention in the DF, and hence the future viability of the Force, is the removal of the supplementary pension from post 01 Jan 2013 new entrants. It is worth noting that there are currently 410 members or associate members or 26% of the officer body on the SPS.

To ensure operational capability, Government policy determines that all DF personnel are subject to mandatory retirement ages (anywhere between their 54th or 60th birthday depending on rank). Hence the vast majority of post-2013 RACO members will retire, a full 10 years before they can receive the SPC. Currently the State pension age is paid at 66, but this is changing to 67 from 2021 and 68 from 2028.



Graph:
Financial Impact of SPS on Post-2013 Personnel

What does this actually mean?

Post 2013 Officers who mandatorily retire from the DF as young as 58 – 60 years of age, will initially receive an occupational pension equivalent to 20% of their final salary. But they must wait until 68 years of age in order to receive the SPC. This still places DF personnel at a marked disadvantage when compared to other civil servants, as military pensions will typically be 38% of final salary. In contrast, a public servant retiring at 70 years of age will retire on 42 % of final salary.

Bottom Line Up Front.

In addition to being denied 10 years of salary, military personnel are unable to make up that 5% gap without recourse to expensive AVCs as the SPS does not adequately provide for fast accrual pensions. This is further evidenced in the rates SPS members pay in Additional Superannuation Contributions.

What is the likely impact?

In an attempt to gain some insights and evidence-based data on the impact of the removal to the supplementary pension on DF retention, RACO retained *Amárach Research* to survey members' attitudes to the loss of the supplementary pension.

Key Insights from the *Amárach Report*.

- 90% of respondents would consider retiring before their mandatory retirement age.
- 43% of 18 - 25 year olds 'will retire' between 30 - 35.
- 28% of 30 - 35 year olds 'see themselves' retiring between 30 - 35
- 29% Of 30 - 25 year olds 'see themselves' retiring between 36 - 40.

Why retire so early?

Among those who were inducted between 2013 and 2019, 79% said the SPS had a 'high' or 'very high impact' on their decision to consider retiring early before mandatory retirement ages as they would be unable to meet their financial needs following their mandatory retirement. This breaks down further as;

- 69% of 18-25-year olds said, the SPS had a high or very high impact on any decision to retire early,
- 61% of 26-35-year olds said, the SPS had a high or very high impact on any decision to retire early.

IMPLICATION: This lack of adequate pension provision for this cohort means that a majority of them feel that they have NO long-term future in the DF, and will not stay long enough to develop and progress up the ranks and populate the chronic shortages at middle management level. **The unprecedented level of Cadet inductions will have been for nothing.**

Resolutions

- Re-instate CCR 421 (provision of supplementary pension) for post 2013 entrants, thereby making the Defence Forces a viable career for this cohort.
- Similarly, to when commissioned officers in 1994 moved away from PRSI Class 'C' to the more expensive but beneficial Class 'A', consideration must now be given to raising all post 2013 basic pay to ensure that the SPS can properly provide for personnel retiring on age grounds.

Conclusion

As the first independent body to examine pay and conditions in the Defence Forces, the findings of the Gleeson Commission effectively established the basis and structure of Defence Forces remuneration and conditions. The findings of the Commission have shaped the relevant structures going forward.

The cost benefit of retention is indisputable. The unique demands of Defence Force service require specialist “in house” military training and the development of military specialist skills. Unlike other Public Service sectors, the Defence Forces cannot draw on externally trained professionals to immediately fill organisational vacancies. It is not sustainable to continue recruiting to fill the voids. At what point of dysfunction will management factor “retention” over the continual failing demands of “recruitment”.

The “risk” to capability delivery, as a consequence of loss of experience, continues to be highlighted as a key concern by Unit Commanders and is evidenced in the Defence Forces Risk Register. Similarly, researchers from the University of Limerick note these dangers and the growing “risk” to personnel in their Focus Group Report (2017).

The Department of Defence has failed to provide a retention policy for the Defence Forces even though it is evident that the **continual recruitment campaigns are failing to address the continued reduction in overall strength, particularly where the underlying reasons for the continued exit of personnel also remain unresolved.** The Chairman of the Oireachtas Committee on Foreign Affairs, Trade and Defence has questioned the Secretary General of the Department of Defence as to why, when the Department of Defence saves millions every year (€27.5m in 2016), do they not see fit to introduce retention initiatives.

Data without relevant context can prove meaningless. This is particularly true in the context of the Human Resource Model of the Defence Forces and military organisations. The HR functions of recruitment & retention are inextricably linked. Where the retention function is failing, the pressure on recruitment alone cannot possibly deliver trained and experienced staff commensurate with an effective and cost-efficient HR model. With both recruitment and retention policies continuing to fail in addressing the manning level crisis in the Defence Forces, an external comprehensive review, similar in nature and scope to the Gleeson Commission in 1990, should now be considered by Government where Management are unable or unwilling to address the underlying organisational issues. According to Gleeson,

*“...one factor which must be taken into account is the **need to arrive at rates of pay which are sufficient to enable the Defence Forces to recruit and retain personnel of the proper quality.**”*

“...to ignore identifiable problems of recruitment would be to run the risk that the Defence Forces would be unable to secure the services of sufficient numbers of suitable personnel. To ignore clear evidence of difficulties would lead to out-flow of skilled personnel. In either event, the capacity of the Defence Forces to carry out the tasks assigned to them could be undermined and the problems would take many years to remedy.”

These statements are particularly relevant and reflective of the current retention crisis where the exodus of commissioned officers across all ranks and services continues, to say nothing for enlisted personnel. To date, there has been an absence of a credible management response to stem the outflow of experience and expertise. **The Defence Forces cannot recruit its way out of the current retention crisis.**