

Executive Summary

The Public Service Benchmarking Body carried out a detailed evaluation of the pay and jobs of 109 grades in the public service in accordance with its terms of reference. With the assistance of consultants, the Body conducted the following exercises:

- examinations of the pay and jobs of the public service grades it was charged with benchmarking and the jobs, pay and reward structures in the private sector. The research methodology adopted in the public service and private sector is described in Chapter 3;
- an examination of the value of public service pensions by comparison with pension arrangements available in the private sector. The outcome of that examination is discussed in Chapter 7; and
- The annual cost of the recommendations made by the Body is in the region of €50 million on full implementation (this represents an average increase of 0.3% in overall pay costs).

Conclusions

The Body reached the following main conclusions:

- the pensions of the public service groups covered by the benchmarking exercise are significantly more valuable than those of private sector groups;
- having regard to actuarial advice received the Body decided that the superior value of public service pensions should be quantified as 12% of salary and that a discount of this amount should be applied in comparing remuneration levels in the public service and the private sector;
- in general public service salaries compare well with the private sector;
- the comparison exercise conducted by the Body combined with a discount of 12% in respect of the value of public service pensions relative to arrangements in the private sector showed that the salaries of only a small number of the public service grades examined were below private sector rates;
- in general, where remuneration was found to be below private sector levels this arose in the case of some of the more senior grades examined; and
- The annual cost of the recommendations made by the Body is in the region of

€50 million on full implementation (this represents an average increase of 0.3% in overall pay costs).

The Public Service Benchmarking Body

The Public Service Benchmarking Body was first established under the terms of the *Programme for Prosperity and Fairness*. That Body reported on 30 June 2002. The Public Service Pay Agreement under the Mid-Term Review of Sustaining Progress (June 2004) provided that “*The parties have agreed that the Benchmarking Body will commence the next benchmarking review in the second half of 2005 to report in the second half of 2007.*”

The remit of the Body covers public servants in the Civil Service, Local Authorities, Health Service, Defence Forces, Garda Síochána and the Education sector. An agreed list of the specific grades (known as List A) which the Body was asked to examine was furnished to the Body by the public service employers and unions/associations. That list is set out at Appendix 1 to the report and amounts to 109 separate grades.

The members of the Public Service Benchmarking Body were Dan O’Keeffe, S.C. (Chairman), Bill Attley, Olive Braiden, John Malone, Tom McKeivitt, Willie Slattery and Professor Brendan Walsh.

Nature of Benchmarking

Benchmarking was defined in the report on the previous exercise as representing an integrated approach to the examination of work and reward. The terms of reference specify that the exercise should be a coherent and broadly based comparison with jobs and pay rates across the economy. In this exercise, as in the previous one, the Body examined the work, pay, benefits and conditions of employment of employees in the public service and the private sector. This was undertaken using well established analytical methods which are described in the report.

In undertaking the comparison between jobs in the public service and the private sector, the Body took full account of a number of considerations specified in the terms of reference.

In undertaking its task, the Body had regard to the reasonable aspirations of public servants for equity of treatment relative to the private sector. In relation to this issue the Body, in accordance with the terms of reference, took into consideration all aspects of the pay and benefits available in the public service and private sector including matters such as perquisites, security of tenure and superannuation benefits. The manner in which this was done is described in the report.

Submissions and Consultation

The Body invited submissions from directly interested parties and from the general public. Advertisements were placed in national newspapers inviting submissions to the Body in connection with the exercise. In addition to the newspaper advertisements, direct approaches seeking submissions were also made to the unions/associations representing the grades to be examined and to the relevant employers.

In addition a series of 41 oral hearings were conducted by the Body with relevant employers and trade unions/associations.

Competitiveness

The terms of reference require the Body to have regard to “*the need to underpin the country’s competitiveness and continued economic prosperity*”. The Body acknowledged the importance of this part of the terms of reference and the relevance of public service pay in this context. On a general level the Body took the view that the public service must not lead the private sector in terms of pay. The Body also had regard to the effect of any movements in public service pay on the country’s economic prosperity.

Public Service Modernisation

The terms of reference note that “*Continued co-operation with change and modernisation has been a feature of previous national agreements and, in the context of Sustaining Progress, detailed Action Plans were agreed in each sector. This reflects the ongoing nature of the work of modernisation of the public service to meet present day needs and future demands. In that context change and modernisation is a continuing requirement of a modern public service. It is, of itself, not a basis for giving an improvement in pay or conditions.*” The Body fully agrees with the statement in the terms of reference that change and modernisation is a continuing requirement of a modern public service and is not, of itself, a basis for an improvement in pay or conditions. Contributions by public servants to modernisation and increased efficiency are to be expected and should be regarded as normal requirements of their jobs, encompassed by their salaries.

Summary of the Methodology adopted by the Body

The main steps in the methodology adopted by the Body can be summarised as follows:

- job evaluation was used to measure the size of jobs in the public service and in the private sector;

- a survey of the private sector was carried out by the Body to establish the pay and benefits applicable to the private sector jobs of comparable size;
- a study was carried out of the value of the superannuation benefits of the public service grades covered by the Body's terms of reference relative to the arrangements applying in the private sector;
- in making comparison between remuneration in the public service and the private sector, a discount was applied to reflect the superior value of pensions in the public service; and
- where, following the application of this discount, the comparison showed the remuneration of a public service grade to be lower than that of a job of similar size in the private sector, an increase has been recommended by the Body.

The steps set out above are described in further detail below and elsewhere in the report.

Job evaluation

Job evaluation was central to the Body's examination of the work of public service grades and the comparison with jobs in the private sector. The terms of reference specify that "*The last exercise gathered large quantities of data and developed a job weighting system used by the Body. In doing its work the Body may draw on the previous work done in this area and use, as it sees fit, the existing database and methodology for comparing jobs.*" In meetings the Body held with the public service employers and the public service unions/associations support was expressed for the job evaluation system used in the last exercise.

In this exercise, the Body decided to apply the same job evaluation system to evaluate the work of the public service grades and private sector jobs covered by its examination.

The job evaluation system used by the Body involves assessing a job under a number of factors and assigning points scores to the demands of the job under each of the factors. The total of the points scores under the various factors is taken to be the measure of the job size. Jobs with the same, or approximately the same, points score are considered to be of equal size.

The job evaluation system and the methodology used are described in detail in Chapter 3 of the report.

Survey of the private sector

The Body collected information on a large number of jobs in the private sector and these were evaluated using the Body's job evaluation system for purposes of comparison with public service jobs. A total of 263 private sector companies across the economy participated in the Body's survey. The Body's consultants also collected information on a wide range of pay, benefits and working conditions attaching to the private sector jobs examined.

The totality of the information collected was as follows:

- Annual salary
- Annual bonus
- Car or car allowance
- Medical insurance
- Other regular benefits or payments
- Date of salary review
- % Salary increase
- Overtime
- Pension scheme
- Share options
- Sick pay
- Hours worked
- Annual leave
- Performance pay.

The private sector survey is described in Chapter 3 of the report.

Study of public service pensions

With the assistance of actuarial advisers, the Body undertook a study of the value of the superannuation benefits of the public service grades covered by the Body's terms of reference relative to the arrangements applying in the private sector. The study concluded that the value of public service pensions was greater than that of the pension arrangements applying in the private sector. In the light of the outcome of the study, and having regard to the actuarial advice received, the Body decided that the higher cost of public service pensions should be assessed as 12% of salary for the grades covered by the benchmarking process.

The study carried out on pensions and the Body's conclusions are described in Chapter 7 of the Body's report. A copy of the report on the study is at Appendix 8.

Comparison between remuneration in the public service and the private sector

In making comparisons between the remuneration of the public service grades covered by the Body's terms of reference and the remuneration of jobs of comparable size in the private sector, the Body first applied a discount to private sector rates to reflect the extent (12%) to which the value of public service pensions exceeded the value of pension arrangements in the private sector.

Following application of the discount, the Body compared the weighted average of the remuneration of the public service grades covered by its terms of reference with the weighted average of the remuneration of jobs of comparable size in the private sector.

The basis for comparison between remuneration in the public service and the private sector and the approach adopted by the Body are set out in detail in Chapter 8 of the Report.

Outcome of the comparison between remuneration levels in the public service and the private sector.

As already indicated where the comparison between remuneration levels in the public service and the private sector, on the basis described in the preceding paragraphs, showed that the remuneration of a public service grade was below private sector levels, the Body has recommended an increase. In other cases no increase is recommended.

The comparison exercise conducted by the Body and the resultant recommendations provide for increases for 15 of the 109 grades examined.

The outcome of the comparison exercise is described in Chapter 9 of the report. The recommendations on individual sectors are set out in Chapters 10 to 14 of the report.