



REVIEW BODY
ON
HIGHER REMUNERATION
IN THE
PUBLIC SECTOR

Report No. 38

To
The Minister for Finance
on
The Levels of Remuneration Appropriate to
Higher Posts in the Public Sector

25 September 2000

BAILE ÁTHA CLIATH
ARNA FHOILSIÚ AG OIFIG AN tSOLÁTHAIR
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Executive Summary

FIRST BENCHMARKING OF KEY PUBLIC SERVICE POSTS TO PRIVATE SECTOR

The Review Body recommends:

- a relationship between basic pay for top public service posts and lower quartile of private sector salaries
- pay increases ranging from zero to 33.3% for key senior posts
- a new approach to performance-related awards

The overall increase in salary costs arising from these recommendations is 12%.

The Review Body carried out a pioneering benchmarking exercise with the assistance of Hay Management Consultants. It focused on the comparison of job sizes in the public service with those in the private sector¹.

Basic pay for the top posts in the public service should be benchmarked to the lower quartile of the private sector as a medium term objective. As a first step, most salaries should be brought up to around 85% of the lower quartile. For a small number of non-commercial State companies where private sector rates are more relevant a 95% salary level is more appropriate. Progress on this objective should be dependent on the implementation of key elements of the public service modernisation and reform programme and the continuation of the positive macroeconomic and fiscal environment.

The new approach disturbs some pay relationships between top-level posts. In some cases, this means recommendations for large increases in salaries while others will remain unchanged.

We believe the new methodology is needed in current labour market conditions and provides the Government with an opportunity for correctly remunerating top-level jobs in the public service. This change is necessary because it is clear that the number of suitable candidates for such posts is steadily reducing, though the Review Body believes it has not, as yet, affected the quality of people accepting senior posts.

We concluded that unless there are significant increases in salary it will be extremely difficult to fill certain key top public service posts at the quality level needed to maintain momentum in the economy, improve physical infrastructure and provide appropriate social services.

¹ Different criteria were used for TDs/Senators, Hospital Consultants, the Judiciary and State Solicitors.

We warn against drawing conclusions about other public sector groups from this review. We found that the gap between basic public and private sector pay rates was much greater for the most senior posts and tended to diminish for less complex positions.

Review Body Recommendations: Pay Increases

Here are the effects of the recommended increases in pay for the main groups concerned. The individual salary levels recommended are set out in Appendix 1 of the full report.

Sector	% Increase	Sector	% Increase
State Companies	9.8	Defence Forces General Ranks	9.1
Civil Service	15.9	Office Holders, TDs and Senators	21.1
Local Authorities	13.9	Judiciary	20.2
Health Boards	9.1	Hospital Consultants	10.0
Garda Commissioner Ranks	18.7	State Solicitors	13.2

TDs/Senators

We were directed to link TDs' pay to that of a suitable civil service grade. We concluded that a TD's job size was comparable to that of a standard Principal Officer. The salary comparison is set at the maximum of a Principal Officer's scale. Senators' salaries are set at 70% of the rate for TDs.

Hospital Consultants

We were hindered by the lack of data available on earnings from private practice. In addition, the Medical Manpower Forum has not yet concluded its report which is likely to lead to a fundamental review of consultants' contracts. We therefore decided to recommend an interim increase in the basic salary of consultants. We have also made recommendations for increasing significantly the payments to consultants who carry out substantial management roles within hospitals and consultants who experience very heavy call-outs on onerous rotas. We have also made recommendations on the reimbursement of insurance costs for part-time consultants. These proposals will bring more balance and flexibility into the consultant workforce.

Review Body Recommendations: Performance-Related Awards

A Committee for Performance Awards should be established with a similar role to that of a remuneration committee in the private sector. This committee would monitor and adjudicate on the awards process and assure that it would operate to stringent guidelines. Some members of the committee should be drawn from the Top Level Appointments Committee with the majority of the membership from persons outside the public service with appropriate experience.

The civil service scheme should be widened to include Secretaries General as well as Assistant Secretaries. A new scheme of awards for exceptional performance should be introduced for the Commissioner, Deputy and Assistant Commissioner ranks of the Garda Síochána. Decisions on schemes of performance-related awards to chief executives of non-commercial state-sponsored bodies where such schemes are not already in operation should be a matter for the parent Government Department in consultation with the Department of Finance providing certain preconditions are met.

Progress in this area has been slow to date. Our performance award recommendations are a final attempt to kick start the development of a highly desirable element in the total remuneration for top level posts in the public service. We recommend that consideration be given to withdrawing the whole concept of rewarding exceptional performance if no substantive progress has been made by the time of the next general review.

Other Review Body findings

- The more complex public service jobs have the largest differences with salary levels in the private sector. Other posts had smaller differences but basic salaries generally were found to be well below average private sector basic salary levels.
- After four years of unprecedented economic growth the performance-related elements of private sector remuneration at the top level have grown very fast, so that the average gap in total remuneration between top level posts in the private and public sectors has increased considerably.
- Some posts in the existing public service salary structures are over-graded relative to other posts.
- To sustain a quality cadre of top managers in the public service also requires a strong commitment to improved human resource strategies. This should identify the leaders of the future and develop them through programmes of education and through providing challenging opportunities. Top management in the public service has been slow to adopt proactive career management strategies for staff.

The Sixth General Review of Higher Remuneration in the Public Sector was carried out by Michael Buckley (Chairman), Brian Hillery, Vivienne Jupp, Peter Malone, Cormac P. McHenry and Noel O'Neill.

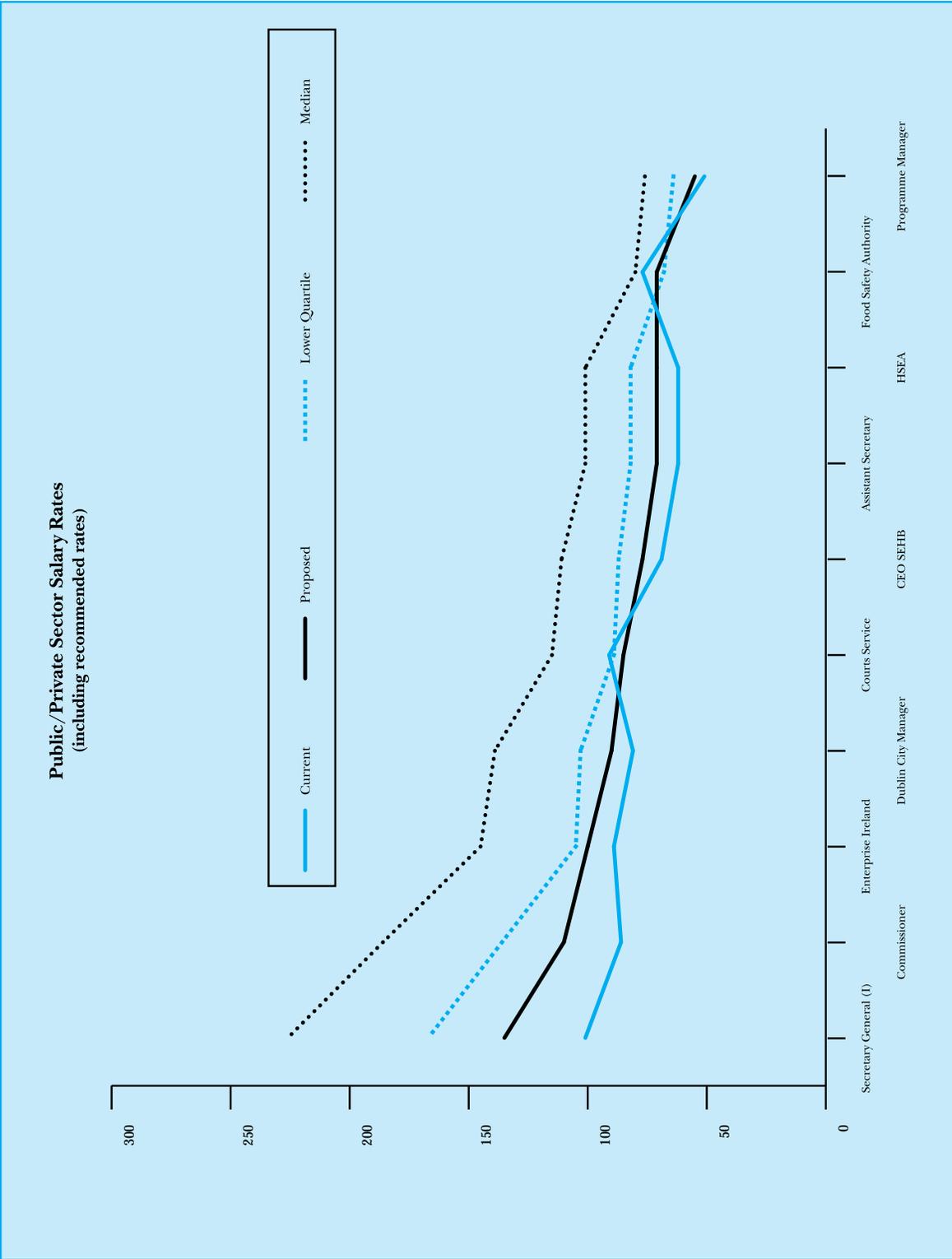
MATRIX OF RECOMMENDED SALARY RATES

Office Holders	Judiciary	Civil Service	Health Board	Local Authority	Garda & Military	State Companies	Hospital Consultants ¹
£							
140,000	Chief Justice	Secretary General (I)					
135,000	President, High Court	Secretary General (II)				Enterprise Ireland, IDA, FAS, Forfás	
130,000	Supreme Court Judge	Secretary General (III)		Level I Manager	Commissioner		Geographical Wholetime Category I: (A)
122,000							Category I: (B)
120,000	President, Circuit Court				Chief of Staff		Category I: (C)
118,000	High Court Judge		Level I CEO			Prisons Service	Category II : (A)
115,000						Courts Service	Category II: (B)
110,000							Category II: (C)
105,000							
100,000							
99,510							
94,990							
91,000							
90,210							
90,000	President District Court						
87,000		Deputy Secretary			Deputy Commissioner		
85,690							
85,000							
84,790							
84,000							
80,520							
80,000							
79,000	Circuit Court Judge						
77,000							
76,520							
75,000		Assistant Secretary					
71,000							
70,000	District Court Judge						
68,000							
66,000							
62,000							
61,000							
60,000							
58,000							
55,000							
53,086							
52,000							
47,000							
46,506							
32,554							

¹ (A) = Midland, North Western & Western Health Boards. (B) = Southern, Mid-Western, North Eastern & South Eastern Health Boards. (C) = Eastern Regional Health Authority

² SFADCO, Údarás na Gaeltachta, Bord Bia, Dublin Docklands Development Authority, Teagasc

³ Food Safety Authority, Health and Safety Authority, Health Services Employers Agency, Legal Aid Board, Local Government Management Services Board



Terms of Reference and Context

Terms of Reference

1.1 The Review Body on Higher Remuneration in the Public Sector was set up in May 1969. The following standing terms of reference have applied since January 1991:

To act as a standing body whose primary function will be to advise the Government every four years (the first review for this purpose to commence in January 1991) on the general levels of remuneration appropriate to

- (1) members of the Houses of the Oireachtas;
- (2) members of the Government, Ministers of State, the Attorney General and the Chairman and Deputy Chairman of Dáil Éireann and Seanad Éireann;
- (3) the Judiciary;
- (4) civil servants, local authority officers and health board officers outside the scope of conciliation and arbitration schemes;
- (5) the ranks of Commissioner, Deputy Commissioner, Assistant Commissioner and Surgeon in the Garda Síochána;
- (6) Chief of Staff (Lieutenant-General), Major-General and Brigadier-General /Commodore in the Defence Forces;
- (7) the Comptroller and Auditor General;
- (8) the chief executives of state-sponsored bodies;
- (9) the chief officers of Dublin Port and Docks Board and the Cork, Waterford and Limerick Harbour Commissioners.

In addition to advise the Government specially on other specific issues which they may refer to it separately or in the context of the four-yearly reviews.

In making its reports, the Review Body will be expected to have regard to the state of the public finances and to Government pay policy on which it will be advised from time to time. The Review Body will also be expected to have regard to the desirability of relating remuneration

to individual performance where appropriate and of encouraging a high level of efficiency and effectiveness in the public sector.

Hospital Consultants

1.2 The Government has decided that a review of the remuneration of hospital consultants should, commencing with the present review, form part of the general reviews undertaken by the Review Body from time to time.

The Present Review

1.3 In 1999 the Government approved the adoption of a new procedure for determining the pay of chief executives of commercial State bodies. Accordingly, these posts are not covered by the present review.

1.4 The standing terms of reference allow for specific issues to be referred to the Review Body in the context of a general review. The Government decided that the following issues should be included in the specific terms of reference for this review:

- (1) the Review Body to recommend an appropriate civil service grade to which the pay of Dáil Deputies would be linked for the future and the proportionate relationship that the remuneration of Senators should have to that of Deputies. In this regard, the Government decided that the terms of the review in the case of office holders, Deputies and Senators should be confined to the salaries element only; expenses etc. were not covered;
- (2) a review of the remuneration of the Heads of third level institutions, Professors, Bursars and Registrars; and
- (3) a review of the personal salary element of the remuneration of State Solicitors.

Health Board posts

1.5 Chief executive officers of health boards are covered in the standing terms of reference of the Review Body. New structures were put in place for the delivery of health services in the eastern region under the provisions of the Health (Eastern Regional Health Authority) Act, 1999 involving the establishment of the Eastern Regional Health Authority and three new area health boards – South Western, Northern and East Coast. The Review Body was asked to make recommendations on the remuneration of the chief executive officers of these new bodies. The Review Body was also asked to recommend on the remuneration

of (i) the posts of Director of Planning and Commissioning and Director of Finance in the Eastern Regional Health Authority and (ii) the grade of Programme Manager in Health Boards.

Director of Public Prosecutions

1.6 During the course of the review, the Review Body was asked to recommend on the remuneration of the Director of Public Prosecutions.

Context

1.7 This is the sixth general review carried out by the Review Body (Appendix 5 contains a list of previous Review Body reports). On this occasion, in the region of 2,500 posts are covered by the terms of reference including hospital consultants and posts in the third level education sector.

Third level sector

1.8 The Review Body has been asked to examine the remuneration of top posts in the third level education sector. Some of these posts are being examined by the Review Body for the first time while others have not been specifically reviewed for many years. We concluded that the posts in third level institutions could best be examined in a separate exercise after the Review Body had presented its report on the other groups.

State of the public finances and public sector pay policy

1.9 As in the past, the Department of Finance provided information on the public finances and Government pay policy. The rate of growth of the Irish economy has far outstripped all expectations at the time of our last report. As a result Exchequer surpluses have been recorded since 1998 and the General Government Balance, the indicator used by the European Commission, has been in surplus since 1997. Over the next three years an average surplus of about 2% of GDP per annum is projected. The General Government Debt currently amounts to £35 billion or 50.2 per cent of GDP, the third lowest in the EU. As a result of the favourable economic and fiscal developments, there has been a very significant tightening of the labour market and upward pressure on wage rates in many sectors. The Government has undertaken to adopt medium term budgetary policies aimed at maintaining stable economic and employment growth underpinned by continued wage moderation through the system of social partnership, while maintaining significant budget surpluses while growth is strong.

1.10 We were advised that implementation of the Review Body's report will be considered by the Government in due course in the light

Economic growth has outstripped expectations.....

.... and the emphasis of public pay policy has changed

of prevailing public service pay policy. The Department of Finance indicated that wage moderation in general, and full adherence to the pay terms of the Programme for Prosperity and Fairness (PPF), in particular, are crucial in maintaining competitiveness; that any slippage from the terms of the PPF runs the risk of endangering our capacity for future economic growth. We are conscious that inflation has recently become a concern.

.....through benchmarking against the private sector.....

1.11 The Department of Finance suggested that there were a number of factors which the Review Body should take account of in conducting the review, including

- Payment of the 2% local bargaining increase under the pay agreement associated with Partnership 2000 has been sanctioned for all those within the Review Body’s remit and, accordingly, these groups are not entitled to any further increase under that agreement.
- The groups covered by the Review Body’s terms of reference do not form part of the “Early Settlers” category in relation to the Programme for Competitiveness and Work but these groups will be eligible to receive all of the national increases provided for in the pay agreement which forms part of the Programme for Prosperity and Fairness.
- The potential demonstration effect of its recommendations in relation to expectations by other groups and, accordingly, the increased importance of clearly setting out the rationale for its conclusions.
- The need for equity and fairness in determining the remuneration of those covered by its remit, particularly in a changing market situation, taking account also of factors such as the levels of job security and the superannuation arrangements attaching to these posts.
- The recruitment and retention of persons of suitable calibre for these posts.

.....in the Programme for Prosperity and Fairness

Benchmarking

1.12 The Department of Finance submission indicated that the pay agreement forming part of the Programme for Prosperity and Fairness represents a radical departure from the approach followed in its predecessors in that it does not contain a local bargaining clause. It provides instead for the establishment of a Public Service Benchmarking Body which will be charged with the task of undertaking a fundamental examination of the pay of public service employees vis a vis the private

..... with the establishment of the Benchmarking Body.

sector. The approach we adopted was significantly influenced by the Department's statement in its submission that *“the extent to which the report is seen to be based on the same type of approach and criteria which it is envisaged will be followed by the Benchmarking Body will be a particularly important consideration when the Government is considering how best to implement its recommendations”*. It was also stated that it was particularly important *“that the Review Body demonstrates that its recommendations are based on comprehensive research and analysis of jobs and rewards (including the way reward systems are structured) right across the private sector, covering employments across a range of type, size and sector.”*

Procedure

1.13 Advertisements were placed in national newspapers on 28 January 2000 inviting written submissions on the groups covered by our terms of reference. Advertisements were also placed in medical publications. In addition guidelines for submissions were prepared and were circulated to interested parties. Oral submissions were taken from some of those who made written submissions to us as well as from others whom we considered could assist us. In all 80 written submissions were received (some of which related to groups which were outside our terms of reference) and the Review Body met a total of 24 representative groups or individuals (Appendix 4 lists the persons and organisations who made submissions to us on groups within our terms of reference).

1.14 We engaged Hay Management Consultants to evaluate some of the posts within our terms of reference and advise us on the remuneration of private sector posts which are comparable to a number of these posts. The method applied by Hay in their evaluation exercise was the Hay Guide Chart and Profile Method of Job Evaluation – an internationally recognised method of sizing and valuing individual jobs.

Structure of Report

1.15 Our report is split into two parts. Part I sets out our working method and the considerations and recommendations on the appropriate level of remuneration for the various posts. Part II deals with the development of systems for the rewarding of exceptional performance in the public service.

Recommended rates of remuneration

1.16 The salary rates recommended in this report should attract the first phase of the increases due under the Programme for Prosperity and Fairness and all other general increases arising after the date of this report.

Top public sector salaries are well below private sector rates ...

Implementation

1.17 The Review Body has no role in relation to the implementation of its recommendations, or in relation to the length of the intervals between reviews. These are matters for the Government. We feel, however, that a number of considerations should be taken into account in the decision on implementation. On publication of the report of the last general review (Report No. 37), in March 1997, the Government accepted the recommendations of the Review Body in principle, on the basis that the question of implementation would be dealt with later. In March 1998 the Government announced that the recommendations in Report No. 37 would be implemented subject to certain modifications.

1.18 In Report No. 37 we referred to the fact that the fifth general review had been delayed by a year and indicated that, to avoid perpetuating this delay, the next general review of those within our remit should start in January 1999. However, the Government decided not to commence the review on that date and deferred it until January 2000.

1.19 On this occasion, our research revealed that in most cases salary levels are very substantially out of line with those of comparable private sector posts and total remuneration for top level public service posts is significantly more out of line now than four years ago, since the last review was completed. Furthermore, in the period since our last review a number of other public service groups have received greater percentage increases than those within our terms of reference as a result of settlements reached under the pay agreement associated with the Programme for Competitiveness and Work and there has been some narrowing of internal differentials. Finally, as a result of a Government decision on our last review, this review commenced a year later than the date recommended by us in Report No. 37.

1.20 We have found that significant increases are needed to move some of the groups covered by the review closer to even the lower quartile of private sector salaries. This is a consequence of the relatively long intervals between reviews – our recommendations reflect pay developments that have already happened in the private sector over quite an extended period of years.

Acknowledgements

1.21 We wish to thank all the individuals, groups and organisations who made submissions, provided factual information and attended hearings. We were very fortunate to be supported by a Secretariat of the highest calibre. As a team and individually, the Secretariat provided us with many valuable insights in the course of our work. Brendan Duffy,

..... and total remuneration is more out of line than in 1996.

Some jobs are well below even lower quartile private sector rates.

our Secretary, brought an exceptional degree of rigour and great powers of organisation both to the research undertaken on our behalf and to the subsequent identification and analysis of issues. He and his colleagues Derek Moran and Tony Carberry were hugely committed to the preparation of our meetings, they ensured that all individual viewpoints on any given issue were thoroughly aired and tested before we sought a consensus for incorporation in the final report and were role-models of effectiveness in turning around drafts of the report once our deliberations got to that stage. We also wish to thank Katherine Kavanagh and Danielle Moran for their assistance during the course of the review.

PART 1

The General Review

Approach to the Sixth General Review

Approach of the Review Body

2.1 In previous reports we set out the principles which have guided the Review Body. We remain committed to these principles of independence and impartiality. Our stated aim in the previous report of recommending remuneration rates for top public sector posts which will enable the State to recruit, retain and motivate high-calibre people is still valid and applies equally to all the groups covered by the review. In this Chapter we outline the principal factors that influenced the framework we developed for establishing our recommendations and we describe that framework.

Structural reform is underway in the public service

Changes in Responsibilities and Skills

2.2 Throughout the current review a number of issues have been common to virtually all the submissions and oral presentations. They relate to the rate of change in personal responsibilities arising from the modernisation of the public service, the reduced number of applicants for top jobs in the public service, the longer term implications of current recruitment problems for public service management and the potential retention problems which will arise if senior posts are seen to be inadequately remunerated.

..... with managers needing more skills than in the past.

2.3 We view many of the changes referred to by various groups as part of a normal process throughout the economy. In the private sector, roles and responsibilities are continually changing as companies respond to changes in market conditions – some of which, such as the impact of the Internet and e-commerce, are revolutionary. A key difference between the private and public sectors has been that, in the past, roles in the public sector changed more slowly. However, in recent years a real and sustained process of structural reform has been underway in the public service and is reflected in a significant increase in the responsibilities and the complexity of work of senior managers. Many senior managers have taken an active role in driving the change agenda. People at the top of the public service, and those who want to get there, must have a wider range of qualities than would have been required of them in the past. The focus now is on being good managers (rather than just administrators and advisers) and good leaders of their organisations. They must know how to achieve results through the people who are reporting to them. They must increasingly be prepared to appear in public, on television and before Oireachtas Committees. Insofar as they

Social/economic advances have been aided by this reform.

are publicly accountable to an increasing extent and are required to make their case at those fora in an organised, structured and professional way, they require skills that have not been traditionally to the fore in the public service, notably good presentational and media skills.

Modernisation of the public service

The reform programme critically depends on senior managers.

2.4 We believe that the social and economic advances of Ireland during the 1990s have been helped quite significantly by management reforms of the public service. *Delivering Better Government – a programme of change for the civil service* was launched in May 1996. This programme, which has set the agenda for modernisation of the civil service, is directed at the twin goals of “*better government*”, through improved service delivery, better quality regulation, greater openness and transparency, and better management of major national issues, and “*delivering better government*”, through continuous improvements in performance and a strong focus on achieving results. The implementation of the Strategic Management Initiative has resulted in a more results driven and a more customer focused management across the civil service in general.

2.5 The modernisation programme was an important element of the Partnership 2000 agreement on pay and other matters. That agreement set out the drivers for and principles governing modernisation and the need for a participative approach at individual organisation level (involving management, unions and staff) to implementing change through agreed action plans. Payment of the two per cent local bargaining element of the pay increases provided for in the agreement was conditional on verified progress in implementing such action plans.

2.6 The current Programme for Prosperity and Fairness (PPF) also addresses modernisation as a requirement central to maintaining and enhancing economic growth, competitiveness and social development, and thus re-emphasises the need for continuous modernisation. Increases in pay due under the third phase of the Public Service Pay Agreement associated with the PPF will be dependent on specific performance indicators in relation to the implementation of the change programme being agreed by 1 April 2001 and being achieved by 1 April 2002. The PPF provides also for the continuation and strengthening of the partnership approach implemented under Partnership 2000.

2.7 The modernisation programme will continue to have significant implications for all senior management in the civil and wider public service. While modernisation is aimed at improving performance at both the individual/team and organisation levels, its success is critically

dependent on the role of senior management who must provide the necessary strategic vision and leadership. It requires a more structured approach to managing the business of Departments, Offices and public service bodies while ensuring greater flexibility and responsiveness to changing needs and demands. This has called for a radically different approach than hitherto and the increasing emphasis on modernising human resource management practices, particularly through the new performance management systems, will accelerate this process.

Recruitment to Senior Positions

2.8 Promotion within the public service is increasingly competitive. The old system of posts going as of right to the most “senior suitable” person has changed radically. The most significant single reform in this regard was the creation in 1984 of the Top Level Appointments Committee for the civil service and the subsequent extension of similar arrangements to the broader public service.

Increased Relevance of Remuneration in the Private Sector

2.9 In the preparation of this report the Review Body has departed from the approach adopted in previous reviews and has placed a greater emphasis on comparison with levels of remuneration in the private sector. Our decision to give particular attention to rates of pay in the private sector was influenced by the provision in the Programme for Prosperity and Fairness for the establishment of a Public Service Benchmarking Body and by the submission we received from the Department of Finance. Public sector pay policy generally has moved under the Programme for Prosperity and Fairness towards placing a greater reliance on benchmarking public sector salaries against the private sector.

2.10 The strong economic growth of the past five years and the very significant tightening of the labour market are the underlying reasons for giving greater attention to comparisons with the private sector. We consider that there is an increasing risk that allowing pay rates at senior levels to fall significantly out of line with rates for comparable posts in the private sector will act, in the long term, as a disincentive to the development and retention of future top managers of high quality. In a modern and rapidly expanding economy, with high demand for the scarce supply of skilled and experienced personnel, it is not sufficient to rely on the commitment of senior managers to giving “public service” as the principal means of retaining their services. The new economic realities mean that exceptional public servants will have more opportunity to move from the public to the private sector.

*Uncompetitive salaries
undermine the retention of
top managers.*

A fair price must be paid for quality public sector managers

..... with salaries related to market norms.

2.11 We were advised that situations are emerging where there is a real change or erosion in the numbers of highly qualified people within the public service applying for top posts. There is also evidence that public service posts that are open to applicants from both the private sector and the public sector are attracting reduced, or nominal, interest from the private sector. Senior public servants have a pivotal and critical role to play in maintaining, consolidating and developing the economy, social fabric and quality of life in our country. The challenges of success are in many ways greater than those of failure. We must attract a continuing flow of top quality managers in the public service who have the ability and commitment, under the appropriate political leadership, to overcome bottlenecks in the economy, anticipate challenges, exploit opportunities and maintain the significant edge which Ireland has built up during the past decade. In a modern economy the public service will always have difficulty in competing on pay with the private sector for the service of top university graduates. The days when the public service automatically had its pick of the best and the brightest are long since past and unlikely to return. We must be willing to pay a fair price for good quality managers. The current economic environment dictates that a fair price must be more explicitly related to market norms.

2.12 But it is equally important to recognise that developing and retaining top quality talent requires action on a broader front. The public service must also move decisively to adopt more proactive career management strategies and better human resources practices to retain and develop its best people in the early stages of their careers. A much more active role for managers in the identification of such people is necessary to develop leaders at all levels, give them more challenging opportunities, help outstanding performers to progress rapidly in a variety of Departments and roles, and to educate and train them in the most modern and appropriate management and analytical disciplines. These are retention and development initiatives that are within the control of the public service.

Approach Adopted

2.13 The general approach we adopted in the light of these considerations is set out in the following paragraphs.

2.14 Job Evaluation: We commissioned Hay Management Consultants to carry out a job sizing exercise for a broad range of jobs within our remit. Once a job has been evaluated under the Hay Method and sized it can then be compared to jobs of similar scale in other organisations to assess the type of remuneration that is typically paid for a post of that scale. Hay advised us of the private sector market rates for jobs of comparable weight relative to a number of those covered by our terms

of reference, looking both at median and lower quartile pay rates in the private sector.

2.15 *Appropriate pay relationship with the Private Sector:* We decided that the determination of the salaries of the groups with which we are dealing cannot be simply a matter of full application of private sector rates. Allowances have to be made for differences in relevant recruitment pools, the job security and other aspects of employment conditions applicable to public servants, as well as in operating environments of the public and private sectors. The quantification of these differences must be a matter of judgement in many respects.

The medium term benchmark is the lower quartile of private sector salaries.

2.16 *Internal Relativities:* The provisions for the establishment of the Public Service Benchmarking Body acknowledge that within each sector internal relativities would be a relevant criterion and we took account of these also as well as the need for appropriate differentials between posts in the same organisation. In that latter context, despite arguments to the contrary that were put to us in some submissions, we remain of the view that there should be a substantial differential between the salary of the top post and that of the next tier of management.

2.17 *Coherent pay structure:* In order to maintain a coherent pay structure, we “banded” together posts where the consultants’ evaluation or our own conclusions indicated that differences in job weight were not significant.

2.18 *Conclusions:* In Report No. 37 we concluded, in the context of recommending that there be Ministerial discretion in approving salary rates in some cases, that comparison with the lower quartile of private sector salaries for jobs of similar weight was appropriate in the case of chief executives of non-commercial State bodies. In this we were influenced by the extent to which these chief executive posts differed from private sector posts e.g. lack of commercial pressures, differences in tenure and conditions of employment. In the light of this and of the foregoing considerations, we decided that:

- As a medium term objective, the appropriate benchmark for the groups covered by the present review is the lower quartile of private sector salaries.
- As a first step salaries should in general be brought up to 85% of the appropriate benchmark.
- In the case of a limited number of posts of chief executive of non-commercial state-sponsored bodies we decided that private sector rates have a more direct relevance than in the case of other posts.

As a first step levels should be 85% of the benchmark.

CEOs of some State bodies should have 95% of the benchmark.

Movement beyond these rates is contingent on

..... the implementation of public service reform

..... and continuation of a positive economic and fiscal environment .

There are winners and losers as a result of benchmarking.

For these posts we consider that remuneration levels should be brought up to 95% of the benchmark.

- Future movement towards the benchmark should be dependent on implementation of the public service modernisation and reform programme as well as continuation of the positive macroeconomic and fiscal environment (paragraph 2.22 refers).

2.19 Other Groups: We took a somewhat different approach in the case of parliamentarians (because of the specific terms of reference we were given), the judiciary (because an important point of reference is bar earnings), hospital consultants (in relation to whom we had to have regard to the fact that the Medical Manpower Forum is likely to result in a fundamental review of their entire contract) and State Solicitors (because of the similarity between their work and that of staff in the Chief State Solicitor's Office).

Conclusions of the Evaluation Exercise

2.20 The consultants examined a total of 44 individual posts for the Review Body. Their general findings were that the largest jobs, such as those of Secretaries General in the civil service and the Garda Commissioner, are most out of line with salary levels in the private sector. Some of the other jobs on the other hand were better treated in relative terms. There were differences between sectors also. For instance, the results show that the chief executives of non-commercial state-sponsored bodies are paid on average close to 85% of the lower quartile of private sector salaries.

2.21 While there was general enthusiasm amongst groups making submissions to the Review Body for comparison with private sector rates, we are not convinced that there was an adequate appreciation that such comparison would not necessarily result in universal gains. The outcome did in fact undermine a number of traditional pay relationships between top public sector jobs. This highlights the difference between an approach which focuses, as was the case in the past, mainly on internal differentials and one which focuses on comparison with salaries of private sector jobs of comparable weight and complexity. There are winners and losers as a result of applying the benchmarking approach.

2.22 Our recommendations, based on the principles set out in 2.18 above, do not bring public service salaries fully up to the lower quartile of private sector rates. In our view it would not be appropriate to do this at this stage. We consider that movement beyond that now recommended in the salaries of public service managers relative to the private sector should arise only in the context of measurable success in

the implementation of key elements of the public service reform and modernisation agenda. We consider that any such movement must be contingent on the continuation of the positive macroeconomic and fiscal environment. We will return to this issue in our next review.

Impact of Other Benefits on Total Remuneration Comparisons

2.23 Hay Management Consultants advised us on the typical remuneration structure for jobs in the private sector which are comparable to a number of the jobs covered by our terms of reference. The typical remuneration package in the private sector includes, in addition to basic salary, annual bonus payments (up to 35% of base salary in the case of the larger jobs, reflecting the current success of companies in the Irish economy), provision of a company car, fuel etc., long term incentives, usually in the form of share options, with grants and an overall limit tied to base salary. For private sector jobs comparable to Secretary General posts, basic salary accounts for around 60% of the total remuneration package, excluding superannuation benefits, whereas it accounts for 100% in the case of a Secretary General. In the case of private sector posts comparable to posts of Assistant Secretary, about 67% of the overall package, excluding superannuation, is attributable to basic pay.

2.24 As regards other benefits payable in the private sector, we recommend that the remuneration base for groups within our remit be broadened through implementation, in a modified form, of the scheme of awards for exceptional performance recommended in Report No. 37. We do not consider that other elements of remuneration packages in the private sector – stock options and profit sharing – can or should be applied in the public sector.

2.25 We sought advice from the consultants as to whether, in making comparisons between public service and private sector remuneration, a discount should be made from private sector rates to allow for the superannuation arrangements applying in the public service. We were advised that while public service arrangements were more favourable in some respects than private sector arrangements, they do not provide a basis for a discount. The reason for this is that private sector superannuation provisions are based on higher salaries.

Other Groups in the Public Sector

2.26 The approach we adopted means that our conclusions are specific to the groups we examined. Our examination has shown that the extent to which the salaries of public service posts differ from those of comparable posts in the private sector varies from group to group and,

Salary differences between public service and private sector posts vary ...

...and the largest public service jobs are furthest behind the private sector.

Pay relativities do not justify automatic extension of our recommendations to others.

in general, the biggest gaps arise only in the case of the largest jobs. It is our strong view that the existence of traditional pay relativities between the groups we have examined and other public sector groups does not provide justification for automatic extension of the increases we have recommended to groups outside our remit.

3

Non-commercial State-sponsored Bodies

3.1 Our terms of reference for the current review cover chief executives of 22 non-commercial state-sponsored bodies. Hay Management Consultants evaluated 13 of the posts, including all 8 of the posts which were not the subject of specific recommendations in Report No. 37, and advised us on the remuneration which posts of similar weight would attract in the private sector. In general, the Hay evaluation found that basic pay rates for the top posts in non-commercial state-sponsored bodies are closer to the lower quartile rates for comparable posts in the private sector than is the case for top posts in the civil service. The findings of the evaluation were of considerable assistance to us in reaching our conclusions.

3.2 Since our last review chief executives, like other groups covered by our remit, have had to cope with a more complex environment and with changes in their jobs. Chief executives have had to adapt to additions to the functions of their organisations or changes in emphasis arising from factors such as new directions in Government policy, the development of the economy, the sharper international competitive environment, the tightening of the labour market etc. They have been affected also by the greater degrees of accountability and public exposure applying to top jobs in the public sector generally. Developments arising from legislation, both at national and at EU levels, have also had an impact on the jobs of chief executives.

Categorisation of non-commercial state-sponsored bodies

3.3 In Report No. 37 we divided non-commercial state-sponsored bodies into two groups (Group A and Group B bodies). It was our view that the generality of non-commercial state-sponsored bodies could be regarded as comparable to the civil service but that there were a small number of bodies – which we labelled Group A bodies – where comparison with the civil service was not always appropriate. A decision to place an organisation in Group A was not based on an assessment of its relative size, importance or the level and complexity of its chief executive's responsibility; it was simply that private sector rates had a more direct relevance because of the different types of skills the chief executives required and the fact that the source of those skills and competencies is as likely to be in the private sector as in the public sector.

CEOs are closer to lower quartile salaries than civil servants.

3.4 We distinguished between Group A and Group B bodies in our recommendations as follows:

- in the case of Group A bodies there should be Ministerial discretion, in certain circumstances, to fix basic pay rates at up to the lower quartile of rates for private sector posts of comparable weight;
- schemes of awards for exceptional performance should be applied to the chief executives of all the Group A bodies but to only some of the chief executives of Group B bodies; and,
- the chief executives of all the Group A bodies could be provided with a company car without a deduction from salary for private use.

3.5 The distinctions we introduced between Group A and Group B bodies in relation to the application of awards for exceptional performance are now overtaken by the revised approach to such awards which we recommend in Chapter 12. However, distinctions between the two categories of bodies in relation to the determination of the appropriate remuneration of the chief executives and in regard to the provision of company cars remain relevant. On this occasion there are some additions to Group A.

Approach to pay determination

3.6 Our approach to the determination of the appropriate remuneration for the chief executives of non-commercial state-sponsored bodies is based on the considerations outlined in Chapter 2. For chief executives of Group B bodies we have recommended a rate of pay based on 85% of the lower quartile salary for a comparable private sector post, having regard to the evaluation exercise conducted by Hay Management Consultants, and our own assessments of the posts which were not the subject of a specific evaluation by the consultants. However, as indicated in Chapter 2 we consider that there is a case for bringing the salaries of Group A chief executives of non-commercial state-sponsored bodies closer to the salaries indicated by private sector comparisons. In the case of the Group A bodies therefore we have based our recommendations on 95% of the lower quartile salaries of jobs of similar weight in the private sector.

3.7 In Report No. 37, we expressed the view that, in the case of Group A bodies, some mechanism is needed to cater for situations where, for example, it is necessary to recruit individuals from outside the public service with the required commercial, marketing and other skills to fill chief executive posts. We recommended that relevant Ministers should

have discretion to depart from the recommended rates where they are satisfied that the circumstances warrant higher levels of remuneration e.g. where a chief executive is being recruited from outside the public service, where a chief executive's salary is hindering recruitment to other senior management positions or where a chief executive is being appointed with a view to undertaking a substantial restructuring or reorientation of the organisation. We indicated that Ministerial discretion should be applied within a coherent policy framework and that where a Minister was satisfied that it was necessary to depart from a recommended salary rate, the Minister concerned should have discretion to approve a rate of remuneration which would be up to, but not above, the lower quartile of comparable private sector rates. We also stated that a decision to increase the salary to this level should entail changes in the chief executive's contractual arrangements. These recommendations are set out in full in paragraphs 3.5 to 3.7 of Report No. 37.

22 individual pay rates are not appropriate.

3.8 We are still of the view that the type of discretion outlined in the preceding paragraph should be available to Ministers and that in exercising this discretion the lower quartile of comparable private sector rates should not be exceeded. However, on the basis of our recommendations, it follows that the discretion available to Ministers will be of a limited kind only since it should not extend beyond increasing the recommended rate from 95% to 100% of the lower quartile rate for comparable private sector posts.

3.9 We concluded that it would not be appropriate to recommend 22 individual rates of remuneration for the chief executives of the bodies since the difference in job weights between a number of chief executive posts are within the limits which would normally be found between a range of posts graded at the same level in an individual organisation. Furthermore, the "banding" system used to set a salary level for groups of chief executives has, in our view, worked well. Accordingly, we have decided to retain "banding" and have been advised by the consultants on the manner in which chief executive posts should be "banded" for salary purposes. Where posts have been "banded", we have taken the post in the band with the greatest job weight as the reference point. Accordingly, in the case of a number of the "banded" posts the salary recommended is somewhat higher than that which would have been warranted if the posts were dealt with in isolation.

Posts of broadly similar size are "banded".

Company Cars

3.10 Submissions made to us argued that it was unfair to impose an annual deduction from salary, in the case of Group B bodies, where a company car is provided to a chief executive and private use is

permitted. We dealt with this issue in Report No. 37 and we see no reason to change the views we expressed on that occasion. Accordingly, in the case of Group A bodies we recommend that where a company car is provided to the chief executive no deduction from the salary rates recommended by us should be made for private use. Where a company car is provided to the chief executive of a Group B body and private use is permitted, we recommend that an annual deduction of 20% of the list price of the car at the time of purchase should be made from the salary rate.

Recommendations – Group A Bodies

3.11 We recommend that the rates of annual remuneration of the chief executives of the state-sponsored bodies listed below should be as follows:

Table 3.1

Recommended Salary Rates for Chief Executives of Group A Bodies

Body	Current Rate	Recommended Rate	% Increase
	£	£	
Enterprise Ireland	88,550	100,000	12.9
IDA Ireland	88,550	100,000	12.9
Forfás	88,550	100,000	12.9
FÁS – Foras Áiseanna Saothair	88,550	100,000	12.9
Bord Fáilte	70,839	80,000	12.9
SFADCO	64,199	75,000	16.8
Údarás na Gaeltachta	64,199	75,000	16.8
Bord Bia	64,199	75,000	16.8
Dublin Docklands Development Authority	67,400	75,000	11.3
Bord Iascaigh Mhara	50,915	60,000	0.0*

* In the case of Bord Iascaigh Mhara the current rate shown is the updated rate in Report No. 37. A personal rate, which is higher than the recommended rate, is being paid at present. Accordingly, the recommended rate gives no increase on the amount actually being paid.

We recognise that the categorisation of individual bodies needs to be revisited as part of each review.

An overall increase of 9.8% is recommended for the 22 bodies reviewed.

Recommendations – Group B bodies

3.12 We recommend that the rates of annual remuneration of the chief executives of the state-sponsored bodies listed below should be as follows:

Table 3.2

Recommended Salary Rates for Chief Executives of Group B Bodies

Body	Current Rate	Recommended Rate	% increase
	£	£	
Irish Prison Service	85,578	85,000	0.0
Courts Service	90,649	85,000	0.0
Teagasc	68,463	75,000	9.5
Food Safety Authority of Ireland	76,713	71,000	0.0
Health and Safety Authority	61,836	71,000	14.8
Health Service Employers' Agency	61,984	71,000	14.5
Legal Aid Board	61,836	71,000	14.8
Local Government Management Services Board	57,788	71,000	22.9
Pensions Board	54,517	62,000	13.7

As regards the Health and Safety Authority and the Legal Aid Board the “current rate” shown is the maximum of a salary range. In the case of the Legal Aid Board, the rate recommended takes account of information supplied to us about additional functions to be assigned to the Board.

Other Group B Bodies

3.13 The salaries of the chief executives of three bodies covered by our terms of reference are linked to the salary of the civil service grade of Principal (higher) – Agency for Personal Service Overseas, the Arts Council and the Independent Radio and Television Commission. The evaluation exercise conducted by Hay Management Consultants and our own conclusions supported the view that this link is still appropriate. Since these posts have received all the increases applied to the Principal (higher) grade since our last report we are not recommending any further increase for the posts in question at this stage. The posts should continue to receive increases applied to the grade of Principal (higher)

including any developments arising from the benchmarking exercise provided for in the Programme for Prosperity and Fairness. Since we regard the relationship with Principal (higher) as appropriate we feel that it should not be necessary for us to examine these posts again unless there is a significant change in the functions of the organisations concerned.

3.14 The recommended rates of remuneration for chief executives of non-commercial state-sponsored bodies assume that a non-contributory pension scheme with terms approximating to the civil service superannuation scheme apply. The recommended rates should be increased by reference to the post holder's pension contribution if a contributory scheme applies. They should also be adjusted appropriately if no superannuation benefits are provided or if the superannuation terms differ significantly from the civil service terms in other respects. The recommended rates also assume that no other benefits are provided apart from company cars, in the case of Group A bodies, together with benefits approximating to those applying in the civil service. If additional benefits are provided, the rates recommended by us should be adjusted appropriately to take account of the value of those benefits.

3.15 Where rates above those recommended by us are being paid at present, we consider that the chief executives concerned should retain the existing rates on a personal basis but this should not be regarded as a precedent to be followed when a new chief executive is appointed. In such cases the rates recommended by us should be paid, subject to the provision referred to in paragraph 3.8 in regard to Ministerial discretion.

Headroom

3.16 The Review Body is concerned about the headroom between the chief executive and the grades at the second level in some state-sponsored bodies. The salaries of second level posts are, in certain cases, very close to the (updated) rates we considered appropriate for the chief executives in Report No. 37. This raises serious doubts as to whether the second level posts are properly graded. It also suggests that the salaries of these posts were determined in a manner which did not have regard to the chief executive's salary and the need for reasonable headroom.

3.17 The salary rates being recommended for chief executives in this report are again, in our view, appropriate by reference to market rates. However, if increases are applied to the second level posts without reference to the salaries of the chief executives, headroom problems will again emerge. While the second level posts do not come within the remit

The headroom between CEOs and some second level posts is insufficient.

of the Review Body, we consider that the pay of these posts must have regard to the rates recommended for chief executives and the need to recognise that the chief executive carries the final responsibility which, no matter how important the second level posts are, cannot be devolved to that level. We consider that second level posts should not benefit automatically from increases recommended for other grades where this would cause a headroom problem and in particular we do not feel that there is justification, on a relativity basis, for applying increases to second level posts which are greater than those for the chief executive.

Future Reviews

3.18 We are still of the view, as set out in Report No. 37, that it is sufficient that the Review Body's examination, as part of a general review, be confined to chief executives of the larger organisations and a sample of the remaining bodies. We consider that, as was done on this occasion, the Department of Finance should at the beginning of the next review compile a list of posts which it considers should be specifically examined by the Review Body.

4 Civil Service, Comptroller and Auditor General, Director of Public Prosecutions

I. Civil Service

4.1 We have outlined in Chapter 2 the extent to which Secretaries General and Assistant Secretaries have had to adapt to major changes in their jobs. The work of the civil service is more multidimensional than in the past and the civil service is required to ensure a flexible approach to meeting the increasingly complex demands made on Departments. *Delivering Better Government* and the implementation of the Strategic Management Initiative are bringing about a more results driven and customer focused management across the civil service. The work involved in putting structures in place to support the Strategic Management Initiative has been undertaken to a large degree at the levels of Secretary General and Assistant Secretary.

The work of the civil service is more complex than in the past.

4.2 New legislation such as the Public Service Management Act and the Freedom of Information Act, as well as the commitments given in the Government's action plan for implementing an Information Society in Ireland, in particular the delivery of e-Government across the civil service, have also affected the main functions and level of responsibility of Secretaries General and Assistant Secretaries. The Public Service Management Act has had particularly important effects in this regard.

Recruitment

4.3 In submissions to us it was suggested that evidence was emerging of difficulties in recruitment to the top levels in the civil service particularly at Assistant Secretary level. It was argued that this demonstrated that potential good quality candidates did not regard the salaries at these levels as sufficient to compensate for the additional responsibilities involved. We were urged to take account of this in arriving at our recommendations.

4.4 In the period between the last general review and the end of 1999 a total of 52 competitions were held for civil service posts covered by the Top Level Appointments Committee (TLAC). The average candidature was just over 18 per competition. However, in all categories there has been a discernible decrease in applicant numbers. The trend is most pronounced at the Assistant Secretary level with the average

number of applicants per competition falling from a high of 29.5 in 1996 to 16 in 1999. The figures for Secretary General are 18.3 in 1997 falling to 11.7 in 1999, and for other posts 17.8 in 1997 falling to 10 in 1999.

4.5 The reduction in the number of applicants, while significant, is not dramatic and in our view, does not of itself give cause for concern at this stage at least. The average number of applicants per competition is still reasonably high. Furthermore, a reduction in the number of applicants cannot be seen as conclusive evidence that the salaries of Secretaries General and Assistant Secretaries are deterring good quality candidates from applying. There are other possible reasons for the reduction – for instance people may be becoming more selective in regard to the posts they apply for. At any rate we have no reason to believe that the civil service is failing to recruit high quality staff at the levels of Secretary General and Assistant Secretary.

4.6 However, while we reject the view that salary alone can be cited as the principal reason for the decline in the participation rate in TLAC, we accept that there may be a view among some potential candidates that the salaries of top posts offer inadequate reward for substantially increased responsibilities.

Entry Level Recruitment

4.7 It was also suggested to us that a reduction in the number of applicants for recruitment level posts in the civil service may be at least partly due to a perception that a career in the civil service is no longer attractive because salaries at the top levels are not competitive. We obtained information from the Civil Service Commission which showed a substantial reduction in the number of applicants for posts at the entry levels of Executive Officer, Administrative Officer and Third Secretary.

Approach to pay determination

4.8 In the case of the grades of Secretary General and Assistant Secretary, we asked Hay Management Consultants to evaluate a representative sample of the posts concerned, four posts of Secretary General and four posts of Assistant Secretary, and advise on the remuneration package applicable to jobs of similar weight in the private sector. The outcome of the examination by the consultants revealed a significant gap between the salaries of the civil service groups and comparable jobs in the private sector, most notably in the case of the larger Secretary General posts.

Secretaries General are amongst those most out of line with the private sector.

Secretaries General

4.9 As in previous reports, we continue to believe that the basic salary rates for Secretaries General should reflect differences in job weights and responsibilities. We consider that the present system of three salary levels should be retained and that, with the benefit of the evaluation by Hay Management Consultants, the post of Secretary General, Department of Social, Community and Family Affairs should be paid at the second level rather than at the third level as at present. We consider that no other adjustment should be made to the existing structure of posts within each salary level.

4.10 We recommend that the annual basic salaries of Secretaries General should be as outlined in Table 4.1 below, based on the principle of moving them to 85% of the lower quartile pay rates for private sector jobs of comparable weight.

Table 4.1
Recommended Salary Rates for Secretaries General

Department	Current Rate	Recommended Rate	% increase
Level I Department of Finance	£ 101,278	£ 135,000	33.3
Level II Departments of: Agriculture, Food and Rural Development Enterprise, Trade and Employment Foreign Affairs Health and Children Justice, Equality and Law Reform Public Enterprise Social, Community and Family Affairs Taoiseach Chairman, Revenue Commissioners	95,720	120,000	25.4
Level III Other Secretaries General	90,649	105,000	15.8

An overall increase of 15.9% is recommended for Secretaries General and Assistant Secretaries.

The increase is 32.4% in the case of the post of Secretary General, Department of Social, Community and Family Affairs which is at Level III at present.

4.11 The increases resulting from these recommendations are substantial. However, the consultants' analysis showed unequivocally

The new salary rates remain well below private sector rates.

that the salaries of Secretaries General were amongst those most out of line with salaries for comparable private sector jobs. For example, the current rate for the Level I Secretary General stands at a little over 60% of the lower quartile for jobs of similar size and complexity. It is important therefore to remember that despite the size of the increases involved the new salary rates are still well below private sector rates.

4.12 We recommend in Chapter 12 that awards for exceptional performance be applied to Secretaries General. We have not taken account of the availability of awards for exceptional performance in deciding the basic rate for the job of a Secretary General.

Assistant Secretaries

4.13 Report No. 37 referred to the marked variation in the levels of responsibility of different Assistant Secretary posts. On balance, we decided that a common salary scale should be retained but we recommended that each Secretary General should review the existing distribution of responsibilities with a view to minimising any variations in job size. The exercise conducted by Hay Management Consultants indicates that there is still a significant variation in the responsibilities of Assistant Secretaries although the variation appears to be less than on previous occasions. We remain of the view that, on balance, a common salary level should be retained for the grade of Assistant Secretary, but the desirability of reducing the variation in job size should be kept in mind by the Department of Finance and Secretaries General when new Assistant Secretary posts are created.

4.14 At present the maximum of the scale for Assistant Secretary (excluding payments under the present scheme of performance-related pay) is approximately 68% of the salary of a Secretary General in the Level III band. In their submission to us Assistant Secretaries argued that the differential between Secretary General and Assistant Secretary was too great at present. However, the outcome of the job size analysis did not support this contention.

4.15 We recommend that the salary scale for the grade of Assistant Secretary should be as shown in Table 4.2 following.

Table 4.2

Recommended Salary Scale for Assistant Secretaries

Current Scale	Recommended Scale	% increase (at maximum of scale)
£53,772 – £56,460 – £59,148 – £61,836	£62,000 – £65,000 – £68,000 – £71,000	14.8

As in the case of Secretaries General, we have not been influenced by the availability of awards for exceptional performance in arriving at our recommendations on basic salary.

Other civil service posts

4.16 There are two Deputy Secretary posts in the civil service – the Director of the Social Welfare Services Office and the Chief Inspector of Taxes. We have approached the determination of the remuneration of these posts by deciding on what we see as the appropriate position relative to the remuneration of Secretaries General and Assistant Secretaries. On this basis we recommend an annual salary for Deputy Secretaries of £84,000. This gives an increase of 15.7% on the present salary of £72,588.

II. Comptroller and Auditor General

4.17 In Report No. 37, the Review Body evaluated the post of Comptroller and Auditor General (C&AG) and concluded that the post should be remunerated at the Level III of a recommended four-tier salary structure for Secretaries General. In the context of the Government decision to retain a three-tier structure for Secretaries General, the salary of the C&AG was set at Level II.

4.18 Since our last report the role of the C&AG, like many others under review, has expanded. The Comptroller and Auditor General and Committees of the Houses of the Oireachtas (Special Provisions) Act, 1998 provided for the carrying out of examinations and investigations by the C&AG into the operation of DIRT by the Revenue Commissioners and the financial institutions as well as related matters. The C&AG has also become an ex-officio member of the Public Offices Commission and the Referendum Commission.

4.19 In a submission to us it was suggested that, in determining the salary of the C&AG, we should have regard to the remuneration of a managing partner in a large auditing practice. However, it is our view that comparison with the salaries of Secretaries General continues to be the appropriate basis for determination of the salary of the C&AG. Such a comparison takes account of private sector salaries since we have had regard to the salaries of jobs of comparable weight in arriving at our recommendations on Secretaries General. We consider that the salary of the C&AG should remain at the same level as that of Secretaries General at Level II. Accordingly, we recommend an annual salary for the post of £120,000. This gives an increase of 25.4% on the present salary of £95,720.

The C&AG should be linked to the Level II Secretary General.

The Director of Public Prosecutions should be linked to the Level III Secretary General.

III. Director of Public Prosecutions

4.20 The remuneration of the Director of Public Prosecutions (DPP) was last considered by the Review Body in Report No. 35 (1992). On that occasion it was recommended that the salary of the post should be equivalent to that of Secretary General (Level III).

4.21 In his submission the DPP provided us with information on the provisions of the Constitution and of statute law relating to the office of Director. In particular the DPP made the following points:

- the DPP has an independent status as provided for in section 2 of the Prosecution of Offences Act, 1974;
- recent statute law has emphasised and reinforced the DPP's statutory independence, in particular the Committees of the Houses of the Oireachtas (Compellability, Privileges and Immunities of Witnesses) Act, 1997, the Ethics in Public Office Act, 1995, the Freedom of Information Act, 1997 and the Public Service Management Act, 1997; and,
- the DPP's office is one which is, by statute, filled following a competitive process which is open to the private sector.

4.22 The DPP also stated that the constitutional and statutory framework is such that neither the DPP's functions nor his role within the organisational structure of his office are equivalent to the functions or role of a Departmental Secretary General.

4.23 Our approach has been to assess the appropriate remuneration for the post of DPP in the light of the duties and responsibilities of the post. To assist us in this we asked Hay Management Consultants to evaluate the post of DPP. The outcome of that evaluation did not support an improvement in the salary of the DPP relative to that of a Secretary General at Level III. Accordingly, we recommend that the salary of the DPP should continue to be equivalent to the "Level III" rate for a Secretary General i.e. £105,000. This gives an increase of 15.8% on the present salary of £90,649.

Garda Síochána and the Defence Forces

I. Garda Síochána

5.1 Since 1996 a comprehensive strategic management initiative (SMI) has been in operation in the Garda Síochána. In 1998 the Government established a Garda SMI Steering Group to develop an implementation plan and to oversee the programme for change recommended in the “Report of the Steering Group on the Efficiency and Effectiveness of the Garda Síochána”. A more detailed examination was also undertaken of issues such as Garda structures, the deployment of Gardaí, the allocation of resources to match demand, the appropriate mix between Gardaí and civilians, human resource management and financial management systems, promotion and training.

5.2 Major developments arising from SMI include the recruitment of a Financial Director, the implementation of a new financial framework, a review of Garda promotion schemes and the development of a new performance and accountability framework. In January 2000 the “Corporate Strategy 2000-2004”, a five year strategic plan for policing in Ireland, was published. It contains the mission, key strategic goals, core enabling strategies and definition of service level results for the Garda Síochána. An annual policing plan for 2000 was also published. This is the first of five annual policing plans which will underpin the objectives of the Garda Corporate Strategy 2000-2004.

Remuneration of the Commissioner ranks

5.3 The submission on behalf of the Commissioner ranks suggested that the Commissioner should be equated to, or placed ahead of, Secretary General posts at Level II. We asked Hay Management Consultants to evaluate the job of the Garda Commissioner. Our conclusion, based on the findings of the evaluation, and a parallel assessment of a number of Secretary General posts, is that the salary of the Garda Commissioner should be less than the remuneration of a Secretary General at Level II but not to a major extent.

5.4 We recommend in Chapter 4 that the Secretary General, Department of Justice, Equality and Law Reform should be included among the posts remunerated at Level II. We are still of the view expressed in Report No. 37 that this post should have some differential over the Garda Commissioner. However, we consider on the basis of

The Commissioner's salary should be closer to a Level II Secretary General.

the Hay evaluation that the salary levels of the two posts should be closer than is the case at present. The salary we recommend for the Garda Commissioner represents 92% of the salary recommended for the Secretary General, Department of Justice, Equality and Law Reform.

5.5 The submission on behalf of the Commissioner ranks suggested that the salary of Deputy Commissioners should be set at 85% of the salary of the Commissioner (it is approximately 80% at present) and that the salary of the Assistant Commissioners should be 85% of that of the Deputy Commissioners (84% at present). We consider that increasing demands on the heads of public service organisations and the ultimate responsibility borne at these levels warrant a substantial differential over the posts at the second level. In the light of this approach we consider that the differential between the Commissioner and the Deputy Commissioners should be increased. We do not feel that the same considerations apply in the case of the differential between the Deputy Commissioners and the Assistant Commissioners. Furthermore, we have had regard to the total remuneration of Chief Superintendents, including recent developments in relation to this rank, in arriving at the recommendation in relation to Assistant Commissioners.

5.6 We recommend that the annual salaries of the Commissioner ranks should be as set out in Table 5.1. These rates take account of the employee superannuation contribution of 1.75% made by these ranks and no addition should therefore be made to the rates in respect of this contribution.

Table 5.1

Recommended Salary Rates for Garda Commissioner Ranks

Rank	Current Rate	Recommended Rate	% increase
	£	£	
Commissioner	85,578	110,000	28.5
Deputy Commissioner	68,625	79,000	15.1
Assistant Commissioner (also Surgeon)	57,557	68,000	18.1

A wider differential is warranted over the Deputy Commissioners.

An overall increase of 18.7% is recommended for Commissioner ranks.

II. Defence Forces

5.7 A White Paper on Defence was published in February 2000 and sets out the policy on Defence for the next decade. Its objective is to ensure an appropriate level of defence capability having regard to the changing defence and security environment both at home and abroad. While the Good Friday Agreement has had a positive impact on the security situation in Ireland, the Defence Forces continue to have the fundamental responsibility of participating in aid to the civil power at the request of the Garda Síochána. As a result of Ireland joining the Partnership for Peace, the Defence Forces will have a bigger international role to play in the future.

5.8 The Defence Act was amended in 1998 and provides for arrangements to streamline the command and management arrangements in the Defence Forces. The former three military branches, the heads of which had a direct reporting relationship with the Minister for Defence, were abolished and replaced by a unified Defence Forces Headquarters, the head of which is the Chief of Staff. The main thrust of the amendment was to assign total management responsibility for all aspects of the performance of the Defence Forces to the Chief of Staff who is directly responsible to the Minister for Defence. Specific functions have been delegated by the Chief of Staff to the Deputy Chiefs of Staff (two officers of Major General rank).

5.9 The Defence Forces have produced strategy statements since 1997. The underlying themes of the strategy statements relate to maximisation of the Defence Forces' contribution to national development, provision of a quality service and the promotion of effective and efficient use of resources by members of the Defence Forces. A major programme of internal change is also being implemented. The first phase of a ten year change programme was approved by Government in 1996. The White Paper approved by Government earlier this year provides for a further programme of change.

Remuneration levels

5.10 In Report No. 37 we concluded that the previously existing parity between the salaries of the Garda Commissioner and the Chief of Staff should not continue and that the salary of the Garda Commissioner should be higher than that of the Chief of Staff. The Government decided, however, not to accept our recommendations and increased the salary of the Chief of Staff to the level recommended by us for the Garda Commissioner.

5.11 On this occasion, we asked Hay Management Consultants to evaluate the post of Chief of Staff. The salary we recommend for the Chief of Staff, which is based on the consultants' evaluation of the post, is again less than that for the Garda Commissioner.

5.12 The submission we received on behalf of the General ranks referred to the need for what were seen as appropriate differentials within the Defence Forces. Our attention was drawn to the fact that all officers except those of General rank are in receipt of a military service allowance (£2,303 at present). We do not consider that payment of such an allowance is appropriate to the ranks within our remit but we do accept that the military service allowance is relevant in considering the appropriate differential between the ranks of Brigadier General/Commodore and Colonel and we have had regard to this in our recommendations.

5.13 We recommend that the annual salaries of the ranks covered by our terms of reference should be as set out in Table 5.2 below. These rates take account of the non-contributory pension scheme available to the ranks concerned.

Table 5.2

Recommended Salary Rates for Defence Forces Officers of General Rank

Rank	Current Rate	Recommended Rate	% increase
	£	£	
Lieutenant General (Chief of Staff)	85,578	90,000	5.2
Major General	62,815	68,000	8.3
Brigadier General/Commodore	56,174	62,000	10.4

An overall increase of 9.1% is recommended for the General ranks of the Defence Forces.

6

Local Authorities and Health Boards

6.1 While the SMI process and *Delivering Better Government* were initially directed at the civil service, they have since been extended to other sectors. Consequently, various sectoral programmes (e.g. *Better Local Government – a Programme for Change, Shaping a Healthier Future* etc) have set the modernisation agenda for the individual sectors. The provisions about modernisation in Partnership 2000 and the Programme for Prosperity and Fairness (PPF) encompass the wider public service and, in the case of PPF, specific objectives are set down for the health and local government sectors.

I. Local Authorities

6.2 An agenda for change in the local government system was set out in “Better Local Government – A Programme for Change” which was published by the Government in 1996. This set out core principles relating to enhancing local democracy, serving the customer better, developing efficiency and providing proper resources to local authorities. Furthermore, “A Programme for the Millennium” committed the Government to the restoration of decision making and power to local authorities and local people.

6.3 Since 1996 a new partnership style decision making structure has been introduced to local government. Strategic Policy Committees (SPCs) involve representatives of business, unions and communities, through a series of committees, in making recommendations to the local authority in relation to specific issues. This new approach has altered the way in which local authorities and managers operate. As well as overseeing the servicing and operation of the SPCs, managers have the specific task of servicing the Corporate Policy Group which is made up of SPC chairpersons and deals with overall policy issues. The introduction of new County/City Development Boards also involves a significant new role for managers. These boards are responsible for drawing up and overseeing the implementation of strategies for the economic, social and cultural development of the county or city.

6.4 The National Development Plan 2000-2006 will also have a major impact on the work of local authorities and managers. Managers will

Local Government is undergoing change.

have a key role to play in the efficient and effective delivery of greatly expanded infrastructure investment programmes in the areas of roads, housing, water and waste management. Other elements of change which impact on senior local authority grades include the closer integration of local government and local development systems, a new emphasis on service indicators and significant proposed changes in planning and development arising from new legislation. The personal responsibility and accountability of managers have also been affected by the SMI programme, public private partnership structures and the development of market tested benchmarks for the provision of public services. However, the development of modern financial accounting and management information systems across the local authority service supporting more structured performance measurement and management systems is still in the future.

6.5 Government policy on local government calls for a programme based system of management and administration and a strengthening of the management and staff structures to improve the capabilities of local authorities to fulfil their responsibilities and to meet the demands of their communities. This will require that revised structures be put in place and these have been the subject of discussions with union interests for a lengthy period. A programme based system of management and administration is likely to involve the creation of a new tier of Directors of Services (generally at assistant manager level). It is envisaged that existing assistant managers will be assimilated into the new structure. Our assessment of assistant managers is based on their present duties and the existing organisational structure.

Recruitment

6.6 The recruitment issues we refer to in relation to the civil service were also raised with us in submissions concerning the local authority sector. Posts of manager are open to persons outside the local authority service but we were informed that there was a lack of interest in such posts from suitable persons in the private sector and that, even within the local authority service, only small numbers of high quality candidates were applying for manager posts. We were given information on six recent competitions to fill nine manager posts. Of a total of 135 applicants only 18 were from persons working in the private sector and just two of these reached the final interview stage of the competition.

City and County Managers

6.7 There are currently five levels of salary for local authority managers. The submission we received from the Society of County and City Managers indicated that the Society accepted the current banding system in relation to managers although proposals for changes were made in submissions we received from individual managers. We have concluded that there should be no change in the existing banding system.

6.8 There have been changes in the tenure of employment of local authority managers since our last report as a result of the Local Government Act, 2000, the Local Government (Tenure of Office of Managers) Regulations, 2000 and the Local Government (Tenure of Office) Order, 2000. The Tenure of Office Order provides that manager appointments will be for a period of seven years, subject to an upper age limit of 65 years (previous contract arrangements provided for a seven year term subject to an age limit of 60 years). The Act and Regulations provide for the extension, at the discretion of the manager, of the tenure period by three years i.e. to a total of ten years (subject to an upper age limit of 65 years). Under the Act, a manager's tenure period is automatically extended once he/she notifies the Cathaoirleach of the local authority. A manager whose tenure period has been extended cannot apply for appointment to any office of manager (with the exception of county and city manager offices in Dublin and Cork) during the period between notification and six months before the end of the extended tenure period.

6.9 We approached the determination of the salary of managers by asking Hay Management Consultants to evaluate the post of Dublin City Manager. In fixing a rate for that post we had regard to the Hay evaluation and to the rates recommended by us for other senior posts in the public service such as chief executives of non-commercial state-sponsored bodies and Secretaries General. Having fixed that rate we determined the salaries of other posts by reference to this.

Assistant City and County Managers

6.10 The submission from the Society of County and City Managers proposed that the assistant city managers in Dublin be linked to the Level IV rate for managers (they are linked to Level V at present), that assistant managers reporting to Level IV managers should have approximately 85% of the salary of those managers, that the assistant managers in County Cork be linked to the Level V rate for managers and that the Cork assistant city managers be paid somewhat above the

Five pay levels for managers are still appropriate.

level of assistant managers generally but below the Cork assistant county managers. The submission also indicated that assistant managers would be prepared to consider revised tenure arrangements similar to those applying to managers. As indicated in Report No. 37 we do not propose to recommend changes in the tenure of assistant managers.

6.11 The three posts of assistant manager in Dublin City are already remunerated at a higher level than other assistant managers, which is currently equivalent to the Level V manager rate. This rate also applies to two other posts in Dublin City – those of Personnel Officer and Finance Officer/Treasurer – while the post of Director of Traffic (who is also an assistant manager) is paid at a higher rate. We do not consider that a further relative improvement is required in the case of the posts of assistant city manager in Dublin and we remain of the view that they should be remunerated at the Level V manager rate. As our terms of reference do not extend to an examination of the relative positions of individual posts within the grade of assistant city manager in Dublin we do not make a recommendation on the post of Director of Traffic and Assistant City Manager which is currently remunerated above other assistant city manager posts.

6.12 We consider that a common salary scale should apply to assistant managers in other local authorities. In reaching this conclusion we have been conscious that while there are differences in the scale of operation of local authorities outside Dublin which have assistant managers (there are no such posts in the smaller local authorities) the number of assistant manager posts also varies.

Recommended salaries

6.13 The superannuation arrangements of local authority managers and assistant managers include a 5% employees' contribution. For the purpose of consistency with the rates of remuneration of other posts shown in this report, the recommended rates in Table 6.1 have been expressed net of the employees' contribution (gross rates are shown in parenthesis).

Table 6.1**Recommended Salary Rates for Managers and Assistant Managers**

Post	Current Rate	Recommended Rate	% increase
	£	£	
Level I Dublin City Manager	80,632 (84,876)	91,000 (95,789)	12.9
Level II Cork County Manager	65,849 (69,315)	77,000 (81,053)	16.9
Level III Managers of:– Cork City, Dun Laoghaire/ Rathdown, Fingal County, South Dublin County	61,818 (65,072)	71,000 (74,737)	14.9
Level IV Managers of:– Counties Clare, Donegal, Galway, Kerry, Kildare, Kilkenny, Limerick, Louth, Mayo, Meath, Tipperary (South Riding), Westmeath, Wexford, Wicklow and Limerick City	57,788 (60,829)	66,000 (69,474)	14.2
Level V Other City or County Managers Dublin Assistant City Managers	53,756 (56,585)	61,000 (64,211)	13.5
Other Assistant City or Assistant County Managers	38,971 – 40,651 – 42,330 – 44,010 – 45,691 (41,022 – 42,791 – 44,558 – 46,326 – 48,096)	44,000 – 46,000 – 48,000 – 50,000 – 52,000 (46,316 – 48,421 – 50,526 – 52,632 – 54,737)	13.8

An overall increase of 13.9% is recommended for manager grades.

II. Health Boards

6.14 The National Development Plan 2000-2006 makes provision for expenditure of £2 billion on the development of health service improvements during the currency of the plan. Major national initiatives such as the National Cancer Strategy and the National Cardiovascular Health Strategy have involved substantial commitment at local level while a programme of devolution of functions from the Department of Health and Children to health boards is ongoing. Other developments in the health sector since the last review include the establishment of the Health Service Employers' Agency and the Office for Health Management while the requirement of health boards to provide safe systems within which medical practice can take place has grown in importance.

6.15 The biggest structural change has been in the eastern region. The Health (Eastern Regional Health Authority) Act, 1999 established the Eastern Regional Health Authority (ERHA) and three new area health boards to replace the former Eastern Health Board. The ERHA has overall responsibility for the planning, commissioning and overseeing of the provision of health services within the county borough of Dublin and the administrative counties of South Dublin, Fingal, Dún Laoghaire-Rathdown, Kildare and Wicklow. The ERHA now has a key role in planning services for the region and in monitoring and evaluating the integrated services with a budget of about £1.5 billion.

6.16 We asked Hay Management Consultants to evaluate the post of chief executive officer of the ERHA, other posts in the ERHA, certain posts of chief executive officer and of programme manager.

Chief Executive Officers

6.17 The importance of the work of chief executive officers of health boards to the strategic delivery of health services has been given statutory recognition by the establishment of the Health Boards Executive in the Health (Eastern Regional Health Authority) Act, 1999. The Act provides that the members of the Executive shall be the chief executive officers of health boards and the area chief executives. Each aspect of the work of the Executive is assigned to a designated chief executive officer who assumes lead executive responsibility with the overall work of the Executive being directed by the chief executive officers collectively.

6.18 There are currently three salary levels for chief executive officers. The highest rate was payable to the chief executive officer of the former Eastern Health Board and the remaining chief executive officers were

Creation of the Health Boards Executive recognises the importance of CEOs.

Three salary levels are still appropriate for health board CEOs.

distributed over the other two bands. Having regard to the findings of the exercise conducted by Hay Management Consultants, we have concluded that three levels are still appropriate for pay purposes with the highest level applying to the chief executive officer of the Eastern Regional Health Authority.

Tenure of Chief Executive Officers

6.19 Since our last report revised tenure arrangements have been applied to chief executive officers. Under the Health (Amendment) (No 3) Act, 1996, a person appointed as a chief executive officer holds office under a written contract of service with the health board. The Act provides that an appointment shall be for no longer than either a period not exceeding seven years or a period from the date of appointment to the date on which an appointee reaches retirement age, whichever period shall be the shorter. Chief executive officers appointed since our last review have been covered by the revised tenure arrangements and we understand that only three serving chief executive officers now have permanent contracts.

There should be a common salary rate for programme managers.

Programme Managers

6.20 On this occasion, our terms of reference include the grade of programme manager. This grade was not previously the subject of a specific examination by the Review Body although in its first general review in 1972, the Review Body commented that the then differential between chief executive officer and programme manager was reasonable – at the time the maximum of the salary scale of a programme manager was approximately 86% of the salary of a chief executive officer at Level III. The remuneration of a programme manager is expressed as a basic salary plus an allowance (currently £3,288) which is payable at each point of the scale. On this basis, the present remuneration of programme managers is approximately 83% of the salary of a chief executive officer at Level III.

The differential between CEOs and programme managers should be wider.

6.21 All programme managers, with the exception of those attached to the former Eastern Health Board, were paid at a common rate. Programme managers in the former Eastern Health Board were paid at a rate equivalent to the salary of a chief executive officer at Level III. Having regard to the evaluation of the posts of programme manager by the consultants we consider that a common rate should continue to apply and that chief executive officers should have a differential over programme managers which is somewhat greater than that which exists at present.

6.22 Posts equivalent to programme managers are titled “Assistant Chief Executive” in the three new area health boards. We were informed that these posts are paid at the same level as programme managers in other health boards and we consider this to be appropriate.

Directors of Finance and Planning and Commissioning (ERHA)

6.23 The posts of Director of Finance and Director of Planning and Commissioning both receive the same salary at present which is slightly below that of a Level II CEO. The evaluation of the posts which we commissioned indicates that the post of Director of Planning and Commissioning should be remunerated at a higher level than the other post. We recommend that the Director of Planning and Commissioning should receive the same salary as a chief executive officer at Level II while the Director of Finance should receive a salary equal to that of a chief executive officer at Level III.

Recommended salaries

6.24 The superannuation arrangements of health board grades include a 5% employees' contribution. For the purpose of consistency with the rates for other posts shown in this report, the rates set out below have been expressed net of the employees' contribution but the appropriate gross rates are shown in parenthesis. We recommend the salaries shown in Table 6.2 for chief executive officers and the two named director posts:

Table 6.2
Recommended Salary Rates for Chief Executive Officers

Post	Current Rate	Recommended Rate	% increase
	£	£	
Level I Chief Executive Officer, Eastern Regional Health Authority	Personal rate	87,000 (91,579)	0.0
Level II Chief Executive Officer, Southern, South Eastern and Western Health Boards; Chief Executive Officers of the East Coast, Northern and South Western Area Health Boards	68,625 (72,237)	77,000 (81,053)	12.2
Level III Chief Executive Officers in other Health Boards	61,984 (65,246)	71,000 (74,737)	14.5
Director of Planning and Commissioning, ERHA	67,549 (71,104)	77,000 (81,053)	14.0
Director of Finance, ERHA	67,549 (71,104)	71,000 (74,737)	5.1

An overall increase of 9.1% is recommended for health board posts.

6.25 The present incumbent of the post of chief executive officer of the Eastern Regional Health Authority is paid in excess of the rate recommended by us. We consider that the existing rate should be retained on a personal basis.

6.26 We recommend that the following scale should apply to programme managers – £45,000 – £47,000 – £49,000 – £51,000 – £53,000 – £55,000 (in gross terms this is equivalent to £47,368 – £49,474 – £51,579 – £53,684 – £55,789 – £57,895). This gives an increase of 7.4% at the maximum of the scale. The revised scale recommended is inclusive of the allowance paid to the programme managers at each point of their scale at present. Accordingly, payment of this allowance should cease on application of the revised scale.

Members of the Oireachtas and Political Office Holders

7.1 Our terms of reference require us to recommend (1) an appropriate civil service grade to which the pay of Dáil Deputies would be linked for the future and (2) the proportionate relationship that the remuneration of Senators should have to that of Deputies. Furthermore in the cases of members of the Oireachtas and office holders our terms of reference are confined to salaries (i.e. excluding allowances and superannuation arrangements).

I. Remuneration of TDs and Senators

7.2 The salary of a TD is not linked to that of any civil service grade. The salary level is similar to the ordinary maximum (excluding long service increments) of the scale for Assistant Principal (higher) and the salary of a Senator is approximately 63% of that of a TD. In the submission we received on behalf of members of the Houses of the Oireachtas it was suggested that the appropriate link for a Dáil Deputy would be Principal Officer (higher) and that the salary of a Senator should be set at 75% of that of a Dáil Deputy.

The salary of a TD is not linked to any public service grade

7.3 Our approach to setting the remuneration rates for members of the Houses of the Oireachtas had three dimensions to it. Firstly, we examined the way in which the pay of public representatives is determined in other countries. Secondly, we examined the extent to which there had been real changes in the nature of the role of a TD/Senator in the four years since the last review. Thirdly, we asked Hay Management Consultants to assess the relative weight of the job of a TD against a selection of civil service posts, and the role of a Senator against that of a TD. These considerations form the basis of our recommendations on the remuneration of TDs and Senators.

International Position

7.4 We examined the position in a total of 16 other countries – 11 EU, USA, Canada, Australia, New Zealand and Norway. This revealed that in a number of other countries the remuneration of parliamentarians is linked to positions in the public service although the nature of the link varies. In view of the different public service structures which exist it was difficult to draw direct parallels with the situation in Ireland.

..... however, such links are common in other countries.

Fundamental changes have been made in the Committee system ...

7.5 While our examination showed that links with public service grades are common in other countries, this does not, in our view, enable conclusions to be drawn about the appropriate link for parliamentarians in Ireland. As was indicated in Report No. 37, we have reservations about the validity of international comparisons in the case of groups coming within our remit. We are not convinced either that the remuneration of members of Parliament in other countries relative to groups in the public and private sectors can necessarily be used to give an indication of the appropriate relative positions in Ireland. Differences in factors such as electoral systems, the ratio of members of Parliament to population, the roles of members of Parliament and remuneration structures make comparison difficult.

Changes in the role of Dáil Deputies and Senators

7.6 In considering the appropriate level of remuneration for members of the Oireachtas we felt it was important to assess the extent to which the roles and functions of the members had changed since our last review. Our assessment of these developments have led us to conclude that fundamental changes in the Committee system have had a major impact on the role of Deputies and Senators.

7.7 During *the 27th Dáil* (from 1992 to 1997) a number of Committees were established. Apart from the “housekeeping committees” (e.g. the Committees on Procedure and Privileges, the Joint Services Committee, Joint Committee on Standing Orders etc.), Committees were established to consider specific issues or subject areas. These Select Committees had little discretion in relation to the matters dealt with other than that they were empowered to take evidence on a Bill i.e. in the case of a major Bill referred for Committee Stage consideration it was open to a Committee to decide to advertise for submissions and take oral evidence on the content of the Bill.

7.8 The structure of Committees has changed in the present Dáil (*the 28th Dáil*). The system is now built around a core of Joint Committees consisting of both Deputies and Senators. Each has responsibility for one (or in some cases two) Government Department(s) and is empowered to deal with all aspects of scrutiny in relation to the Department(s) – in effect, to perform a “watchdog” role. Within each Joint Committee there also exists a Select Committee of the Dáil only, members of which exercise a role in relation to annual Estimates and Committee Stages of Bills. In addition to the “Departmental” Committees the Public Accounts Committee was re-established as was the Joint Committee on European Affairs (which has a statutory basis). Involvement in Committees affects the workload of non office holding

... which place greater demands on TDs/Senators.

TDs and Senators to a major extent. Most TDs and Senators are members of more than one Committee.

7.9 The Orders of Reference of all the “Departmental” Joint Committees are virtually identical. Unlike the Committees of the 27th Dáil these Committees have a full right of initiative in that they are empowered to examine any matter (i.e. of their own choosing) which comes within the remit of the Department(s) for which they are responsible. They can require the attendance of Ministers, initiate proposals for legislative change and require Ministers to discuss proposed legislation with them. Since the Committees are Joint Committees, Senators participate fully in the work. In relation to the Public Accounts Committee, while its Orders of Reference in the 28th Dáil are largely the same as its Orders of Reference in the previous Dáil, it exercised specific powers in the DIRT Inquiry provided to it by the Dáil on foot of recommendations by the Committee itself.

7.10 In summary, the Committees of the present Dáil are distinguished from those of the previous Dáil by the right of initiative which they possess and the consequent wider ranging powers and discretion. This wider role we believe has materially increased the workload of the members of both Houses of the Oireachtas compared to the position at the time of our last review. This is particularly so in terms of the time which must be devoted to the activities of the Committees, the research required on the wider range of issues before those Committees, and responding to representations from lobby groups and stakeholders in legislation.

Salary of Dáil Deputies and Senators

7.11 In view of our conclusion that the role of TDs and Senators has expanded we consider that their remuneration should be improved. Our terms of reference require us to express the remuneration of TDs in terms of a link to a civil service grade. To assist us in our consideration we asked Hay Management Consultants to look at the job weight applicable to TDs and to compare this to the job weight of a sample post in each of the grades of Assistant Principal (higher), Principal Officer (standard) and Principal Officer (higher).

7.12 On the basis of the sample of TDs interviewed the consultants found a significant diversity in the complexity, responsibility and character of the functions performed. We were informed by the consultants that this was consistent with their experience in sizing parliamentary jobs in other jurisdictions such as Westminster and the

Consultants evaluated the job of a TD against a range of civil service posts.....

..... and found significant diversity in the functions performed.

newly constituted Assemblies for Scotland, Wales and Northern Ireland. The role of a TD includes elements of constituency representation and an input at national level arising from committee work, participation in debates, dealing with the media etc. There is a further dimension to the job in the case of a small number of TDs who act as opposition spokespersons on particular issues and members of small parties with specific policy responsibilities.

The grade of Principal Officer (standard) is an appropriate link for a TD.

7.13 On the basis of the role of an “average” TD and by reference to a comparison with the sample civil service posts, the consultants suggested that the grade of Principal Officer (standard) was the most appropriate link for a TD. In relation to Senators we had regard to the fact that the changes in the Committee system which we refer to in 7.10 are fairly recent and we took a view on the long term impact of these changes on the role of Senators.

7.14 Based on our consideration as informed by the outcome of the comparison exercise, we recommend that

- the salary of a Dáil Deputy should be set at the ordinary maximum of the grade of Principal Officer (standard) in the civil service (i.e. at £46,506 in current terms); and,
- the salary of a Senator should be fixed as 70% of that of a TD and should be revised for the future on that basis. This gives a revised salary of £32,554.

The salary of a Senator should be 70% of that of a TD.

These recommendations take account of the different superannuation arrangements applying to Dáil Deputies/Senators and civil service grades.

7.15 The submission on behalf of the members of the Oireachtas proposed that long service increments be payable. Long service increments are payable to Principal Officers in the civil service. One long service increment is payable after three years satisfactory service at the maximum of the scale and a second one is payable after six years satisfactory service at the maximum of the scale. A Principal Officer entering the grade at the minimum of the scale would have to serve seven years in the grade before becoming eligible for the first long service increment and ten years before becoming eligible for the second. We understand that the application of long service increments to TDs and Senators would be likely to require legislative change. Should the Government decide to introduce long service increments for TDs and Senators we would not regard this as incompatible with our view on a link with the grade of Principal Officer (standard) provided the service

as a TD or Senator required to qualify for long service increments is comparable to that required by Principal Officers.

7.16 Should the Government decide to introduce long service increments for TDs and Senators we consider that this should not result in a situation where different rates of remuneration apply to Ministers. This situation could come about because the remuneration of office holders is made up of an office holder's allowance plus the salary of a TD (or Senator). Accordingly, the application of long service increments could result in Ministers who are members of the same House being paid differently depending on whether they qualify as a TD for two, one or no long service increments. In our view, the principle that all Ministers are paid the same remuneration is an important one. If the Government decide to introduce long service increments for TDs and Senators we consider that the arrangements introduced should ensure that a common rate of remuneration continues to apply to Ministers (and, subject to 7.24, to Ministers of State). The common rates should be the ones recommended in Table 7.1 following. Likewise if long service increments are introduced, this should not result in other office holders being paid in excess of the rates recommended in Table 7.1.

7.17 We were also urged in the submission on behalf of members of the Oireachtas to recommend a mechanism to ensure that in the event of the future introduction of a performance-related pay element into the salary of the grade of Principal Officer any such element would be reflected in the salary of TDs and Senators. There are no specific proposals at present for the application of performance-related pay to the grade of Principal Officer. However, we do not accept that the application of performance-related pay to one group provides a basis for extending it to another on a relativity basis. In any case we do not believe that performance-related pay is appropriate to the role of TDs and Senators.

7.18 As our recommendations provide a basis for the future automatic review of the remuneration of Dáil Deputies and Senators we consider that their remuneration should no longer form part of our remit for general reviews.

Performance-related pay is not appropriate for members of the Oireachtas.

II. Office holders

7.19 In Report No. 37 we set out a number of principles which we believed should influence the remuneration structure for political office holders (paragraph 5.6 of Report No. 37 refers). On this occasion, we again applied these principles. We approached the determination of the remuneration of office holders by first deciding on the appropriate remuneration for Ministers.

7.20 We comment elsewhere in this report on the increasing demands on top public servants and on the growth in the complexity of their work. Clearly, the kinds of developments referred to in relation to top public servants have also resulted in greatly increased pressures on Ministers who are members of Government and accountable to the Oireachtas and the electorate. The business of Government is now more complex and demanding than ever before. The challenges posed by factors such as the growth of the economy, changes in the labour market, developments at EU level and the need to achieve consensus on the major issues facing the country have imposed enormous demands on Ministers. In our view the current salaries of Ministers provide very inadequate compensation for the workloads borne by them.

7.21 We have not changed our view, as set out in Report No. 37, that there should be a common salary rate for Ministers despite differences in the responsibilities of different portfolios. We still consider also that the principal benchmark in determining the remuneration of Ministers should be the salary of Secretaries General of Government Departments, having regard to their close working relationships.

7.22 In Report No. 37 we recommended a salary for Ministers which was above “Level III” Secretaries General but below that of some Secretary General posts. The outcome of the benchmarking exercise we undertook for Secretary General posts in this review was that a major gap was shown to exist between their pay and that of comparable private sector posts. We feel that rates applicable to senior posts in the private sector and differentials over other grades in the civil service structure must influence the level at which salaries of Secretaries General are set but these factors have less direct relevance to Ministers. However, we do not feel that it would be appropriate at this time in the Irish administration, as is the case in some other countries, to have a situation where the salary of the civil service head of a Department can be significantly in excess of that of a Minister.

7.23 Having regard to the considerations outlined in the preceding paragraphs we recommend that Ministerial salaries should be set at

All Ministers should be paid the same

..... and Ministerial salaries should be around the average for Secretaries General.

around the average for Secretaries General and that the remuneration of political office holders should be as outlined in Table 7.1 below.

Table 7.1
Recommended Salary Rates for Political Office Holders

Post	Current Rate	Recommended Rate	% increase
	£	£	
Taoiseach	114,561	140,000	22.2
Tánaiste	98,512	120,000	21.8
Minister	91,427	110,000	20.3
Minister of State	62,650	75,000	19.7
Attorney General	91,428	110,000	20.3
Ceann Comhairle	91,427	110,000	20.3
Leas-Ceann Comhairle	62,650	75,000	19.7
Cathaoirleach of the Seanad	46,240	58,000	25.4
Leas-Chathaoirleach of the Seanad	36,439	47,000	29.0

An overall increase of 20.4% is recommended for political Office Holders.

These rates incorporate the relevant parliamentary salaries.

Ministers of State who attend Cabinet meetings

7.24 During the course of the review we were asked to consider the remuneration of Ministers of State who attend Government meetings. Two Ministers of State attend Government meetings – the Minister of State with special responsibility as the Government Chief Whip and the Minister of State to the Government. We are satisfied that these Ministers of State carry additional responsibilities which warrant remuneration additional to that payable to other Ministers of State. We consider that the Ministers of State in question should receive an allowance equivalent to that payable to the Chairperson of the Committee of Public Accounts and chairpersons of certain other Oireachtas committees – £10,692 at present.

Expense allowance for the Attorney General

7.25 General expense allowances are payable to Ministerial and Parliamentary office holders. The amount payable to Ministers and the Ceann Comhairle is £9,770 in current terms. This allowance is not payable to the Attorney General. The same overall salary is paid to a

Minister and the Attorney General and we consider that the two offices should be treated in the same way in relation to general expenses also. Accordingly, we recommend that the general expense allowance payable to Ministers should be payable to the Attorney General.

Chairpersons and other positions on Oireachtas Committees

7.26 In Report No. 37 we recommended revised allowances for chairpersons of Oireachtas Committees and expressed the view that these allowances should reflect the increased powers, duties and responsibilities of chairpersons. The Oireachtas (Allowances to Members) and Ministerial, Parliamentary, Judicial and Court Offices (Amendment) Act, 1998 introduced a new system of allowances for the chairpersons, vice-chairpersons and whips of specified Oireachtas Committees and Sub-Committees, as well as providing for annual amounts to be allocated to the chairpersons of Oireachtas Committees. Allowances are also paid in respect of certain other posts (e.g. party whips, Senators who act as Leader and Deputy Leader of the House as well as certain other positions in the Seanad).

7.27 Our recommendations on revised salary arrangements for TDs and Senators will result in significant increases in salary. In arriving at our recommendations on salary we have taken account of the expanded role of TDs and Senators in relation to Oireachtas Committees. In view of this and in the light of the increases in salary resulting from our recommendations, we do not consider that an increase is warranted in the allowances paid to the various positions on Committees or to other positions. Accordingly we are not recommending any increase in these payments.

Superannuation arrangements

7.28 We received submissions which asked us to recommend improvements in the superannuation arrangements applicable to members of the Oireachtas and their spouses. However, superannuation provisions do not come within our terms of reference.

Organisation and Structure of the Courts

8.1 The Courts Act, 1997 and the Courts (No. 2) Act, 1997 provided for an increase in the maximum number of Judges in the High Court from 20 to 25. The Courts Act, 1996 provided for an increase in the maximum number of judges who may be appointed to the Circuit Court from 25 to 28. The overall legislative provision now means that there is a maximum of 112 judges (Supreme Court 8, High Court 25, Circuit Court 28 and District Court 51). This number includes the Chief Justice and the Court Presidents.

8.2 The Courts Service Act, 1998 provided for the establishment of an independent statutory body to manage the Courts. The Courts Service was established on 9 November 1999. Since then the day-to-day management functions of the Courts have been the responsibility of the Board of the Courts Service and its chief executive officer. One of these functions is to provide support services to the Judiciary.

Tenure of office of certain members of the Judiciary

8.3 A person who is appointed a presiding Judge of the Supreme Court, High Court, Circuit Court and District Court (i.e. Chief Justice or Court President) after the commencement of the Courts (No. 2) Act, 1997, holds office for a period of seven years or until he/she reaches the appropriate age of judicial retirement as a judge of that Court, whichever first occurs. A former presiding judge who has not reached retiring age can continue to serve on the Court where he/she was the presiding judge.

Recruitment

8.4 We found no evidence of significant problems of recruitment to the Judiciary in the case of the District and Circuit Courts. It appears that an adequate supply of high quality candidates continues to be available. However, while judicial posts in the High Court are still being filled with top calibre legal practitioners, it seems there are a smaller number of suitable candidates willing to apply for these posts. We have taken this situation into account in our recommendations.

Smaller numbers are willing to apply for appointment to the High Court ...

..... and recruitment is a consideration in fixing relative salary levels.

Judicial salary rates abroad

8.5 As on previous occasions the submissions on behalf of judges referred to salary rates payable to judges in Northern Ireland. We indicated in Report No. 37 that we agreed with the position taken by previous Review Bodies in rejecting such comparisons. This remains our view.

Hierarchical structure

8.6 Arguments were made to us by judges of the District and Circuit Courts for an improvement in their salary positions relative to judges of higher Courts. The case made by the judges of the District Court referred to an increased work load of the Court, the number of indictable cases now dealt with and the onerous supervisory duty placed on District Court Judges in relation to the welfare of children placed in care. The submission of judges of the Circuit Court indicated that legislation enacted since 1996 had placed an extra workload on the Circuit Court in areas such as divorce and judicial separation (this now operates in the same way in the Circuit and High Court i.e. there is concurrent jurisdiction), family law and company law where there is concurrent jurisdiction in relation to striking off and restoring companies to the companies register.

8.7 We are conscious that increasing demands are being placed on the judges of all Courts. In our last review we indicated that we saw no completely objective or precise methodology which could be used to determine appropriate salary relativities for the different Courts and that ultimately we had to arrive at an informed judgement on the basis of impartial and careful consideration. We accept that the burdens placed on judges of the Circuit and District Courts have grown but there have been increases in the number and complexity of cases dealt with in the superior Courts also. In the foregoing circumstances, we do not consider that there should be an improvement in the salaries of Circuit Court and District Court Judges relative to the salaries of Supreme and High Court Judges. In this review we consider that the recruitment issue referred to in paragraph 8.4 is the only material factor we should take into account in fixing the relative levels of increases in judicial salaries.

Court Presidents

8.8 At present the President of the District Court is paid the same salary as a Circuit Court Judge, the President of the Circuit Court is paid the same salary as a High Court Judge and the President of the High Court is paid somewhat more than a Supreme Court Judge. This salary structure takes account of (i) each Court President's ex-officio membership of the next higher court, (ii) the administrative

responsibilities of the Court Presidents and (iii) the constitutional position of the President of the High Court and this office holder's extra duties and responsibilities in relation to wardship and solicitors' matters.

8.9 We noted in Report No. 37 that the administrative duties of Court Presidents had increased and that the role of a President of a Court had changed from being a "primus inter pares" to an active manager of the business of the Court. It is clear to us that the duties of Presidents continue to increase. As well as exercising a major function in relation to the management of the allocation of the business of the Courts, Presidents also play important roles in relation to a variety of statutory or other bodies associated with the Courts such as the Courts Service Board, the Judicial Advisory Board and the Judicial Studies Institute. We are satisfied that developments in the role and duties of Court Presidents combined with the changed tenure arrangements referred to in 8.3 warrant an improvement in their relative salary positions.

Approach to the determination of judicial salaries

8.10 In previous reports we recommended a salary for the Chief Justice which was the same as that of the Taoiseach. We have adopted the same approach on this occasion. The Chief Justice and the Taoiseach are heads of separate branches of Government and it remains our view that it is appropriate that their salaries be the same.

8.11 We were urged in submissions we received to take account of the earnings of the top legal practitioners since it is desirable that candidates for the Bench be drawn from their ranks. It was put to us that the difference between the earnings of such legal practitioners and judicial salaries had grown so large as to discourage the acceptance of judicial appointments in the High Court in particular. We were given access on a confidential basis to certain information on the earnings of barristers derived from a survey of members of the Bar which was undertaken on behalf of the Bar Council. We are grateful to the Bar Council for its assistance to us on this matter. A submission on behalf of the ordinary judges of the Supreme and High Courts provided us with an analysis which they had commissioned of bar earnings and which suggested a salary level based on median bar earnings which would be needed to attract the type of barrister who would be suitable for appointment to the Courts.

8.12 We acknowledge the importance of ensuring that the most qualified legal practitioners continue to be attracted to judicial positions and we accept that earnings in the legal profession are relevant in this regard. Factors such as commitment to public service, the opportunity to make an impact on society and the prestige associated with the

The role of the Court Presidents warrants an improvement in their salary.

Judicial earnings should not be substantially below median bar earnings.

Judiciary continue to influence decisions to accept judicial appointments. However, we believe that the level of judicial earnings must be seen to be not very substantially out of line with median earnings in the legal profession, after account is taken of the expenses of a bar practice and of the pension arrangements of judges.

8.13 We do not think that it is realistic to set judicial salaries at the level of the highest earnings by legal practitioners, even after deductions have been made for matters such as the practice expenses of barristers and allowance is made for the conditions of service of judges. In fact, the submission we received on behalf of the judges of the Supreme and High Courts did not suggest that judicial salaries should match the income of the highest earning legal practitioners. However, we believe that the reduction in income on accepting a judicial appointment must not be allowed to reach the level at which it acts as a powerful disincentive to acceptance of appointments to the Bench by suitably qualified people. We feel that the situation has now been reached where a significant improvement in judicial salaries is warranted and, in view of the recruitment issues we refer to in 8.4, we consider that the increases for ordinary judges of the High Court should be greater than those for ordinary judges of the other Courts. We recommend the following salaries:

Table 8.1
Recommended Salary Rates for Members of the Judiciary

Office	Current Rate	Recommended Rate	% increase
	£	£	
Chief Justice	114,564	140,000	22.2
President of the High Court	103,162	130,000	26.0
Judge of the Supreme Court	99,289	122,000	22.9
President of the Circuit Court	91,430	118,000	29.1
Judge of the High Court	91,430	115,000	25.8
President of the District Court	71,950	87,000	20.9
Judge of the Circuit Court	71,950	84,000	16.7
Judge of the District Court	59,773	70,000	17.1

An overall increase of 20.2% is recommended for the Judiciary.

We are convinced that the recommended salary rates for the higher Courts, when combined with the imputed value of judicial pensions

Judicial remuneration will now be closer to median bar earnings.

(calculated as 37% of a judge's gross salary in Report No. 35), the absence of practice expenses faced by barristers and the non-taxable allowance for home office facilities (see below) means that the gap between median bar earnings and judicial remuneration has been narrowed substantially.

Expenses

8.14 At present, judges receive unvouched, non-pensionable and non-taxable expense allowances which are revised on 1 January each year in line with movements in the Consumer Price Index over the preceding twelve months. The allowances are intended to cover expenses which could not be dealt with under the normal claim and recoupment arrangements, principally in respect of work done by judges at home – research and formulation of judgements, dealing with urgent applications. This requires the provision of a study and suitable facilities. The current annual value of the allowances are £1,766.36 in the case of the Chief Justice, President of the High Court, Judges of the Supreme and High Courts and the President of the Circuit Court. In the case of Judges of the Circuit Court and the President of the District Court the allowance is £1,176.36 while Judges of the District Court receive £588.79.

8.15 We are satisfied that the present level of allowance is inadequate in respect of the Chief Justice, the President of the High Court, Judges of the Supreme and High Courts and the President of the Circuit Court. In their cases, we recommend that the annual allowance be increased to £5,000. The allowance should continue to be revised in the same manner as applies at present and should be updated on 1 January 2001. We do not recommend an increase in the allowances payable to other members of the judiciary.

9 State Solicitors

9.1 The remuneration of State Solicitors has not been examined by the Review Body since 1980. They are part-time private contractors rather than the direct employees of the State. Their role, function and responsibilities are similar to those of solicitors employed by the Chief State Solicitor. We have given particular weight to this consideration in our assessment of their remuneration.

Duties of State Solicitors

9.2 There are 32 State Solicitors based in areas outside Dublin. They are responsible for conducting all Government legal business, criminal and civil, in their areas. They are, subject to some limitations, free to continue to engage in private practice also. State Solicitors are appointed by the Attorney General and will normally act under and report to the Director of Public Prosecutions in criminal matters and to the Chief State Solicitor in other matters. An exception to this is where the Chief State Solicitor may authorise them to deal directly with a particular Government Department. While State Solicitors are currently contracted to the Attorney General, it has been decided that the State Solicitor Service will be transferred to the Director of Public Prosecutions. The necessary measures to give effect to this have not yet been put in place.

9.3 Under their conditions of appointment the duties of State Solicitors within their geographical area may include:

- Appearing on behalf of the Attorney General or Government Ministers in cases which are listed for hearing in the High Court and conducting and carrying out all legal business consequent on such listing.
- Conducting all criminal business (including where necessary the drafting of summonses, indictments, notices and other documents in connection with proceedings) in accordance with the instructions of the Director of Public Prosecutions.
- Advising members of the Garda Síochána in their official capacity wherever required.
- Attending in person at inquests wherever necessary to represent the Government, any Minister or Government Department, the Attorney General or the Garda Síochána.

State Solicitors are part-time private contractors

..... who conduct all Government legal business in their areas.

The work is performed in Dublin by the Chief State Solicitor's Office.

- Keeping and furnishing accounts in accordance with the requirements of the Department of Finance.

Remuneration of State Solicitors

9.4 The remuneration of State Solicitors consists of three elements – personal salary, staff costs and expenses. Only the personal salary element comes within our terms of reference. The personal salary element is intended to represent remuneration for involvement in State work. The staff costs element is intended to cover the cost of clerical and other staff and the expenses element is designed to meet the cost of day-to-day items such as office accommodation, office equipment, postage, telephones, local travel etc. State Solicitors are divided into four grades for salary purposes. The grades and current rates of pay are set out in Appendix 2.

9.5 In June 1999 a revised package was agreed with State Solicitors for elements of remuneration other than personal salary. This agreement followed a report of a study group consisting of persons nominated by the State Solicitors' Association, the Chief State Solicitor's Office and an analyst from the Department of Finance. The terms of reference were:

“To review and report on the following aspects of the local State Solicitor Service:–

- *The actual and comparative workloads of State Solicitors and the need for rationalisation of State Solicitor areas.*
- *The arrangements for meeting the cost of support staff and general expenses.*
- *The need for special arrangements for remunerating State Solicitors in respect of fishery cases and for any increases in workloads that have occurred in recent years.”*

9.6 The study group reported in October 1998. In June 1999, following negotiations with the State Solicitors' Association, substantial increases in the staff costs and expenses elements were agreed. A five band structure (Appendix 2) for staff costs and expenses was also agreed to replace the four band structure then in existence on the basis that the four band structure did not properly reflect the variations in workload between the different areas. This new structure and the placing of posts within bands differ substantially from the previous arrangements. The new five band structure addressed the high workload in Cork city which was found to be much heavier than in any other area outside Dublin (and arrangements were put in place in respect of fishery cases).

However, the previous four band structure remains in use for the personal salary element of remuneration.

Conclusions

9.7 The work carried out by State Solicitors in areas outside Dublin is in general performed in Dublin by the legal grades in the Chief State Solicitor’s Office. We were informed by the Chief State Solicitor’s Office that work equivalent to that handled by State Solicitors is normally handled by Assistant Solicitors and Senior Assistant Solicitors – Principal Solicitors may sometimes be assigned to handle Court work because of shortage of resources. In view of the similarity in the work performed, we are of the view that the most suitable comparators in determining the appropriate salary for State Solicitors are legal grades in the Office of the Chief State Solicitor.

9.8 The salary position of State Solicitors relative to legal grades in the Office of the Chief State Solicitor which resulted from the recommendations of the Review Body in 1980 remains much the same at present. While the relative position of State Solicitors had declined at one time, special increases in 1994 and 1998 have largely restored the former position.

9.9 In their submission to us the State Solicitors’ Association referred to the increasing complexity of cases dealt with by State Solicitors, the increased workload and the consequent increase in the amount of time devoted to State work. We accept that the complexity of cases dealt with has increased but would point to the fact that legal grades in the Chief State Solicitor’s Office (their closest comparators in terms of function) have also been affected by the growing complexity of work generally. However, while we were not given conclusive evidence on the matter, we accept that there has been an increase in the amount of time devoted to State work. On this basis we consider that the salary position of State Solicitors, relative to that of grades in the Office of the Chief State Solicitor, should be improved.

Bands used for salary purposes

9.10 The State Solicitors’ Association sought a two grade system for pay purposes in their submission to us. It was proposed that the higher grade should apply to State Solicitors who work more than thirty hours per week on State related work and that the lower grade should apply to those working less than thirty hours per week. We do not feel that a salary structure based on hours worked is feasible in practice.

9.11 We were informed by the Chief State Solicitor’s Office that the five band structure agreed in 1999 for staff costs and expenses had

The relative salary position of State Solicitors should be improved.

regard to factors such as workloads, complexity of cases, volumes of civil and criminal cases, crime levels, population etc. These factors are clearly relevant in determining a banding system for salary purposes also. We feel therefore that the new structure agreed with the State Solicitors' Association in 1999 is a better indicator of workload and a more suitable vehicle for determining salary than the present structure.

9.12 In the case of the new five band structure, the amounts for expenses are the same in bands 4 and 5 (the amounts for staff costs are different however). We consider that the same approach is appropriate to personal salary and that it is not necessary to differentiate between the posts in bands 4 and 5 in this regard. While we accept that the examination leading to the 1999 agreement found some differences in workload between these two bands, these differences are reflected in different amounts payable for staff costs. It does not seem to us that it is necessary to have a difference in respect of the personal salary element.

9.13 Accordingly, we recommend that there should be four bands for salary purposes. As is the case in the five band structure for staff costs and expenses, band 1 should apply to Cork city only. The posts in bands 2 and 3 should be the same as those now in the corresponding bands for purposes of staff costs and expenses. Band 4 should contain those posts in bands 4 and 5 for purposes of staff costs and expenses. Because the new bands we recommend do not correspond to those used for salaries up to now there are significant variations in the levels of increases for different posts. However, we feel that the system recommended will be more closely related to the work performed.

Salaries should move in line with the grade of Senior Assistant Solicitor in the Chief State Solicitor's Office.

Future revision of salary

9.14 We have indicated that we see the legal grades in the Office of the Chief State Solicitor as the most appropriate comparators for State Solicitors because of the similarity in the work performed. To avoid a situation where the personal salary of State Solicitors falls out of line with the pay of these grades we consider that the pay of State Solicitors should be revised in future in line with movements in the pay of the grade of Senior Assistant Solicitor.

Recommendations on salary

9.15 In reaching our conclusions we considered that the rate for the post in Cork city should be significantly higher than in other areas. We consider that the rate for band 2 should be towards the upper level of the salary scale for Senior Assistant Solicitor in the Office of the Chief State Solicitor, that the rate for band 3 should be close to the minimum

of that scale and that a lower rate is appropriate for Band 4. We recommend salary rates as follows:

Table 9.1

Band	Counties	Salary
I	Cork City	£ 40,000
II	Cork South East, Galway West, Kildare North/Wicklow, Kildare South, Limerick City, Louth	35,000
III	Clare, Cork West, Donegal, Kerry, Kilkenny, Limerick County, Mayo, Meath, Tipperary North, Tipperary South, Waterford, Westmeath, Wexford, Wicklow East	30,000
IV	Carlow, Cavan, Cork North East, Galway East, Laois, Monaghan, Offaly, Sligo, Leitrim, Longford, Roscommon	27,000

An overall increase of 13.2% is recommended for State Solicitors.

10 Hospital Consultants

10.1 The remuneration, terms and conditions of hospital consultants were previously examined separately by the Review Body (Reports No's. 32 and 36). In addition they were included in the terms of reference for our last general review (Report No. 37). The Government has decided that, commencing with the current review, the remuneration of hospital consultants should form part of general reviews. Where recommendations by the Review Body entail changes in contractual arrangements, the changes must be the subject of separate discussions between the Department of Health and Children and the medical representative bodies. Following the publication of Report No. 36 the parties concerned agreed to the appointment of an independent chairperson for the negotiation of the revised contractual arrangements arising from our recommendations. Following these negotiations, agreement was reached in November 1997 on a revised contract. The revised contract provided for a number of significant changes to our recommendations.

10.2 In common with the other groups covered by our terms of reference, submissions on behalf of hospital consultants referred to changes in their workload and roles. Factors which were referred to include the Health (Amendment) (No 3) Act, 1996, the Organisation of Working Time Act, 1997, the Freedom of Information Act, 1997 and the Mental Health Act, 1999. Our attention was also drawn to issues such as the impact on consultants of new financial management processes, the increased role of consultants in management planning and contributing to the formulation of service plans, the impact of the charter for hospital patients, increased patient expectations and increasing litigation. Reference was made to the "Guide to Ethical Conduct and Behaviour" produced by the Medical Council in 1998 which places increased emphasis on personal accountability and responsibility.

Forum on Medical Manpower

10.3 An examination of a number of issues relating to medical manpower has been underway since the Minister for Health and Children announced the establishment of the Forum on Medical Manpower on 7 May 1998. As part of its examination the Forum is considering fundamental issues such as work practices, staffing structures and other major issues relating to the structure of consultant

The Forum on Medical Manpower may result in major change.

There will be later negotiations on the conditions of consultants.

appointments. The outcome of the Forum may result in significant changes in the present working practices of consultants and in the contract for their public commitment. Such changes will require detailed negotiations between the Department of Health and Children/Health Service Employers' Agency and the medical organisations. The Department of Health and Children informed us that the intention is that following publication of the report of the Forum and negotiations with the medical organisations, the Review Body, or some other body, will be asked to price what emerges in terms of alteration to the present conditions of consultants.

General approach to the remuneration of consultants

10.4 Our approach to the remuneration of consultants has been influenced by the Medical Manpower Forum. In particular, we have been conscious that there will be a further process of negotiation and evaluation in relation to the changes emerging from the discussions at the Forum. We have taken the view that we should not recommend any changes in the present structure which might prejudice the deliberations of the Forum and our recommendations are based on job roles as they exist today. At this stage we consider that

- the increase in salary for consultants should be based generally on the average level of increase for other health sector posts covered by our examination;
- there should be substantial increases in payments for consultants working onerous rotas;
- an improved system of payments for involvement in management should be introduced; and,
- fundamental changes in relation to medical indemnity insurance for part-time consultants are necessary.

These recommendations have not taken account of possible developments from the Medical Manpower Forum and should not be regarded as having an influence on negotiations regarding changes resulting from the Forum.

Salary Structure

10.5 At present three different salary rates are payable to Category I and Category II consultants. The different rates are based on an abatement of salary on the assumption that some regions offer greater opportunities for private practice than others. The highest salary rates apply to all Psychiatrists, Geriatricians, consultants in palliative care and consultants in the Midland, North Western and Western Health Board

There are three geographic rates of pay for consultants.....

regions, an intermediate rate applies to those in the Southern, Mid-Western, North Eastern and South Eastern Health Boards, while the lowest rates apply in the eastern region.

10.6 We received conflicting proposals on this issue. One of the medical representative bodies argued that this system was no longer valid while the other body and the Department of Health and Children supported its retention. On the one hand it was argued that geographic location now had little relevance to the opportunities for private practice. On this basis it was proposed that single national salaries should be paid to Category I and Category II consultants. The single national rate proposed in each case was the highest rate now payable. On the other hand it was suggested to us that while the differences in opportunities for private practice may not vary as much as in the past, some regions still offer greater opportunities than others. It was also suggested that the present salary structure performs a useful function in helping to recruit consultants to posts in smaller provincial hospitals which might otherwise be more difficult to fill.

10.7 The various parties involved have not been in a position to provide us with information on earnings from private practice in the different regions which would give a clear basis for deciding whether a change in the system was justified. The VHI told us that they could not provide us with information on absolute amounts paid to consultants as their arrangements with consultants are based on confidentiality in relation to individual commercial matters. The VHI did, however, supply us with information on relative payouts to different specialities by health board region and hospital type. Within the limitations of the data received we concluded that the actual payout to the consultant group as a whole had increased by about 40% since 1996 but no conclusion could be drawn as to what this represents in absolute monetary terms. The number of consultant posts approved has increased by about 13% since 1996 which suggests, on a very rough basis, that the average payout per consultant has increased by about 24%. We appreciate, however, that there must be reservations about the reliability of this figure in view of the nature of the information made available to us.

10.8 The information we received from the VHI suggests that earnings from private practice in the eastern region are higher than in other areas but that there is some closing of the gap. However, the contractual constraints placed on the VHI means the information is not conclusive. If it were possible for the VHI or consultants to provide us with more meaningful information on earnings from private practice we would be in a better position to assess the basis for the payment of different rates

..... based on potential earnings from private practice.

This structure cannot be tested without data on private practice earnings.

An overall increase of 10% is recommended for consultants.

to consultants on a geographical basis. Since there is still on balance a significant level of support for the current system and a lack of conclusive evidence which would support a change, we recommend that the present arrangements should continue to apply.

Overall level of increase

10.9 Having regard to the considerations mentioned as well as the general level of increases in salaries for health board grades, we recommend that there should be an increase of 10% in the salaries of all consultants pending the outcome of the Forum on Medical Manpower. The revised rates which would result from this are shown in Appendix 1. These rates are based on an employee superannuation contribution of 5% and no addition should, therefore, be made in respect of this contribution.

10.10 A number of persons hold, on a personal basis, posts as Geographical Wholetime Consultants Without Fees. We recommend that their salary should also be increased by 10%, giving a revised salary of £99,510.

Academic Consultants, Academic Dental Consultants and Regional Consultant Orthodontists

10.11 Our terms of reference include academic consultants i.e. clinical consultants who are also employed by university medical schools. We consider that the increase of 10% we have recommended for consultants generally should be applied to academic consultants.

10.12 In Report No.36 we recommended that academic dental consultants should be paid the same salaries as their medical counterparts. This remains our view.

10.13 Regional Consultant Orthodontists are also covered by our terms of reference. In recent discussions between the Irish Hospital Consultants' Association and the Department of Health and Children/Health Service Employers' Agency agreement was reached on the application to these Orthodontists of the salary applicable to Category I consultants in the Southern, Mid-Western, North Eastern and South Eastern Health Boards. We consider that the salary of the Orthodontists in question should continue to be determined on this basis.

Emergency Service Payments

10.14 The submissions we received from the medical representative bodies expressed a high degree of dissatisfaction with the current

arrangement for providing emergency service to patients and there was criticism of the recommendations made in Report No. 36 in regard to payments in respect of these. Negotiations between the medical representative bodies and the employing authorities following the publication of Report No. 36 resulted in an agreement which entailed substantial changes to the arrangements recommended by us.

10.15 Despite the agreement they reached with the Department of Health and Children just three years ago on a revised system of payments, the medical representative bodies still consider the system to be unsatisfactory. They argue that the employing authorities apply the more onerous rotas (1 in 1 or 1 in 2) too readily and that consultants should not be obliged to participate in such rotas except in the most exceptional cases. Extremely large increases in the payments for such rotas were proposed by them. These were intended to act as a disincentive to hospital management to apply these rotas. In one of the submissions it was stated that the proposals made were governed by the principle that no consultant should ever be required to work a 1 in 1 rota and that rotas of 1 in 2 were also unacceptable other than for short periods/emergency situations in non acute specialities.

10.16 Difficulties with payments for emergency services have existed for a very long time and to date a solution acceptable to all parties has not been found. A submission we received from one of the medical representative bodies stated *“the payment of after hours service has been a bone of contention since 1981 and has not been solved by recent contract negotiations”*. We agree that rotas of 1 in 1 and 1 in 2 should be avoided other than in the most exceptional situations. However, we also recognise that there can be practical difficulties for management in avoiding such rotas in situations where, for example, only one consultant in a particular speciality is available.

10.17 It is our view that the arrangements negotiated by the medical representative bodies on this and the related issue of rest days following Report No. 36 have had the effect of making the situation worse. There is now a need for a fundamental reappraisal of the arrangements for the provision of emergency services and rest days (10.24 to 10.26 refer) covering the arrangements for the allocation of consultants to particular rotas, the payments for on-call liability and for actual call-outs.

10.18 The issues being considered by the Forum on Medical Manpower in regard to the working practices of consultants are likely to affect the requirement for the provision of emergency services. Furthermore, at a later stage there will be negotiations between the Department of Health and Children/Health Service Employers' Agency

Payments for emergency services should be reappraised.

A reappraisal should follow the Forum on Medical Manpower.

and the medical representative bodies on the new contractual arrangements arising from the conclusions of the Forum. We consider that the fundamental reappraisal we refer to should be undertaken as part of these negotiations.

10.19 Pending the reappraisal of the current arrangements for the provision of emergency service we consider that the existing payments for on-call liability and for call-outs should attract a general increase of 10%.

10.20 While we appreciate that the outcome of the Forum on Medical Manpower should have an impact on on-call requirements, we have concluded that it would be inequitable to delay a substantial increase in on-call payments for consultants on the most onerous rotas.

10.21 We are conscious that the impact on consultants of 1 in 1 or 1 in 2 rotas can vary from hospital to hospital and from speciality to speciality. Information we have received suggests that in some cases consultants who are on such rotas may be called out rarely while others on the same rotas may have frequent call-outs. We propose to confine the highest rates of increase for onerous rotas to consultants subject to frequent call-outs. In this regard we consider that the appropriate threshold is more than 120 call-outs annually – this is also the level at which the highest rate of call-out payments is made at present.

10.22 We recommend the following increases in payments for on-call. The rates of increase are heavily weighted in favour of those consultants on the most onerous rotas with the greatest frequency of actual call-outs.

Table 10.1

Rates of Increase for On-Call Payments (by rota and call-out frequency)

Rota	1 – 80 Call-Outs	81 – 120 Call-Outs	120+ Call-Outs
	%	%	%
1 in 1	10	35	60
1 in 2	10	25	35
Other	10	10	10

We consider that in reckoning the number of annual call-outs, EPJ call-outs (see below) should not be taken into account.

Substantial increases in on-call payments for onerous rotas are justified now.

Exercise of Professional Judgement

10.23 We were asked in submissions from the medical representative bodies to recommend changes in the arrangements relating to payments for situations where, in the exercise of their professional judgement, consultants attend at hospitals and perform clinical work or carry out diagnostic or therapeutic procedures (these are commonly referred to as EPJ call-outs). We recommended in Report No. 36 that payment should be made in these circumstances only where a consultant is rostered for on-call duty. This remains our view.

Rest Days/leave in lieu

10.24 Consultants are entitled to rest days in respect of periods spent on-call at weekends i.e. they may avail of leave in lieu of weekends spent on-call. In practice consultants working onerous rotas are often unable to take this leave. In Report No. 36 we said that we did not consider it appropriate for consultants to accumulate substantial numbers of untaken rest days which can then be availed of at a much later date. We recommended that hospitals should make arrangements to enable consultants who qualify for leave in lieu to avail of this leave within a maximum of three months.

10.25 The arrangements we recommended were substantially amended in the negotiations following the publication of Report No. 36. Rest days additional to those recommended were agreed but the compensation for untaken rest days was set at 100% of the daily rate rather than 150% as recommended by us. We were informed by the Department of Health and Children that despite the reduction in the rate of compensation recommended by us, the cost of compensating consultants for untaken rest days places huge cost demands on hospitals.

10.26 The issue of rest days is another matter on which the submissions we received reveal fundamental differences of approach. These range from a proposal that payments for untaken rest days be abolished (and that an element be incorporated into the basic pay of consultants on onerous rotas) to a proposal for a substantial increase in the existing payments. Rest days are inextricably linked to the arrangements made for on-call rotas. Accordingly, we feel that the issue of rest days must be dealt with in the negotiations referred to in 10.18.

Consultants in Management

10.27 In Report No. 36 we addressed the issue of the involvement of consultants in management. We recommended that appropriate management structures and processes incorporating a number of key features be developed and introduced in all hospitals – both health

New management structures should be implemented in the short term.

board and voluntary – as a matter of urgency. The detailed structures and processes we envisaged are listed in paragraph 2.8 of Report No. 36.

10.28 The Department of Health and Children and the Health Service Employers’ Agency pointed out to us that the revised contract agreed in 1997 recognises the need for consultants to be involved in the management process. It provides that where significant additional responsibilities arise for some consultants in the management of the hospital (or management of a service within or outside the hospital or a department or unit in a hospital) the employing authority, in agreement with the consultant, will arrange either to reduce the time-related commitment to clinical work or to compensate the consultant undertaking the additional work through payment of an appropriate allowance. Furthermore, an initiative was launched by the Minister for Health and Children in November 1998 to promote the involvement of clinicians in management as part of a wider agenda to improve the level of management throughout the health service. Following on from work undertaken in four pilot sites, the clinicians in management (CIM) initiative was “rolled out” to seventeen further hospitals. Specific developments included

- planning workshops for management and clinical representatives from CIM sites,
- the identification of training and development needs for participants in the initiative,
- the commissioning of a pilot management development programme targeted at those involved in introducing CIM in the seventeen second wave sites,
- the commissioning of two papers on CIM from international consultancy firms,
- the organisation of a one day master class on clinical audit, and,
- regular consultative meetings of CIM project leaders.

10.29 It is clear that efforts have been made by the Department of Health and Children to bring about greater involvement of consultants in management but we are of the view that until now progress has been too dependent on local enthusiasm and initiatives in individual hospitals. Appropriate management structures in all hospitals should be implemented in the short term. This could be done by drawing on the lessons learnt from the existing CIM initiative. The experience gained from these should allow prototype systems to be developed for a range of different hospital types. For instance, the progress achieved to date in

St James's Hospital Dublin and Cork University Hospital might provide guidelines for larger hospitals while developments in Wexford General Hospital would appear to be relevant to smaller hospitals.

Payments to Consultants for undertaking management roles

10.30 In submissions made to us it was proposed that consultants who have administrative and managerial roles, in addition to the normal clinical responsibilities, should receive remuneration in addition to basic salary. However, there appeared to be general acceptance that administrative and related duties undertaken by consultants arising from the management of their own practices in clinical, teaching and research areas within their departments are intrinsic to the role of a consultant and should not attract additional payment.

10.31 Arrangements are already in place for additional payments to Clinical Directors (or similar posts with different titles e.g. Medical Director) who undertake significant management duties in addition to clinical responsibilities. Consultants undertaking such management roles will generally face substantial additional demands and if they are to be attracted to such roles incentives will have to be provided. These incentives must take account of the wish, expressed to us, of consultants generally to retain a meaningful level of clinical practice while undertaking management duties. The incentives provided could take the form of a reduced clinical commitment or additional payment or both.

10.32 Any payments made would have to be related to the commitment given on an individual basis. In the case of Clinical Directors (or similar posts with different titles) there are clear differences in the demands made and, for instance, hospital level appointments are more demanding than those based on a particular service and large multi-specialty directorates are more demanding than ones involving a single speciality. Payment for such responsibilities are usually made on the basis of one or two additional sessions. It seems to us that this system is too inflexible and does not allow sufficiently for the varying levels of commitment required. In our view there should be a wider variation in payment levels to reflect the different degrees of commitment required. We consider that payments for consultants who undertake posts of Clinical Director (or similar posts) should be within a range from £5,000 to £30,000 depending on the extent of the time commitment required **in addition to the normal clinical commitment.**

10.33 We do not feel that it is feasible for us to specify a detailed schedule of payments for Clinical Directors (and those holding similar posts) covering every situation. We feel that decisions on the level of

There should be an incentive for consultants to undertake management roles.

The current system of payments is too inflexible.

Wider variation in payments is needed.

payment in individual cases must be a matter for decision by local management in consultation with the relevant health board (or the Eastern Regional Health Authority in the case of voluntary hospitals in Dublin). We consider that involvement by the relevant health board is necessary in order to ensure that a consistent approach is taken within hospitals. However, we feel that the Department of Health and Children, the Health Boards Executive and the medical representative bodies should agree a set of guidelines for payments within the following broad parameters:

- Where clinical commitment is reduced to a level which compensates fully for the time devoted to management duties, the bottom of the range of payments recommended should be payable.
- The top of the range of payments recommended should be applied only in the case of the most demanding hospital level appointments or large multi-speciality directorates where the average weekly **additional** commitment (i.e. over and above the normal clinical commitment) amounts to the equivalent of three sessions or more.

The Health Boards Executive should monitor implementation to ensure consistency of approach.

10.34 In submissions we received it was also proposed that there should be additional payment in some circumstances for consultants who participate in various committees within hospitals. We consider that participation in hospital committees should, in general, be regarded as part of the normal duties of a consultant and should not attract additional payment. It was clear that in the majority of cases involvement in the committees is not confined to consultants and that other groups within hospitals are also involved. However, we accept that involvement in some hospital level committees as part of the clinicians in management initiative may involve a significant time commitment for consultants. We consider that local management should have discretion to make “once off” payments to consultants at the end of a year where it is clear that a substantial time commitment has been given in addition to the normal clinical commitment. The amount of the payment involved should not exceed £5,000 in any individual case. Decisions on the level of payments in individual cases should be taken in the manner described in relation to Clinical Directors.

Other issues

10.35 Submissions made to us referred to a number of other issues, in particular superannuation arrangements, locum cover, continuing

medical education and professional malpractice insurance. These issues do not come within our terms of reference. However, we propose to comment on an issue raised with us in relation to professional malpractice insurance.

10.36 Consultants are required to insure themselves against claims arising from malpractice or negligence in respect of public hospital appointments. They are reimbursed for part of the costs incurred. In the case of full-time appointments, 90% of the cost is reimbursed for Category I consultants and 80% for Category II. It was put to us that the present level of refund for part-time consultants is unfair as it is proportionate to 80% of the cost i.e. for a person working half time the refund will be 40%. This results in a part-time consultant having to meet 60% of the cost as against 10-20% in the case of a full-time consultant. It was argued strongly that this acts as a disincentive to part-time working and job sharing and prevented consultants who were currently out of the work force from returning in a part-time capacity.

10.37 We have considerable sympathy with this argument. Proposals for a revised approach to medical indemnity have been prepared by the Department of Health and Children and these will be the subject of discussion with the medical representative bodies. These proposals, if accepted, would change fundamentally the manner in which indemnity is provided against malpractice claims in respect of work in public hospitals and one effect would be to resolve the issue referred to in relation to part-time consultants. However, we feel strongly that the present provision for reimbursement of insurance costs to part-time consultants is an unacceptable obstacle to the development of a more balanced work force and greater flexibility in consultant services. Furthermore, the present arrangements have a disproportionate impact on female consultants, make it difficult for them to transfer to part-time work and discourage those currently out of the work force from returning in a part-time capacity. The return of female consultants on a part-time basis could have a significant impact on overall human resource availability in the hospital service and help to create a more balanced and flexible consultant work force. Accordingly, we consider that the issue of insurance cover for part-time consultants should be addressed now by the Department of Health and Children by ensuring that they are reimbursed 80% of the cost, unless the proposals for a revised approach to indemnity can be implemented without delay.

The costs of malpractice insurance act as a barrier to part-time consultants.

This obstacle to creating a more balanced workforce should be removed.

PART II

Rewarding Exceptional Performance

11 Awards for Exceptional Performance – History and General Principles

11.1 In this part of the report we review the history of performance-related award systems in the public service, give our views on developments and set out our conclusions on the measures necessary to advance the process.

Review Body Reports 30, 35 & 37

11.2 The Review Body first looked at the issue of performance-related awards in the public service in 1986/87. In Report No. 30 the introduction of performance-related awards for the chief executive officers of certain State companies and a pay range system for Assistant Secretaries in the civil service were recommended (this pay range was subsequently abandoned and an incremental pay scale was reintroduced). In Report No. 35 it was recommended that the system should be expanded to cover a wider range of State companies and that a new system of awards be introduced for Assistant Secretaries. In both reports it was concluded that performance-related awards should be introduced on an incremental basis in those areas where they had the best chance of succeeding.

11.3 Report No. 37 again placed a significant emphasis on the role of performance-related awards in the incentivisation of work and as a means of rewarding excellence. A change in existing arrangements for performance-related awards for Assistant Secretaries in the civil service and the introduction of a system of awards for health board chief executive officers and local authority managers and assistant managers were recommended. The changes in the scheme for Assistant Secretaries were contingent on a number of improvements in the manner in which targets were established and performance assessed.

11.4 In implementing Report No. 37 the Government decided not to proceed with the introduction of the system for health board chief executive officers and local authority managers and assistant managers and to restrict the system for Assistant Secretaries in the civil service to the already existing bonus scheme. In a press release issued in March 1998 on the implementation of Report No. 37, the Government indicated that they were of the view that further initiatives on performance-related awards should await the putting in place of proper

Recognition of individual excellence is central to team building.

The Government's reason for deferring implementation is not valid.

performance management systems, work on which was then in progress under the Strategic Management Initiative. In its submission to us the Department of Finance emphasised that the Government's decision not to implement the recommendations in Report No. 37 on performance-related awards did not involve a rejection of the principle of extending the use of such awards in the public service but was based on the conclusion that the performance management systems necessary to support the operation of a proper scheme of performance-related awards were not in place at the time of the Government's decision.

11.5 We are most disappointed with the Government's decision and do not accept that the reason given for not implementing our recommendations was valid. If the will to advance performance-related awards had been present our recommendations could have been implemented. Implementation would not have required that performance management systems be in place throughout the entire structure but only at the most senior levels. Given the small subset of public servants at these levels it would have been possible to develop a system of performance management which would be adequate to the needs of this small group and which would support the awards we recommended without waiting for performance management systems to be developed on a wider scale.

What has happened in practice?

Operation of performance-related awards to date is poor.

11.6 The Government's decision on the implementation of Report No. 37 means that we have only the experience of a very small group to draw on in our analysis – the Assistant Secretary grade in the civil service and the eleven non-commercial State companies covered by the terms of reference for which a scheme is in place (a scheme providing for payments of up to 15% applies to the grade of Deputy Secretary but there are only two such posts). On the basis of the available data it is clear that the operation of the system so far leaves a lot to be desired.

Using performance awards to top up basic salary is wrong.

11.7 In the case of the non-commercial state-sponsored bodies we found that the chief executive was in almost every case awarded the maximum possible bonus in each year. The manner in which performance-related pay was applied may be influenced by a perception that basic pay was not adequate. However, we would deplore such an approach. It is fundamentally wrong to regard performance-related awards as a way of supplementing what some might regard as inadequate basic pay. Such an attitude brings performance-related awards into disrepute. The concerns over the implementation of performance-related awards in this sector expressed in Report No.37 remain. It is quite clear our assertions that *“there should be no element of*

automatic payment” and that “*it should not be regarded as an entitlement or a supplement to basic pay*” have been ignored. At worst this raises questions in our mind about the capacity of the State companies to operate performance-related awards in a meaningful way, at best it highlights the need for a comprehensive review of the monitoring and decision making mechanism.

11.8 The position in the civil service is only slightly better. While in most cases payments of equal amounts (a flat 4%) have been made to each Assistant Secretary, there are a few exceptions where payment levels varied significantly. Some Secretaries General specifically indicated that they (i) placed greater emphasis on the development of a team ethic (than on individual excellence) and/or (ii) did not consider the resources available as sufficient to provide an incentive for better performance. We disagree with these views. Recognition of individual excellence (and the reward of that excellence) is not only consistent with but even central to team building. Moreover, scarcity of resources is no justification for failure to use the available resources to the maximum extent possible to differentiate between performance levels. The arguments made about scarcity of resources seem to us to derive from a culture which considers it necessary to ensure that some payment is made to everybody. While we accept that a fund of 4% of the paybill is limited (which is why we recommended in Report No. 37 that it should be increased to 10%) it nevertheless would not have prevented Secretaries General from making a significant award to an individual by confining payment to a situation where there was truly an exceptional performance.

11.9 The need for a Monitoring Group on the implementation of performance-related awards had been recognised in Reports No. 30 and 35 and at the end of 1995 the Minister for Finance established such a group. However, we were informed by the Department of Finance that the group has not met since May 1996. In the light of how the existing schemes of performance-related pay are being implemented we consider this to be regrettable and see it as another significant indicator of a general lack of commitment not only to a system of awards for exceptional performance but to the whole concept of performance management. We are more convinced than ever that a monitoring arrangement is an essential part of performance-related awards in the public service if it is to operate in a more coherent and rational way than is currently the case.

Approach

11.10 The Review Body remains committed to the extension and development of a system for rewarding exceptional performance in the public service. However, we are frustrated by the failure to advance performance-related awards at the most senior levels of the public service despite the issue being on the agenda for 13 years. We are concerned at the pace of change, the apparent lack of commitment to the process at the political level, as evidenced by the decision not to implement our recommendations in Report No. 37, and the failure at the top levels of the public service to show leadership in driving the process forward. It is the clearest possible evidence of how difficult the public service finds it to apply good management practice and move away from the traditional administrative culture, despite the advances referred to in Chapter 2.

There must be political commitment to the rewarding of exceptional performance....

11.11 Two ingredients are essential to success and these have been noticeably absent since the reward of exceptional performance was first recommended. Firstly, there must be political commitment to the rewarding of exceptional performance in the public service. A clear and public political endorsement of the principle and a commitment to making it a reality are vital to create the necessary forward momentum. Secondly, there must be an ownership of the system by the participants and potential beneficiaries. The exercise of leadership is the key to driving the process forward and in this regard the Department of Finance is central.

....and ownership of the system by the participants.

11.12 However, if the opportunity is not seized on this occasion we consider that any attempt to introduce performance-related awards into the public service should be abandoned.

Principles of a successful scheme of performance-related awards

11.13 In the past we limited ourselves to setting out general guidelines upon which awards would be made. On this occasion, we feel that it is necessary to go back a step and set out our view of the fundamental principles of performance-related awards.

11.14 The express purpose of performance-related awards is to encourage excellence, both individual and collective, within an organisation. This is as much a requirement for the public sector as for the private sector.

11.15 It is reasonable to expect all managers at senior levels to perform at a high level as part of their normal work. The achievement of core

effectiveness is what earns them their salary. Performance-related awards on the other hand should be made only when it is established that managers exceed what is seen as the normal level of performance. We consider that the following are fundamental principles which must be followed in applying schemes of annual performance-related awards.

- **Awards must not be seen as an automatic addition to basic pay.** Basic pay is payable for the performance of the normal duties of the post and for the achievement of goals associated with these. Awards for exceptional performance must of their nature be applied only where performance has been demonstrably exceptional and has exceeded the normal requirements of the post.
- Performance awards must be related to the **achievement of highly demanding and challenging targets** which are difficult but not impossible to attain.
- Awards for individuals should normally **vary from year to year** since they are based on performance in the year to which they relate. It is unlikely that an individual will reach exactly the same level of performance in every year. It is particularly important that an award made in one year is not regarded as an entitlement to a similar award in subsequent years.
- Award schemes must **avoid a perception that there will be “something for everyone”**. In any year it would be expected that a significant number of individuals within an organisation would not qualify for any award on the basis that while they have carried out the responsibilities of their jobs in a fully satisfactory manner they have not exceeded the normal requirements of the jobs.
- **Performance-related awards should not be pensionable.**

11.16 Most of the groups which made submissions to us declared themselves to be in favour of performance-related awards. However, we were not convinced that these groups had an appreciation of the requirements of a successful scheme of performance-related awards or the capacity to implement these requirements. In particular, operation of a successful scheme requires a willingness by the most senior managers to make what may be unpopular decisions in setting demanding targets and in differentiating between the performance levels of people in their management teams.

Successful operation of the system requires unpopular decisions

..... in differentiating between performance levels.

12 Advancing Awards for Exceptional Performance

12.1 It has been suggested to us that it is not possible to apply a system of awards for exceptional performance until a fully developed performance management system is in place. As indicated in Chapter 11 we do not accept this. In taking performance awards systems forward we are very firmly of the opinion that it is important to make an advance now rather than await the creation of a “perfect” performance management system. We consider that putting off structural change in the way top managers are rewarded for exceptional performance exacerbates an already unsatisfactory situation.

12.2 It has been the consistent view of the Review Body that there are areas in which performance-related awards are not appropriate. These include political and constitutional office holders, TDs, Senators and the judiciary. Submissions we have received in relation to the General ranks of the Defence Forces and hospital consultants have expressed strong reservations as to whether a system of performance awards is appropriate to them. We agree that this is not appropriate at present but do not consider that it should be ruled out for all time.

Civil Service

12.3 The conditions for the extension of performance-related awards are perhaps best in the civil service. The experience of operating the very limited Assistant Secretary scheme combined with the fact that management reform and the development of performance management techniques are at a more advanced stage than elsewhere in the public service make us reasonably confident that schemes can be applied here. On this occasion, we propose the extension of performance awards to the full management team covered by our review i.e. that Secretaries General would be included in the scheme for the first time.

Garda Síochána

12.4 In our view performance-related awards can also be applied effectively amongst the Commissioner ranks of the Garda Síochána and there is a readiness to apply such a system. A comprehensive performance and accountability framework is currently under development between the Garda Síochána and the Department of Justice, Equality and Law Reform. We welcome this. On this basis we believe that it is possible to set realistic and demanding performance

Structural reform of remuneration is overdue.

Conditions are best for performance-related awards in the civil service....

.... and the Commissioner ranks of the Garda Síochána.

targets for the Commissioner ranks which can be aligned with the overall organisational objectives set out in the Corporate Strategy and Policing Plan.

12.5 We feel it is important that particular care be taken in setting performance indicators for the Commissioner ranks. We consider that excessive use of purely statistical indicators regarding reported levels of crime and detection rates should be avoided as these can be affected by factors which are unrelated to the effectiveness of senior Garda management. While we accept that statistical indicators can be used as part of the overall performance criteria, other factors such as management of Garda resources in a cost effective manner as well as quality issues must be taken into account also. It seems to us that an important consideration is overall public satisfaction with the services provided by the Garda Síochána and that there should be rigorous use of surveys to establish public satisfaction as part of the assessment of performance of the Commissioner ranks. In this regard we were encouraged to note the emphasis given to quality of service and customer relationships in the Corporate Strategy and Policing Plan.

12.6 We regard balanced and well tested performance indicators of the kind mentioned as prerequisites to a system of performance awards. Performance-related awards should be introduced for the Commissioner ranks as soon as it has been established to the satisfaction of the Minister for Justice, Equality and Law Reform and the Minister for Finance that appropriate indicators are in place, that they have been fully tested in practice and are operating in a manner that allows performance to be assessed satisfactorily.

Non-commercial State Bodies

12.7 Of the 22 bodies covered by our terms of reference on this occasion, 11 have schemes of performance-related awards. These bodies should continue to have such schemes but they should fundamentally review their procedures to ensure their schemes are operated in the manner described in this report. We stated in Report No. 37 that we did not favour the general extension of performance-related awards within the non-commercial state-sponsored body sector, on the basis that *“the members of boards of many of these bodies may have been appointed primarily as representatives of different interest groups rather than for any managerial or commercial skills which they might possess”* (paragraph 3.13). It remains our view that the composition of boards raises questions about their ability to apply performance-related awards in a satisfactory and realistic manner. Indeed the present shortcomings in the application of performance-related awards by the boards of non-commercial state-sponsored bodies remains a matter of concern.

There should be rigorous use of surveys to establish public satisfaction with the Garda Síochána.

Awards for CEOs of all State companies must be subject to certain conditions

12.8 In principle we have no difficulty with the application of performance-related awards to the chief executives of all non-commercial state-sponsored bodies provided the conditions are in place to enable these awards to be applied properly. We consider that the following particular conditions must be in place in non-commercial state-sponsored bodies before schemes of performance-related awards are introduced.

- It must be feasible to set demanding and measurable targets for the chief executive against which performance can be assessed.
- Adequate management performance and management information systems must be in place to support a system of performance-related awards.
- The board must include some people with the managerial experience required to form a subcommittee to operate a system of performance-related awards, assessing the extent to which targets have been achieved and deciding on the appropriate level of payment.

12.9 Although we continue to have doubts about the capacity of boards of non-commercial state-sponsored bodies, as presently constituted, to operate schemes of performance awards we have concluded that it is not appropriate for the Review Body to assess the extent to which these requirements are fulfilled in individual bodies. The cycle of general reviews and the fact that not all State bodies are specifically covered in each review means that we cannot always be in a position to assess when an individual body has fulfilled the conditions necessary for the introduction of performance-related awards. Accordingly, it is recommended that the Department of Finance draw up guidelines on the preconditions for the introduction of awards for exceptional performance based on the factors outlined in the preceding paragraph. It would then be a matter for the appropriate parent Department, in consultation with the Department of Finance, to decide, on the basis of a proposal from the body concerned, whether a particular body fulfils the conditions necessary for the successful application of a scheme of awards for exceptional performance. Where the Departments are satisfied that these conditions are fulfilled a scheme on the lines recommended in this report should be introduced.

Local Authorities and Health Boards

12.10 In Report No. 37 we recommended that schemes of performance-related awards be applied to managers and assistant managers of local authorities and to chief executive officers of health boards. We also recommended that boards be established to develop

.... similar considerations apply to local authorities and health boards.

and operate the performance-related award schemes for the local authorities and health boards. The Government decided not to proceed with the recommended schemes.

12.11 We consider that performance-related awards for managers and assistant managers of local authorities and for chief executive officers of health boards are still appropriate. Programme managers of health boards should also be brought within a performance-related awards scheme. However, there are preconditions to be met if schemes of performance-related awards are to operate in a satisfactory manner. In particular, it is necessary that such schemes incorporate the following features.

- A framework must be in place to enable a robust set of objectives to be established and to monitor the extent to which these objectives are achieved.
- These objectives should be based on performance factors which are common to all local authorities/health boards.
- As we emphasised in Report No. 37, there must be a large element of inter-authority/inter-health board comparison. This requires that there be adequate financial and management information systems to enable comparisons of this kind to be made.

12.12 It is our view that these preconditions are not yet in place. In particular, the required financial and management information systems have not yet been fully developed while, of lesser importance, the development of performance management is less advanced than in the civil service. We see it as the responsibility of the Department of Environment and Local Government and the Department of Health and Children, in consultation with the Department of Finance, to determine when these preconditions have been fulfilled. If at a later stage these Departments are satisfied that the preconditions are in place performance-related award schemes on the lines we recommend in this report and in Report No. 37 should be introduced.

13 Execution, Monitoring and Award Levels

13.1 There is a compelling need for a mechanism for monitoring the application of performance-related awards across the public service to ensure an even handed and consistent application of awards across the entire span of organisations (as already stated, a monitoring arrangement for local authority and health board grades was recommended in Report No. 37).

13.2 In the case of the civil service and the Garda Síochána this objective can best be achieved by putting in place arrangements akin to those which operate in the private sector where a remuneration committee of the board decides on performance-related awards for chief executives and assesses recommendations made by chief executives for awards to other senior managers. We envisage somewhat different arrangements for non-commercial state-sponsored bodies and we comment on these later.

13.3 It is recommended that a Committee for Performance Awards (CPA) be established with the role of monitoring, managing and approving recommendations for performance-related awards in relation to the top levels of the civil service and the Garda Síochána. We consider that there should be five members of the CPA, three of whom should be persons from the private sector with experience in operating systems of reward management. The other two members should be the ex-officio members of the Top Level Appointments Committee – Secretary General to the Government and Secretary General, Public Service Management and Development.

13.4 The key roles of the CPA should be to

- validate objectives established for Secretaries General, Deputy/ Assistant Secretaries, the Garda Commissioner and Deputy/ Assistant Commissioners;
- review self assessments of performance by Secretaries General and the Garda Commissioner;
- decide on performance-related payments for Secretaries General and the Garda Commissioner;
- approve recommendations made by Secretaries General and the Garda Commissioner for performance-related payments to

A mechanism to monitor performance-related awards is needed.

A Committee for Performance Awards (CPA) should be established

..... to operate like a remuneration committee in the private sector.

Deputy and Assistant Secretaries and to the other Commissioner ranks in the Garda Síochána; and,

- monitor the application of performance-related awards for non-commercial state-sponsored bodies.

The CPA must set out clear guidelines and principles.

The CPA should prepare an annual statistical report on the awards made by the end of the first quarter of the following year. Copies should be given to the Minister for Finance and the Secretary to the Review Body. These reports will form the basis of our consideration at the next general review.

13.5 As we have stated, we consider that the CPA should operate in a manner similar to a remuneration committee in the private sector and consider that the same balance of responsibilities should apply. On this basis, the CPA should have the final say on performance-related payments. Proposals by Secretaries General and the Garda Commissioner for payments to Deputy/Assistant Secretaries and Deputy/Assistant Commissioners should be approved by the CPA before any payments are made. This is broadly consistent with private sector best practice (where remuneration committees made up of non-executive directors approve performance rewards for the chief executive and, on his/her proposal, for the top management team) and does not involve a diminution in the role of Secretaries General. As is the case in the private sector the prime responsibility for the operation and integrity of the system rests with the top managers.

There should be consistency in the levels of awards

13.6 It is important that there be clear principles applying to the setting and reviewing/measuring of the targets upon which performance-related pay will be based. It is essential that the system is simple, transparent, easily understood and capable of adaptation based on the experience gained from the operation of the scheme. The manner in which the CPA should operate is developed in Appendix 3.

Award Levels and Cost Parameters

13.7 As a matter of general principle we have concluded that there should be consistency in the levels of awards available in different grades and sectors in the public service. As a result we recommend the following limits:

- maximum awards not to exceed 20% of salary to any individual;
- an overall cost limit for awards of 10% of payroll for the relevant groups, where feasible.

Accordingly, for Secretaries General the overall value of payments should be limited to 10% of the paybill for the group but individual Secretaries General could receive up to 20% of salary within this limit. For example, if our recommendations are implemented, the overall paybill for 17 posts of Secretary General will be just under £2 million p.a. Accordingly, the total amount available for performance awards to all Secretaries General would be close to £200,000 (10% of the paybill) and the average award for an individual would be £11,500 approximately. However, a very small number of individual Secretaries General could receive up to 20% of salary i.e. up to £21,000 in the case of a Secretary General at Level III.

13.8 The same approach should be taken to Assistant Secretaries and Assistant Commissioners in the Garda Síochána. When the preconditions set out in 12.11 have been fulfilled this approach should also be taken in relation to each of the local authority grades of manager and assistant manager and the health board grades of chief executive officer and programme manager.

13.9 As the Garda Commissioner is an individual post and there are only two persons in the Deputy Commissioner rank and in the grade of Deputy Secretary in the civil service it is not feasible to apply a paybill limit in these cases. However, while payments of up to 20% of salary should be permissible awards close to this level should arise only where performance has been truly exceptional. The same considerations apply to the chief executives of non-commercial state-sponsored bodies.

..... with maximum individual awards of 20% of base salary.....

.....within an overall payroll limit of 10% for the group.

14 Guiding the Process

Civil Service and the Garda Síochána

14.1 The core objective of the CPA should be to ensure that there is a clear differentiation in awards for different levels of performance. The CPA should prepare detailed operational criteria for the system which would seek to weight and prioritise objectives and identify the measures of success. These should form the basis of guidelines to be issued by the CPA to Secretaries General and the Garda Commissioner on how they should approach recommendations for awards to other grades. Application of criteria of these kind should ensure that the deficiencies in existing practices are addressed. We consider that the criteria to be adopted should include the following principles.

- No payment should arise unless the ongoing responsibilities of the job have been performed in a fully satisfactory manner.
- Stretched targets, which should go beyond the normal ongoing responsibilities of the job, must have been fully achieved before any performance-related award is payable.
- Payments of up to 10% or more should arise only where stretched targets have been exceeded. Payments between 10% and 20% should be determined by the extent to which targets were exceeded and by performance levels relative to others in the same grade/rank.

14.2 The job of the CPA will be to ensure the maximum degree of consistency in approach and that awards for the sector as a whole are within prescribed guidelines. We would expect that only a small number would receive the top award. If large numbers are considered to have reached a level of achievement which warrants the top award this indicates that the targets set were not sufficiently stretched. Where a limit of 10% of the paybill applies, the majority have to receive awards of less than 10% of pay if higher awards are to be delivered within the overall financial limit. We would also expect that many participants in the scheme would get no award or awards of not more than 5%. In cases where awards proposed are significantly out of line with these patterns the CPA must enter into discussion with the organisation heads in order to achieve the desired distribution. Awards should be made only after this process is completed. Ultimately, where the CPA considers that an organisation is not operating the performance-related awards system properly and, following dialogue with the CPA, the organisation does

There must be differentiation of awards for different performance levels.

The CPA can suspend the scheme in an organisation.

not review its operations, the CPA should have the right to suspend the scheme in that organisation.

14.3 The CPA should take the approach that the limit of 10% of the paybill, where applicable, is not to be taken as something that must be spent in full and that any award must be justified by reference to specific levels of achievement. Accordingly, if a significant number do not qualify for an award in any one year it does not mean that the awards of all the others are increased to take up the available funds.

14.4 The funds for performance-related awards should be fully within the control of the CPA rather than individual organisations. The reasons for this are twofold. Firstly, the CPA is the awarding authority with a responsibility for ensuring that the results are consistent across the relevant sectors both in terms of the distribution of awards and the financial limits. Secondly, if the funds were controlled by each individual organisation it would be very difficult for individuals in small organisations to aspire to or attain the maximum award potential. For example, in a civil service Department where there are only two Assistant Secretaries, one could receive the maximum award only if the other Assistant Secretary received no award. Where the relative performance levels justify it we consider that the CPA should be free to award more than 10% of the paybill in one organisation and less than 10% in another. The disbursement of funds by the CPA will therefore ensure a greater degree of equity in terms of access to awards across the sector.

State Bodies

14.5 In the case of the chief executives of non-commercial state-sponsored bodies we believe that the role of making performance awards has to remain with the boards of those companies. The role of the CPA should be one of monitoring only in this instance. The CPA should be informed of the manner in which performance-related award schemes are being implemented by non-commercial state-sponsored bodies. We feel that performance-related award schemes should be based on the general features we describe in Appendix 3 – although the setting of objectives would be a matter for the board concerned.

Making awards to CEOs of State companies remains with the board.

14.6 Boards should be obliged to transmit the results of their consideration to the Secretary General of the parent Department who would pass them to the CPA with his/her observations. The CPA should enter into discussion with the organisations where it has serious concerns about the approach taken or the awards made. It would also be open to the CPA to bring its concerns to the attention of the responsible Minister. Where these concerns are not appropriately addressed the

The CPA role should be one of monitoring only.

CPA could propose to the Minister for Finance that the scheme be suspended pending a full review of its operation. However, unlike the civil service (or Garda) the CPA should have no role in approving the awards.

Local Authorities and Health Boards

14.7 The boards which we proposed in Report No. 37 to operate performance-related award schemes in the local authorities and health boards should have the same role as the CPA has in relation to the civil service and the Garda Síochána. Accordingly, the boards should have the following functions:

- validate objectives established for managers and assistant managers of local authorities and chief executive officers and programme managers of health boards;
- review self assessments of performance by managers and chief executive officers;
- decide on performance-related payments for managers and chief executive officers; and,
- approve recommendations made by managers and chief executive officers for performance-related payments to assistant managers and programme managers.

The considerations we refer to in 14.4 are relevant to the local authorities and health boards also and, accordingly, we consider that the funds for performance-related awards in these sectors should be within the control of the boards.

15 Recommendations on Exceptional Performance Awards

15.1 Having regard to the foregoing discussion of performance-related awards we make the following recommendations:

Non-Commercial State-Sponsored Bodies

- Decisions on the application of schemes of performance-related awards to bodies where such schemes are not already in operation should be a matter for the parent Department in consultation with the Department of Finance having regard to the need to have a number of preconditions fulfilled.
- The maximum payment level should be 20% of basic salary.

Civil Service

- The civil service scheme should be widened to include Secretaries General as well as Assistant Secretaries.
- The payments provided for both Secretaries General and Assistant Secretaries should be on the basis of 10% of payroll for each of the relevant groups, with an upper limit on individual payments of 20% of salary. Up to 20% should also be payable to Deputy Secretaries.

Garda Síochána

- A new performance related awards scheme should be introduced for the Commissioner, Deputy and Assistant Commissioner ranks of the Garda Síochána.
- The payments provided in the Garda Síochána scheme for the Assistant Commissioner rank should be on the basis of 10% of payroll for the group, with an upper limit on individual payments of 20% of salary. For the Commissioner and Deputy Commissioners up to 20% should be payable.

Monitoring and Execution for the Civil Service and Garda Síochána

- A Committee for Performance Awards should be established to monitor and adjudicate on the awards process.

- The majority of the membership of the Committee should be drawn from outside the public service from persons with appropriate experience.
- Stringent guidelines should be drawn up within which the awards system will operate.
- Recommendations on awards will be made by the head of each organisation having regard to the guidelines.

Local Authorities and Health Boards

- When the preconditions set out in 12.11 have been fulfilled a scheme of performance awards should be introduced.
- Payments to managers and assistant managers of local authorities and to chief executive officers and programme managers of health boards should be on the basis of 10% of payroll for the relevant group with an upper limit on individual payments of 20% of salary.
- The boards we recommended in Report No. 37 should monitor and adjudicate on the awards process.

15.2 By way of final comment we would emphasise that we see the maintenance or extension of the schemes we have recommended as relying largely on how they operate over the coming years. As already indicated, we could see a situation develop at the next general review where, having attempted to introduce performance-related awards into the public service over four general reviews, there might well be grounds for abandoning the project. As a Review Body we would clearly not wish to see this happen but we do believe that implementation failure should not be allowed to continue indefinitely.

Michael Buckley, Chairman

Brian Hillery

Vivienne Jupp

Peter Malone

Cormac P. McHenry

Noel O'Neill

Brendan Duffy, Secretary
25 September 2000

APPENDICES

1

Current and Recommended Salary Rates

The following tables show the current and recommended rates of salary, and the percentage increases involved, for the various posts covered by this review. (In the case of posts in local authorities, health boards and State bodies the rates shown are net of an employee superannuation contribution where applicable). The euro amounts shown have been rounded to the nearest euro.

Group A State Sponsored Bodies

Post	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
Enterprise Ireland	88,550	100,000	12.9	126,974
IDA Ireland	88,550	100,000	12.9	126,974
Forfás	88,550	100,000	12.9	126,974
FÁS	88,550	100,000	12.9	126,974
Bord Fáilte	70,839	80,000	12.9	101,579
SFADCO	64,199	75,000	16.8	95,230
Údarás na Gaeltachta	64,199	75,000	16.8	95,230
Bord Bia	64,199	75,000	16.8	95,230
Dublin Docklands Development Authority	67,400	75,000	11.3	95,230
Bord Iascaigh Mhara	50,915	60,000	0.0*	76,184

* The current rate shown is the updated rate in Report No. 37. A personal rate, which is higher than the recommended rate, is being paid at present. Accordingly, the recommended rate gives no increase on the amount actually being paid.

Group B State Sponsored Bodies

Post	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
Irish Prison Service	85,578	85,000	0.0	107,928
Courts Service	90,649	85,000	0.0	107,928
Teagasc	68,463	75,000	9.5	95,230
Food Safety Authority	76,713	71,000	0.0	90,151
Health and Safety Authority**	61,836	71,000	14.8	90,151
Health Service Employers' Agency	61,984	71,000	14.5	90,151
Legal Aid Board**	61,836	71,000	14.8	90,151
Local Government Management Services Board	57,788	71,000	22.9	90,151
Pensions Board	54,517	62,000	13.7	78,724
APSO**	53,086	53,086	0.0	67,405
IRTC**	53,086	53,086	0.0	67,405
Arts Council**	53,086	53,086	0.0	67,405

** The current rate shown is the maximum of a salary range.

Increase in salary costs for the non-commercial State bodies	9.8%
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The Civil Service

Post	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
Secretary General:				
Level I	101,278	135,000	33.3	171,415
Level II	95,720	120,000	25.4	152,369
Level III	90,649	105,000	15.8	133,322
Deputy Secretary	72,588	84,000	15.7	106,658
Assistant Secretary	53,772 – 61,836	62,000 – 71,000	14.8	78,724 – 90,151

Increase in salary costs for the Group	15.9%
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Local Authorities

Post	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
Manager:				
Level I	80,632	91,000	12.9	115,546
Level II	65,849	77,000	16.9	97,770
Level III	61,818	71,000	14.9	90,151
Level IV	57,788	66,000	14.2	83,803
Level V	53,756	61,000	13.5	77,454
Assistant Manager	38,971 – 45,691	44,000 – 52,000	13.8	55,868 – 66,026

Increase in salary costs for the Group	13.9%
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Health Boards

Post	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
Chief Executive Officers:				
Eastern Regional Health Authority	Personal rate*	87,000	0.0	110,467
Level II	68,625	77,000	12.2	97,770
Level III	61,984	71,000	14.5	90,151
Director of Planning, ERHA	67,549	77,000	14.0	97,770
Director Of Finance, ERHA	67,549	71,000	5.1	90,151
Programme Managers	42,548 – 51,191	45,000 – 55,000	7.4	57,138 – 69,836

* a personal rate, which is higher than the recommended rate, is being paid at present

Increase in salary costs for the Group	9.1%
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Garda Commissioner Ranks

Post	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
Commissioner	85,578	110,000	28.5	139,671
Deputy Commissioner	68,625	79,000	15.1	100,309
Assistant Commissioner	57,557	68,000	18.1	86,342

Increase in salary costs for the Group	18.7%
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Defence Forces General Ranks

Post	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
Chief of Staff	85,578	90,000	5.2	114,276
Major General	62,815	68,000	8.3	86,342
Brigadier General/Commodore	56,174	62,000	10.4	78,724

Increase in salary costs for the Group	9.1%
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Political Office Holders

Post	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
Taoiseach	114,561	140,000	22.2	177,763
Tánaiste	98,512	120,000	21.8	152,369
Minister and Ceann Comhairle	91,427	110,000	20.3	139,671
Minister of State and Leas-Cheann Comhairle	62,650	75,000	19.7	95,230
Cathaoirleach	46,240	58,000	25.4	73,645
Leas-Chathaoirleach	36,439	47,000	29.0	59,678

Increase in salary costs for the Group	20.4%
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TDs and Senators

Post	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
TD	39,184	46,506	18.7	59,050
Senator	24,794	32,554	31.3	41,335

Judiciary

Post	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
Chief Justice	114,564	140,000	22.2	177,763
President, High Court	103,162	130,000	26.0	165,066
Supreme Court Judge	99,289	122,000	22.9	154,908
President, Circuit Court	91,430	118,000	29.1	149,829
High Court Judge	91,430	115,000	25.8	146,020
President, District Court	71,950	87,000	20.9	110,467
Circuit Court Judge	71,950	84,000	16.7	106,658
District Court Judge	59,773	70,000	17.1	88,882

Increase in salary costs for the Group	20.2%
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Hospital Consultants

Category I Posts	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
All Psychiatrists, Geriatricians and Consultants in palliative care, Consultants in the Midland, North Western and Western Health Boards	86,355	94,990	10.0	120,612
Consultants in the Southern, Mid-Western, North Eastern and South Eastern Health Boards	82,009	90,210	10.0	114,543
Consultants in the Eastern Region	77,897	85,690	10.0	108,804

Category II Posts <i>(with a commitment to eleven schedulable plus two non schedulable sessions)</i>	Current Rate	Recommended Rate	% Increase	Recommended Rate (euro)
	£	£		€
All Psychiatrists, Geriatricians and Consultants in palliative care, Consultants in the Midland, North Western and Western Health Boards	77,076	84,790	10.0	107,661
Consultants in the Southern, Mid-Western, North Eastern and South Eastern Health Boards	73,200	80,520	10.0	102,239
Consultants in the Eastern Region	69,559	76,520	10.0	97,160

State Solicitors

1. Existing Pay Bands

Band	Counties	Salary
I	Cork City, Limerick City, Donegal, Kerry, Mayo and Wicklow East.	£ 29,575
II	Clare, Galway West, Kildare North/Wicklow, South Kildare and Limerick County	27,646
III	Cavan, West Cork, South East Cork, Kilkenny, Louth, Meath, Monaghan, Roscommon, Sligo, Tipperary (NR and SR), Waterford and Wexford.	26,195
IV	Carlow, North East Cork, Galway East, Laois, Leitrim, Longford, Offaly and Westmeath.	24,744

The salaries quoted are with effect from 1 April 2000.

2. Bands for staff costs and expenses

Band	Counties
I	Cork City
II	Cork South East, Galway West, Kildare North/Wicklow, Kildare South, Limerick City and Louth
III	Clare, Cork West, Donegal, Kerry, Kilkenny, Limerick County, Mayo, Meath, Tipperary North, Tipperary South, Waterford, Westmeath, Wexford and Wicklow East
IV	Carlow, Cavan, Cork North East, Galway East, Laois, Monaghan, Offaly and Sligo
V	Leitrim, Longford and Roscommon

3. Recommended Pay Bands

Band	Counties	Salary
I	Cork City	£ 40,000
II	Cork South East, Galway West, Kildare North/Wicklow, Kildare South, Limerick City, Louth	35,000
III	Clare, Cork West, Donegal, Kerry, Kilkenny, Limerick County, Mayo, Meath, Tipperary North, Tipperary South, Waterford, Westmeath, Wexford, Wicklow East	30,000
IV	Carlow, Cavan, Cork North East, Galway East, Laois, Monaghan, Offaly, Sligo, Leitrim, Longford, Roscommon	27,000

3

Operational Guidelines for the Committee for Performance Awards

Secretaries General and the Garda Commissioner

The schemes for Secretaries General and the Garda Commissioner should have the features we identified in Report No. 37 in relation to the scheme proposed in that report for Assistant Secretaries. In particular, the scheme should incorporate the elements set out below.

(i) Establishment of targets

- Targets for Secretaries General and the Garda Commissioner should be set in consultation with the relevant Minister who will identify his/her priorities.
- Targets should be based on stretched performance by a fully competent person, should go beyond what is seen as the normal ongoing requirements of the job and should be difficult but not impossible to attain.
- Annual targets should be derived from and be compatible with the longer term goals of the organisation.
- When the relevant Minister has signed off on the targets set for Secretaries General and the Garda Commissioner these should be forwarded to the CPA for validation. Where the CPA has concerns that the targets are not sufficiently stretching it should discuss its concerns with the Secretary General/Garda Commissioner and the relevant Minister and, if it considers it necessary, seek to have the targets modified appropriately.

(ii) Clarity of targets

- Targets must not be diffuse leading to lack of clarity about where the emphasis should be. Clarity of expectation on both sides is a prerequisite to success.
- In normal circumstances the stretching targets for Secretaries General/Garda Commissioner would be limited to about three key areas for any one year in addition to their ongoing responsibilities. If too many objectives are assigned there is a danger of dispersal of effort. The ongoing responsibilities should be clearly defined also and in the case of Secretaries General these should relate to areas such as supporting the Minister, managing the staff of the Department, achieving the plans and priorities of Departments as set out in the Statements of Strategy.
- An indication of the relative weight or strategic priority of the objectives should be given. In a situation where objectives in three key areas are assigned they might, for example, have weightings of 0.5, 0.3 and 0.2.
- There should be a clear statement of how success or otherwise will be identified at the end of the year. This will require that there be agreement on the factors which will be used to

assess the level of achievement and there will be a number of factors to be taken into account for each target area. Depending on the nature of the objective, relevant measures would include statistical data where the objectives are directly quantifiable such as improvements in service delivery, feedback from “clients” of the organisation, observable consequences of decisions taken etc.

(iii) Assessment of performance

At the end of the period in question there should be a process of self assessment of performance against the agreed objectives. The self assessments should be forwarded to the CPA which should review them. This must be undertaken in a structured way.

Having reviewed the self assessments placed before it (in the case of the two ex-officio members of the CPA, they will absent themselves from consideration of and decisions on their own performance or on other posts where a possible conflict of interest may be perceived), the CPA should decide on the level of awards.

Deputy and Assistant Secretaries, Deputy and Assistant Commissioners: The same principles to be followed except that the Secretary General/Commissioner sets the targets and makes a recommendation to the CPA on the awards to be made. The CPA’s role, as described above, in relation to validating targets set for Secretaries General/Garda Commissioner should be exercised also in the case of targets set for Deputy/Assistant Secretaries and for Deputy/Assistant Commissioners. It is particularly important that Secretaries General and the Garda Commissioner ensure to the greatest extent possible that there is a consistency in the level of difficulty involved in the targets assigned to different Deputy/Assistant Secretaries and to Deputy/Assistant Commissioners.

4 Submissions Received

Note: An asterisk (*) denotes that oral evidence was heard from these individuals, groups and organisations or from their representatives. We also received some other submissions in respect of groups which are not within our terms of reference. These have not been included in the list.

An Bord Bia
APSO – the Agency for Personal Service Overseas
Arts Council
Association of Assistant Secretaries and Higher Grades *
Association of Chief Executives of Health Boards *
Association of Chief Executives of State Agencies *
Attorney General, Mr. Michael McDowell S.C. *
Bar Council
Bord Fáilte
Bord Iascaigh Mhara
Brennan, Neil J.
Chief Justice *
Chief Medical Officer for the Civil Service
Comptroller and Auditor General
Council of National Cultural Institutions
Courts Service
Defence Forces, Officers of General rank *
Department of Agriculture, Food and Rural Development
Department of Finance *
Department of Health and Children *
Department of the Environment and Local Government *
Dillon, John B.
Director General, Office of the Attorney General
Director, Prison Medical Services
Director of Public Prosecutions
Director of Traffic, Dublin Corporation
Dublin Dental Hospital
Eastern Regional Health Authority *
Enterprise Ireland
Farrell, Brian

FÁS

Finance Officer and Treasurer, Dublin Corporation

Food Safety Authority of Ireland

Forfás

Galway City Manager and Town Clerk

Garda Síochána, Commissioner ranks *

Health and Safety Authority

Health Service Employers' Agency

Healy, Dr. S. Clinical Co-ordinator, Sligo General Hospital

IDA Ireland

Irish Hospital Consultants' Association *

Irish Medical Organisation *

Irish Prison Service

IRTC- the Independent Radio and Television Commission

Judges of the Circuit Court *

Judges of the District Court *

Judges of the Supreme and High Courts *

Kennedy, W.J. State Solicitor, Galway

Legal Aid Board

Local Government Management Services Board

McCarthy, P. Professor of Radiology, NUI Galway

Members of the Houses of the Oireachtas *

Mid-Western Health Board, Chief Executive Officer

O'Brolcain, Donal

O'Connor, Dr. Therese

Offaly County Manager

O'Reilly, Vincent M., State Solicitor, Meath

Pensions Board

President of the Circuit Court*

President of the District Court*

President of the High Court*

Programme Managers *

Secretaries General of Government Departments*

Shannon Development

Society of County Managers and City Managers*

State Solicitors' Association*

Teagasc

Previous Reports of the Review Body

The following reports have been submitted to date by the Review Body:

	<i>Report relating to remuneration of</i>	<i>Date of Report</i>
No. 1	Local Authority Engineers and County Accountants	26 September 1969
No. 2	<i>(First General Review)</i> Civil servants, local authority and health board officers outside the scope of conciliation and arbitration schemes and chief executives of state-sponsored bodies. Members of the Oireachtas, Members of Government, etc. Judiciary	11 July 1972
No. 3	Property Arbitrator	13 July 1973
No. 4	Labour Court Chairman and Ordinary Members	29 January 1975
No. 5	Commissioner ranks in the Garda Síochána	5 March 1975
No. 6	Chief Executive of Radio Telefís Éireann	25 April 1975
No. 7	Secretary of the Department of the Public Service	1 July 1975
No. 8	Former Managing Director of Bord na Móna (anomaly claims)	28 November 1975
No. 9	Chairman of Bord Iascaigh Mhara (anomaly claim)	10 December 1975
No. 10	Director General of the Institute for Industrial Research and Standards	26 January 1976
No. 11	Manager of the Irish National Stud Co. Ltd	28 September 1976
No. 12	Managing Director of Nítrigin Éireann Teoranta	24 November 1976
No. 13	County Registrars	11 February 1977
No. 14	Secretary and Deputy Secretary, Department of Economic Planning and Development	1 May 1978
No. 15	Chief Executive of Córas Tráchtála	25 July 1978

No. 16	Chief Executive of the Agricultural Credit Corporation	14 November 1978
No. 17	Certain higher civil service grades (interim increase)	25 May 1979
No. 18	Groups covered by terms of reference for second general review other than civil servants (interim increase)	25 May 1979
No. 19	Higher civil service grades not covered by Report No. 17 (interim increase)	25 May 1979
No. 20	<i>(Second General Review)</i> Civil servants, local authority officers and health board officers outside the scope of conciliation and arbitration schemes, Commissioner ranks in the Garda Síochána, Comptroller and Auditor General, chief executives of state-sponsored bodies, chief officers of harbour authorities Members of the Oireachtas, Members of Government, etc. Judiciary	30 October 1979
No. 21	State Solicitors	2 April 1980
No. 22	Assistant Principals and Principals in the civil service (whether an inequity arose in their pay in the period 12 July 1976 to 25 June 1978)	28 May 1980
No. 23	Property Arbitrator	23 July 1980
No. 24	Chief Executive of Local Government Staff Negotiations Board	5 November 1980
No. 25	University Presidents	21 October 1981
No. 26	Directors of NIHEs, Limerick and Dublin, National College of Art and Design and Thomond College of Education	3 November 1981
No. 27	Higher departmental and professional civil service grades	27 November 1981
No. 28	Chief Executive of Bord Gáis Éireann	29 July 1982
No. 29	Groups covered by terms of reference for third general review (interim report)	24 November 1986
No. 30	<i>(Third General Review)</i> Civil servants, local authority officers and health board officers outside the scope of conciliation and arbitration schemes,	30 November 1987

Commissioner ranks in the Garda Síochána, Comptroller and Auditor General, chief executives of state-sponsored bodies, chief officers of harbour authorities
Members of the Oireachtas, Members of Government, etc.
Judiciary

No. 31	Ministerial Pensions	22 June 1988
No. 32	Hospital Consultants	15 June 1990
No. 33	Presidents of St. Patrick's College, Drumcondra and Mary Immaculate College, Limerick, and Principal, Church of Ireland College of Education	14 June 1989
No. 34	Chief Executive of the Legal Aid Board	14 June 1989
No. 35	<i>(Fourth General Review)</i>	
	Part 1: Civil servants, local authority officers and health board officers outside the scope of conciliation and arbitration schemes, Commissioner ranks in the Garda Síochána, Defence Forces Officers of General rank, Comptroller and Auditor General, chief executives of state-sponsored bodies, chief officers of harbour authorities and the Judiciary.	30 January 1992
	Part 2: Remuneration, superannuation and severance arrangements for Members of the Oireachtas and Members of Government, etc.	30 April 1992
No. 36	Hospital Consultants	12 January 1996
No. 37	<i>(Fifth General Review)</i>	
	Civil servants, local authority officers and health board officers outside the scope of conciliation and arbitration schemes, Commissioner ranks in the Garda Síochána, Defence Forces Officers of General rank, Comptroller and Auditor General, chief executives of state-sponsored bodies, chief officers of harbour authorities, Members of the Oireachtas, Members of Government, etc. Judiciary and Hospital Consultants	20 December 1996

Wt. P66253. 1,600. 10/00. Cahill. (M64757). G.Spl.