

**IMPLEMENTATION
BODY**

**IBEC Briefing
9th May 2011**

**Progress under the Public Service
Agreement**

PJ Fitzpatrick

1. Environment since July 2010

- **July 2010:** Budget adjustment for 2011 of €3bn – ongoing annual adjustments to make 3% target by 2014
- **Autumn 2010:** adjustment €6bn for 2011 & €15bn by 2014 - 4 year Recovery plan
- ECB & IMF MoU & Budget 2011
- **Spring 2011:** New Programme for Government – Comprehensive Spending Review announced

2. Status of Agreement

- Survived all these seismic events
- Recent review Dept Finance – ‘extraordinary opportunity’
- New Government has signalled its commitment to Agreement – but emphasised that it is qualified

2. Status of Agreement cont.

From recent speech by Minister Howlin:

- *“If there is industrial peace and time-limited means to resolve any disputes;*
- *If the work of the many thousands of those leaving the public service is absorbed by those remaining;*
- *And if there is cooperation with new work practices and rosters, and reduced incidence of overtime and allowances;*

then further pay reductions can be kept off the table.”

- Minister has publicly indicated his positive views towards public service and public servants.

3. Origins of Agreement

- 2009 – non payment of general round pay increases, reduction in variable pay, pension levy & pay reductions, recruitment moratorium
- Average 14% reduction in take home pay, up to 24.5% for top grades
- Annual savings from pension levy and pay reductions alone - €1.8bn pa saving
- Difficult environment for Unions to sell need for and content of Agreement to members

4. Some Examples of Progress

- Work being done with 16,000 fewer staff across the public service.

Civil Service

- Management de-layering
 - e.g. 14% reduction in CS in senior management of 7% reduction to date
- Redeployments
 - To cover vacancies and meet business challenges e.g. 500 civil servants redeployed to Social Protection & Enterprise, Jobs & Innovation

4. continued

- To do business differently, e.g. 1,000 plus CWOs transferred from HSE to Social Protection
- To reduce footprint in all sectors, e.g. Dept Agriculture, HSE, Courts Service
- Open competition & competitive interview for promotional posts. (Ass Sec, Gen Sec & other posts now publicly advertised)
- New less costly rosters in new prisons
- Some agencies merged/abolished, etc
- More services online

4. continued

Other Sectors:

- New rosters for some Garda Units
- Extended working day for hospital laboratories – saving €5m pa.
- Extended working week for teachers – additional hours & new contracts in place – effectively additional week over a full year
- Changes in delivery of waste services in Local Government

5. Results to date

- No IR or work to rules –all but one union/association have now accepted to secure guarantees – last in talks
- Staff taking on more and work previously done by higher grades
- Services maintained and in some cases extended and improved

6. Challenges Ahead

- Action Plans set out management agendas for 2011
- Reduction in staff
- Transform how services are organised & delivered.
- More online & shared services
- Health – new clinical programmes – 5 chronic illnesses account for 80% of annual spend

6. continued

- Eliminate duplication for means tested services
- More Gardaí available when most needed
- Less costly rosters for all Prisons
- Fewer agencies
- Regulatory services – fewer & more joint risk based & targeted

6. continued

- Extended opening for public offices
- More aggressive national procurement – maximising purchasing power
- More Shared Services
- Less documentation and more joined up services – e.g. Revenue & Courts Service
- Local Government review implementation
- Reduction in number of VECs

7. New Programme for Government

- New Minister and Department for Public Service Reform and Spending
- 34-37,000 fewer staff by 2014 and a further 4,000 fewer by 2015
- Fewer Agencies & State boards
- Reduce management grades
- More external recruitment - change managers and HR managers

7. continued

- 1/3 all appointments at PO level and above external for 5 years
- Change to way users access services – put resources in hands of citizens e.g. HSE, FÁS, VEC's
- Mobility – remove barriers
- Reform Health care - HSE cease to exist over time
- **Can Agreement support delivery of this level of change?**

8. Review of Progress

- First annual review under the Agreement currently underway
- Progress Reports on Action Plans and Savings
- Will outline savings to date under the Agreement
- External validation
- Implementation Body to submit report to Government by end May, followed by publication

8. Challenges for Managements & Unions

- More ambition and urgency? – yes
- Proposals – from management
- Unions – engage positively and constructively – opportunity to influence and contribute essential
- Leadership needed on both sides to deliver change
- Recent Labour Court recommendation on consultation – very important.

8. continued

- Savings & Reforms – verifiable & transparent
- Scrutinised as never before – ECB & IMF, Government, Media, Business & the public
- Vital for public confidence in agreement and capacity of public service to reform itself
- More for less & improved services

8. continued

4 Headings:

- Cash savings
 - Costs avoided
 - Services reformed/improved
 - Internal efficiencies
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- Not as if no record of reform – some very good examples

9. Required

- Improved HR/Leadership skills and strategies
- Ability to manage in a recession
- Communications vital – to date good & bad
- Senior & middle managers – role vital & more delegation to them
- Disseminate good practice - no time to reinvent

9. continued

- Leadership & management development
- Much improved performance management & measurement
- More ICT & online services – essential to do more with less
- Outsourcing – thorny but part of solution if approached correctly and in line with Agreement.

10. Conclusions

- Can it be done? - Experience to date suggests it can
- Will it be easy? - Certainly not
- Difficulties ahead? - Without doubt
- Can they be overcome? – Yes if approached correctly by managements & Unions

10. continued

- Recent McKinsey survey on organisational redesign
- Only 8% added value, completed on time and fully met business objectives
- Lessons – most successful involved staff and explained to staff changes planned. Clear communication plans and consistent. Ensured HR, ICT Financial and other systems/processes in place to support

10. continued

- Quick decisive action rather than staged evolutionary approach
- Performance issues during transition that must be managed
- Surprised?
- Recognise?
- Probably do.

FINALLY

- Thank you
- Questions?