

**Address by PJ Fitzpatrick, Chair of the Implementation Body
36th Countess Markievicz Memorial Lecture
'Reflections on the Croke Park Deal'
1pm, National College of Ireland
29 November 2012**

Good afternoon ladies and gentlemen

Introduction

I would like to thank the Irish Association for Industrial Relations and its Chair Mr Noel Harvey for the kind invitation to address you today. I would like to acknowledge the support of the Labour Relations Commission for the event and indeed for the tremendous support it under its Director Kieran Mulvey who of course was one of the architects of the Croke Park Agreement with his colleague Kevin Foley and others including Anna Perry who chairs the Civil Service Sectoral Implementation Group the LRC has provided to the Agreement and ensured its dispute resolution procedures have worked so well.

It is an honour for me to deliver the Countess Markievicz Memorial Lecture and I am grateful for the opportunity to do so on this the 36th occasion.

There has been much focus on the Public Service (Croke Park) Agreement over the last two years. It has had its detractors and its

supporters since it was formulated in 2010. This however is a particularly interesting and challenging time for the Agreement and for the public service in general. This is especially so as we approach Budget 2013 with further difficult spending and policy choices facing the Government.

Reflecting the seriousness of the ongoing fiscal challenges still confronting the country and mainly as a result of less than anticipated growth, Minister Howlin recently invited the Public Services Committee of the Irish Congress of Trade Unions to discussions on a further agenda for improvements in the productivity of public servants and reductions in the cost of delivering public services.

It is important for me to underline at the outset here today that the Implementation Body has no role in relation to these discussions which are matters for the parties - Government as employer and the public service trade unions.

Notwithstanding this development, however, the current Agreement remains in place and is being implemented under the supervision of the Implementation Body.

I think it is a useful and timely opportunity today to take stock of what has and continues to be achieved under the Agreement in terms of savings and reform and where the future challenges lie. I know that most if not all of you in this room are either directly or indirectly impacted on by the Agreement ó whether you are an employee in the public service or a user of public services such as students.

Value of the Agreement

The Agreement was put in place in 2010 as part of the strategic response to the unprecedented economic crisis this country has faced since 2008. This involves a significant consolidation of the public finances to bridge the unsustainable fiscal deficit that emerged four years ago.

The value of the Agreement is often underestimated. It is designed to support a substantial reduction in pay and non-pay costs on the one hand and the continued delivery, maintenance and reform of services against that backdrop.

The Agreement has delivered sustained industrial peace at a time of unparalleled difficulty and change. This is in stark contrast to the reality of escalating industrial action across the public service

in the period prior to the Agreement and to what we see happening in other countries confronting similar challenges. We have seen in other jurisdictions the consequences of such industrial and civil unrest and it is clearly something to be avoided if at all possible. I think few would disagree that industrial peace is an important asset to this country at this time in terms of international confidence in Ireland and foreign direct investment at a time when we desperately need new and more jobs. It is something which, in my view, can never be taken for granted. Like trust it takes time and effort to establish but can be lost in minutes.

Trade unions and staff associations across the public service have signed up to the Agreement and staff are co-operating with its provisions. The public service is undergoing significant change. This is being facilitated by the Agreement which has helped to create an environment within which difficult decisions can and are being taken and implemented.

At the same time, essential frontline services must continue to be provided ó and to a high standard ó in an environment where the demand for such services has never been greater. For example:

- The population has increased by 340,000 or 8% between 2006 and 2011;

- Numbers on the Live Register have increased by 285,000 in the last five years;
- There are some 500,000 more medical card holders now than in 2007;
- Since the end of the 2008/2009 academic year student numbers in Institutes of Technology and universities have risen by 14.9%, while staff numbers have fallen by 7.3%;
- The number of prisoners has been rising with prisoner numbers up 400 or 9.9% between 2009 and 2010 alone; and
- The number of day cases in hospitals has risen by 26% between 2007 and 2010 while attendances at outpatient clinics rose 16%.

The only way to meet this increased demand as resources are significantly reduced is by radically changing how the public service works. This would be very difficult to achieve in the face of widespread staff resistance to change in a highly unionised environment. You need the buy-in of staff for the significant redeployment; re-structuring, rationalisation, reconfiguration and reforms we are talking about. The commitments contained in the Agreement and the mechanisms it provides for binding resolution of industrial relations problems are facilitating the reform that is

needed to transform the public service into a leaner, more efficient, more productive and more effective outfit.

Furthermore, an ambitious future reform agenda has been set out by the Government in the Public Service Reform Plan it launched a year ago in November 2011. The Agreement is and will be a key enabler for the implementation of this plan over the coming months and years.

The role of the Agreement

It is useful to reflect on the role of the Agreement. This is something that is frequently misunderstood. It is not the role of the Agreement, or of the Implementation Body, to make decisions on the reforms that need to be made or the structures that should deliver them, or on the size and scope of the public service. That is the role of Government and managements. But the Agreement can and is enabling decisions that have been made on those matters to be implemented with the co-operation of staff and their representatives in a stable industrial relations environment.

Without delving too deeply into the figures, we are all aware that reducing resources is a fact of life given the need to restore the public finances and meet commitments to our international

partners. This is true of the public service pay bill as much as any other element of public expenditure. For instance, over the period 2009 to 2015, the Exchequer pay bill will reduce by £3.8bn, or £3.3bn net of expected increases in public service pension costs or 20%.

Fundamentally, the Agreement is designed to support the continued delivery and maintenance of quality public services against this backdrop of reducing resources and staff numbers. This requires ambitious reform by management and the Agreement itself provides the tools necessary to enable these necessary reforms to happen.

Architecture to implement the Agreement

I would like to say a few words about the structures that have been put in place to underpin the implementation of the Agreement.

The Implementation Body itself is provided for under the terms of the Agreement. It was established in July 2010 to oversee progress of the agreed reform and flexibility measures across all sectors of the public service and to ensure that verifiable reforms are secured, which lead to sustainable and verifiable savings in the cost of delivering public services. The Body comprises of representatives

of public service management and the Public Services Committee of the Irish Congress of Trade Unions. I am the Independent Chair of the Body. I do not represent management or trade unions or their agendas.

Under the Agreement, reform is happening at four levels:

- At the level of individual public service organisations ó hospitals, local authorities, Prisons, Gardaí, Defence Forces, Government Departments and state agencies ó or those funded by the exchequer for example community/voluntary organisations in the health sector.
- At the sectoral level;
- At cross-Department/Agency level ó through greater inter-agency working, shared services, redeployment of staff and so on; and
- At the public service wide level.

The Body is not a full time entity and its work is supported by a small secretariat based in the Department of Public Expenditure and Reform. Its terms of reference are to:

- drive the implementation of the Agreement and its sectoral components;

- monitor and review progress on the implementation of the reform agenda for each sector;
- cost and verify savings achieved from the implementation of the Agreement and its sectoral components;
- deal with the resolution of implementation issues as they arise;
- provide a forum for the interpretation of implementation difficulties arising from the relevant sectoral agreements;
- and
- report annually on progress to Government.

To further support and drive implementation on the ground, we have put in place groups in the following 8 sectors ó Health, Education, Local Government, Prisons, the Civil Service, State Agencies, Gardaí and Defence. These groups are comprised of sectoral management representatives and local trade union or staff association representatives.

The Chairs of the sectoral groups submit monthly reports to the Implementation Body. I also meet with them regularly. Our meetings provide an opportunity to brief one another on progress and anticipate issues arising. They also allow us to share views and information so as to avoid reinventing the wheel where

possible, about what has worked well and what has not and to disseminate best practice so this all helps to co-ordinate efforts.

The responsibility for implementing the Agreement rests squarely with senior management in each sector and within each public service organisation. They are required to prepare annual Action Plans which set out the change and reform agenda to be progressed with specific time-bound commitments.

When submitted, the Action Plans are reviewed by the Body. We engage directly with top management in each sector on their Action Plans; the progress being made on implementing them and the barriers to implementation. We challenge the ambition and urgency of plans where necessary.

In accordance with the Agreement, the Body is required to undertake an Annual Review which quantifies the sustainable savings achieved and the progress being made in each sector on implementing the change and reform agenda. The Review is conducted in spring each year and an Annual Progress Report is submitted to Government and published.

Progress to date

The Implementation Body's second annual report published in June last documents the significant achievements being made under the framework of the Agreement. It noted that the Exchequer pay bill has been reduced by 17.7% between 2009 and 2012, from €17.5bn gross to €14.4bn net of the Pension Related Deduction.

In its review, the Body found that pay bill savings amounting to €650m were facilitated in the second year of the Agreement.

However, we also recognised that these figures included the departure of some 8,000 staff who retired in January and February 2012 and that the Government intended to undertake limited recruitment across the public service to fill critical posts following these departures. The Body sought an estimate of the effect of such recruitment on the savings reported. Figures provided to the Body by the Department of Public Expenditure and Reform show that, even if each sector recruits up to the total number of staff to bring them right up to their 2012 staffing ceiling over the coming months, the staff number reduction over Q1 2011 would still be over 9,000, yielding an estimated net sustainable pay bill saving of €521m.

As I have highlighted already, the Agreement's role is to ensure that the public service continues to function effectively with far fewer staff. So far it has been very successful in that respect. As of the 3rd quarter of 2012, there are almost 30,000 fewer public servants than at the peak in 2008. Some 19,000 staff have left the public service in the first two years of the Croke Park Agreement alone, yet services to the public have by and large been maintained and in some cases improved.

People will recall the fears that were expressed earlier this year about the impact which the expected retirement of 8,000 public servants would have on services to the public. These fears proved to be completely unfounded. The departure of such a large number of staff was managed very successfully by management, staff and trade unions with no interruption to services. A critical factor in managing the departure of such a large number of staff was contingency planning. For example, in the Health Service, where more than 4,700 staff retired in the final 6 months of the 'grace period', planning to manage the impact of these departures was ongoing at national, regional and local levels since Autumn 2011 and was reflected in the HSE's National and Regional Service Plans for 2012.

Apart from pay bill savings, the Body also found that the Agreement has continued to leverage the delivery of essential administrative efficiency, or non-pay, savings to ensure that sectors can live within reduced budgets. Efficiency savings totalling €370m were reported to us for the second year of the Agreement.

Over its first two years, therefore, we have found that some €810m in sustainable pay bill savings have been facilitated by the Agreement, as well as some €678m in non-pay savings ó a total of €1.5bn.

In our second annual Progress Report we identified many examples of initiatives being taken centrally and locally across the public service during the period which illustrated a strong focus on extracting costs and efficiencies, increasing productivity and driving change. For example:

New roster arrangements to ensure that resources are matched to peak demand for services so vital when numbers reducing. For example, in An Garda Síochána the first such roster changes in over 40 years were introduced on 30th April last. Many roster changes were progressed in the health sector in areas such as the medical laboratories,

radiography services and among nurses and other staff groups in organisations across the sector.

Ongoing redeployment of staff under the Agreement to areas of greatest need. We noted in our report, for example, that over 200 secondary and 950 primary teachers were redeployed for the 2011/2012 school year and in the health sector some 4,500 people were redeployed or re-assigned during the review period alone as services were reconfigured and restructured. In addition, significant progress has been made in the civil service with 750 FÁS staff being redeployed to the Department of Social Protection in January 2012, in addition to the 1,000 staff which were redeployed from the Community Welfare service to that Department in October 2011.

Establishing the new Child and Family Support Agency is the biggest reform in child protection and family services in the history of the State. This involves the redeployment of approximately 4,500 staff from the HSE, the Family Support Agency, the National Educational Welfare Board and other potential agencies and will be completed by the start of next year.

Services and structures are being reconfigured. Examples of this include mental health and child care services and

services for the elderly in the health sector; closure of army barracks and redeployment of personnel in the Defence Forces; and the reconfiguration of local offices and services in the Department of Social Protection.

Work practice changes are being progressed, for example, in respect of Special Needs Assistants (SNAs) in the education sector and major work practice changes in the Prison Service.

Terms and conditions are being standardised across the public service, for example, in the areas of annual leave, sick leave and pension arrangements. The recent Labour Court ruling on working hours in the local government sector goes a long way towards standardising working hours in a sector where diverse arrangements have applied up until now.

Streamlined, centralised and shared service arrangements are being progressed in many sectors. Examples of initiatives which were progressed during Year Two include the centralised medical card processing centre and the national procurement model in the health sector, more efficient national procurement frameworks put in place by the National Procurement Service in the OPW and the HR shared service centre in the Civil Service which, it is estimated, will save €12.5m pa and 149 staff.

Significant rationalisation of the VEC system will see the 33 VECs restructured into 16 Education and Training Boards.

- In the local government sector, decisions are being progressed to merge a number of local authorities as part of the reform agenda, in Limerick, Tipperary and Waterford. Local Enterprise Boards, Urban Councils, Town Commissions and other bodies will be merged into the Co Councils under the Reform plan.

There has been further rationalisation of structures and offices and the greater use of online services, for example, motor taxation offices in the local government sector, local agriculture, Teagasc, Courts Service and revenue offices and the merger of the workplace relations bodies in the Civil Service and state agency sectors. The pace on implementing such rationalisation plans are often subject to legislative provisions which is outside the control of the Agreement. In many cases these changes are happening on an administrative basis pending legislation.

It was also clear to the Body that the demand for many public services has greatly increased over the course of the economic crisis, as one would expect, even as the numbers employed in the public service continues to fall. We set out to assess this in the course of our last review and we did indeed find a lot of evidence of increased demand for services particularly in the health, education and social services spheres being met by fewer staff, an important indicator of increased productivity.

Securing buy in

It is not easy to affect the ambitious scale of change encompassed by the Agreement by forcing those changes on people. The public service is a complex system of organisations, workplaces and functions. The buy in of staff is critical. Staff co-operation in my view is a pre-requisite for successful reform. I can say to you that staff generally have stepped up to the plate. This is sometimes glossed over but it is important that it is recognised and acknowledged. There would be few if any organisations of any significant size that would engage in the length and breadth of transformational change that the public service is undergoing at present without buy in from the staff concerned (difficult though

this can be to achieve). Leadership from public service managers is also a critical success factor ó in my experience this holds for any large-scale change programme, managers must show leadership.

Dispute resolution

Of course there will be disagreements. What is important is that the parties engage and resolve the issues in accordance with the procedures laid down in the Agreement. And yes this is happening.

Underpinning the Agreement is a very robust fast track dispute resolution process aided by the LRC and the Labour Court. Significantly, the outcome of any Labour Court or Arbitration Board finding is binding on both parties. This process has helped bring many of the changes over the line which might have taken longer to agree and implement in the absence of an Agreement and in my view is one of the strengths of the agreement.

Challenges ahead

Notwithstanding the progress that has been reported in the first and second years of the Agreement, the Body is of the view that the pace and ambition of change needs to be systemic to fully address

the fiscal challenges which lie ahead. This needs the support and active engagement of top management in all sectors. For our part, the Body has repeatedly emphasised the critical role that managements across the public service have in terms of devising ambitious plans for change and leading that change.

We have said that the sustainability of the Agreement will be measured against its ability to accelerate the pace of change across the public service and its potential for extracting further Exchequer pay bill savings and non-pay administrative efficiency savings through the early implementation of key deliverables across sectors.

Clearly, a priority issue for the Agreement will be to support the achievement of the Government's target for public service staff numbers of 282,500. This is a challenging target which is to be met by 2014. However, a recent collective agreement between public service management and the public service unions on voluntary redundancy terms is an important development.

Further and more fundamental reform will be necessary in order to ensure that services are maintained to the greatest extent possible as staff numbers continue to fall towards this target. We made

clear in our June Annual Report that there are a range of priority change initiatives which will need to be urgently progressed by management:

We need to see further roster changes to ensure that arrangements are optimised to meet current and expected service needs, particularly in terms of nurses and hospital consultants in the health sector.

We need to see much more progress on implementing shared services. In large sectors such as local government and education, where there are multiple agencies doing broadly similar work, for example, back-office functions such as HR, IT, payroll and pensions. Moving to shared service arrangements offers the potential to deliver cost savings and to free-up staff for front line work.

We need to see a greater focus on performance through the roll out of performance management systems where they are not already in place, for example, in An Garda Síochána and, where appropriate, in the education sector as well as continuing to strengthen existing systems, for example, in the Civil Service.

We need to see further changes to work practices involving the elimination of remaining outdated working arrangements,

extending working hours and also the opening hours of public offices.

We need to see further efforts to maximise the availability of resources for frontline services by making full use of the redeployment provisions of the Agreement and by ensuring that arrangements are put in place to support redeployment where such provisions do not already exist, for example, academic staff in Universities and Institutes of Technology.

We need to see continued co-operation on the part of staff with further rationalisation of structures, organisations and offices. For example, in the local government sector where local authority amalgamations and the merger of City and County Enterprise Boards into local authorities need to be progressed.

We need to see more effective inter-agency co-operation in certain areas such as the criminal justice sector, where improved co-operation between the Courts Service, the Prison Service and An Garda Síochána has clear potential to deliver significant efficiencies.

And finally, more measures need to be taken to ensure greater use of online services. Such services can enable public service organisations cope with increasing workloads

with fewer staff, while also delivering improved, more cost effective and more convenient services to citizens and business.

Leveraging more

The Implementation Body recently met with the Taoiseach and the Minister for Public Expenditure & Reform to discuss the need for accelerating delivery under the Agreement in view of the challenges that lie ahead. We met in the context of the Taoiseach's recent initiative aimed at maximising savings and reform under the framework of the Agreement in 2013.

As part of this process the Body has asked the various sectors to prepare revised Action Plans setting out further proposals aimed at leveraging more savings and reform from the Agreement in 2013 and beyond. There must be a focus on securing more from the Agreement and I think people accept that. It was always envisaged that the Agreement encompassed a rolling programme of reforms and associated efforts to extract costs from the public service over the duration of the Agreement.

It is certainly not a case of resting on laurels and there is no room for complacency. The progress that has been made to date is welcome but much more is needed.

Concluding remarks

In my view commentary around the Agreement and, indeed the public service and public servants in general, has been very often unfair and in some cases factually incorrect. To my mind, the merits of this Agreement stand up to scrutiny.

There seems to be at times very unrealistic expectations of this Agreement. It cannot possibly be the solution for all of the ills the country faces. It is after all simply an industrial relations agreement between Government as employer and its staff, public service trade unions and representative associations.

However, it provides a framework which can and is making an important contribution to the recovery effort by supporting the reduction in the cost and size of the public service and by enabling significant reform and increases in productivity. It is also providing valuable industrial relations stability in the public service and is a key enabler for the Government's overall reform

plans. In summary, I think the Agreement's total value extends far beyond the agenda set out by it.

I am happy to answer questions you might have as far as I can given my role as independent Chair of the Implementation Body.

Thank You

ENDS