

19 August 2022

Independent Review Panel to review
Senior Public Service Recruitment and Pay Processes;
Department of Public Expenditure and Reform

By email: Reviewpanel@per.gov.ie

Review Panel Members,

Bus Átha Cliath welcomes the opportunity to submit its views on relevant aspects of the Review Panel's Terms of Reference. The company notes that the recruitment processes for CEOs of Commercial State Bodies are expressly excluded from the Panel's Scope of Work. Bus Átha Cliath's submission is therefore restricted to pay determination points and related terms and conditions.

The company believes the current practices regarding the terms and conditions for CEO's, give rise to material risks for the business and in the view of the Chair of Dublin Bus, and the Remuneration Committee , are in need of urgent review and amendment.

Bus Átha Cliath operates in an increasingly complex environment and has a critical role to play in the Irish economy in the current challenging environment.

In the pre Covid-19 environment, the company carried on average 400,000 customers per day and Bus Átha Cliath continues to offer services that facilitate and stimulate economic growth, while also playing its part in achieving challenging climate action plan goals.

This is likely to be an evolving, complex process requiring leadership of the highest calibre. Equally, in order for the company to successfully execute its strategy, there is a requirement for an effective leadership succession plan to be in place, which allows the company to succeed in the implementation of its strategy.

Bus Átha Cliath requests that the following points be considered under the terms of reference of the review:

1. Ministerial power to set individual salaries, terms and conditions.

Bus Átha Cliath notes the established power of the Minister for Transport to sanction salary levels for the Chief Executive position. However, the current system, which sanctions one single salary point is inflexible, and, in the view of the company, no longer fit for purpose.

The company would favour a mechanism whereby a scale is established to allow for salary progression, depending on performance in the role. (See point 3 below).

2. Process for determining appropriate tenure for appointments.

Bus Átha Cliath also favours increased flexibility to permit a limited extension of the 7-year term of Commercial Semi State CEOs. The company operates in an increasingly competitive market and requires additional flexibility in the recruitment and retention of a Chief Executive.

It is accepted that it often takes up to two years for a good CEO to get to grips with a complex organisation. In certain circumstances, the flexibility of offering an extension to the term of office, where there is a strong business imperative to do so, would be in the best interest of the company.

A detailed business case, supported by the Chair and Remuneration Committee would be a prerequisite for any such extension.

Bus Átha Cliath believes that including the flexibility to exercise this option, where appropriate, would benefit both the State and the organisation.

3. Consideration of processes applied to pay determinations outside of the existing pay structures.

CEO salaries are not linked to the existing grades or scales established within Bus Átha Cliath. They are therefore outside of existing pay structures within the company.

Given the current 7-year term for a CEO of a Commercial Semi State, the application of a scale or increments will alleviate the current uncompetitive position of having a frozen salary for the entire duration of the contract, which ignores market movements, inflation, and cost of living increases. A "fixed" or "frozen" salary can increase the gap with what is available in the marketplace, thus becoming a retention issue for the organisation. The Remuneration Committee must manage the risk that a high performing CEO, once established in the role, may be headhunted into a better paid public sector or private sector role, to the detriment of Bus Átha Cliath.

The current situation effectively makes Bus Átha Cliath and other Commercial Semi State Organisations an unattractive prospect for high calibre candidates to join.

Salaries for such fixed term roles should also compensate for the lack of permanency, rather than being sanctioned at rates that are well behind comparable market rates.

This would provide the flexibility to reward performance during the tenure, when appropriate, as well as the ability to react to inflation and market pay movements. This sanction would continue to comply with any overarching DPER guidelines on CEO remuneration.

Bus Átha Cliath would favour a delegated sanction to the Bus Átha Cliath Board and Remuneration Committee to review the CEO salary against an approved incremental salary scale.

4. Current and historical use of external bodies to provide independent analysis in determining terms and conditions of employment.

Salaries and benefits should be the subject of independent external analysis and assessment in order that we can attract and retain the best calibre candidate to support the delivery of ambitious Government targets for change within public transport.

Terms and conditions would then be more reflective of current market conditions.

5. Retention of expertise and knowledge within the State Sector.

The current contract duration means that an individual has a maximum term of office of 7 years. This may prohibit some high calibre candidates from applying for roles in Commercial Semi State companies.

If an option was available, to retain the knowledge and expertise acquired, within other organisations within the Semi State Sector, this may benefit the State, and encourage more candidates to apply for roles in the sector.

The option to move to other roles in this sector would be based on performance and ability, and would be subject to normal employment law provisions.

Summary of Recommendations

1. Competitive Environment for Talent: Introduce salary scales.

**2. Fixed Appointment Terms:
Introduce limited flexibility subject to an effective business case.**

**3. Salary Movement:
A salary adjustment, in line with CPI, should be provided for, and incremental salary increases should be permitted.**

4. Current and historical use of external bodies to provide independent analysis in determining terms and conditions of employment.

5. Retention of expertise and knowledge within the State Sector.

Conclusion

The mechanism for reviewing CEO salaries and conditions of employment within the Commercial Semi State Sector needs to have more flexibility.

A Board Remuneration Committee should have the ability, on a delegated basis, to move through an incremental salary scale during the fixed term contract of a CEO.

Salary scales also need to be more reflective of current market conditions to attract and retain the best candidates.

Other conditions outside of salary should be the subject of independent benchmarking with the external market as CEO roles are not part of the applicable public sector pension schemes.

An option to ensure the retention of knowledge and expertise within the State Sector, on a planned and co-ordinated basis, should be available to retain candidates in the sector, beyond a 7-year period.

We are both available to meet with the Panel to discuss the issues raised above should that be of assistance.

Yours Sincerely,



Company Secretary, on behalf of

Dr Rachel Widdis

Chair of the Bus Átha Cliath Remuneration Committee

Yours Sincerely,



Company Secretary, on behalf of

Mr Gary Owens

Chair of Bus Átha Cliath