REMUNERATION CHALLENGES & SUCCESSES IN POST-RECESSION TIMES
Case Studies in the Community, Voluntary and Charities Sector
June 2018
Table of Contents

Introduction 3
Profile of Case Study Organisations 5
Section 1: Challenges/On-Going Difficulties 7
  1.1: On-Going Challenges 7
  1.2: Challenges following on from the Recession 10
Section 2: Response to Challenges/Initiatives Introduced - Summary 13
Section 3: Current Remuneration Practices 15
  3.1: Summary of Remuneration Practices on a case by case basis 16
Section 4: Pay Developments 25
  4.1: Actions taken as a result of the Recession 25
  4.2: Changes in Pay – Post Recession 26
Section 5: Lessons Learnt/Changes for the Future 27
Conclusion 29
References 32
Appendix A: Response to Challenges/Initiatives Undertaken
  – Organisation Comments 33

List of Tables Included in the Report

Table 1: Responsibility for Human Resource Role 8
Table 2: HR Assistance 9
Table 3: Current Remuneration Practices 15
Table 4: Benchmarking 15
Table 5: Actions taken in response to the Recession 25
Table 6: Post-Recession Pay Increases 26
**Introduction**

In recent years The Community Foundation for Ireland has sponsored a number of studies and events in the area of pay and benefits for organisations in the non-profit sector. Both in 2017 and in 2015, national surveys on pay and benefits were conducted (and a 3rd survey is due to take place in 2019). In 2017 The Community Foundation for Ireland sponsored a seminar on *Remuneration: Recognition & Reward for non-profit organisations*, in addition to a study into the gender pay gap for managers in the sector - *An Exploration of the Gender Pay Gap for Managers in Voluntary, Community & Charitable Organisations*.

The reason for The Community Foundation for Ireland’s engagement in these activities is to assist organisations in the sector with the development of effective pay and pay-related policies and practices, through the sharing of information and experience. As part of that remit, The Community Foundation for Ireland commissioned this series of case studies to explore the remuneration challenges facing non-profit organisations, along with the ways the sector has addressed those challenges, in what some describe as these ‘post-recessionary’ times.

Following on from the recession, which saw huge losses for the sector in term of funding and staffing (a funding loss of 35% - 40% and a staffing drop of 31%, according to work carried out by Brian Harvey on behalf of the Community Foundation for Ireland), there has been much anecdotal evidence that, while some organisations are getting back on track, others are continuing to experience problems and challenges. The Irish economy too which is now approaching full employment, and with the consequent increased competition for labour, the sector is experiencing difficulties in terms of holding on to their staff in a sector that traditionally pays less than the private and public sectors, and relies heavily on employee commitment.

It was in an attempt to capture the current concerns and successes of organisations in the sector with regard to remuneration, that a series of case studies was commissioned by The Community Foundation for Ireland. Specifically, the case studies set out to explore recent and current challenges being experienced and the ways these challenges may have been addressed.

The aim of these case studies is to give voice to the participants’ remuneration concerns and achievements in their own words; therefore, a substantial part of the report is given over to quotes from the participants. While each organisation has its own unique concerns, a number of common elements with regard to the challenges being experienced were found and this report concentrates on these.
Selection of Case Studies:

The label of Community, Voluntary and Charities sector covers a diverse range of organisations in terms of activities, numbers of employees, income, and geographical location, etc., with each having a unique history. The study undertook interviews with representatives in 11 organisations. The criteria for selecting the case studies included combining the following:

- Geographical location: Dublin and non-Dublin organisations;
- Size: small (5 or less employees), medium (5 – 30 employees), large (More than 30 employees);
- Sector – select across all areas of activity.

The names of the 11 organisations have not been included for reasons of confidentiality.

The Interview Process

Letters were sent to CEOs or HR Managers (in the case of large organisations), inviting them to participate in the study, which would look at the different ways organisations in the sector have responded to recent and current remuneration challenges and to gather information on the types of adjustments (if any) that have been made to their pay and benefits policies and practices i.e. the processes, decisions and steps taken (including any progressive and innovative practices and policies, but not just these), since the recession.

The CEO or other senior manager (other than the Head of HR) were interviewed in nine of the 11 organisations and the Head of HR in three organisations. In one of these organisations, both the CEO and the Head of HR were interviewed, because the HR Manager had only recently joined and did not have the full history of the organisation. The CEO, on the other hand, had been with that organisation since its inception.

Interviews were conducted using a semi-structured questionnaire.

Limitations

It is important to bear in mind the small number of cases i.e. eleven, in this study. It cannot be assumed that they representative the experiences of the majority of the community and voluntary sector organisations. Their purpose is indicative or illustrative only – however, it is interesting to note the many areas of overlap in the experiences of the case study organisations.

Please also note that four (three CEOs and one HR Manager) of those interviewed had just recently taken up their positions (i.e. within the last two - three years) and therefore could not provide a detailed history of events around developments in their organisations, when compared to those who had been there for longer periods, or even from the start of the organisation. While it was possible to interview a second person in one organisation as mentioned
above, for the three others, this has meant that there were some gaps in the information provided by them.

The study did not attempt to detail all conditions of employment and benefits for these 11 organisations, as this information is available in the CFI 2017 survey report – *National Guide to Pay and Benefits in Community, Voluntary and Charitable Organisations*.

**Layout**

A profile of the interviewed organisations is firstly set out. Section 1 then explores the challenges and on-going difficulties being experienced by the 11 interviewed organisations and detailed interviewee comments are provided. Section 2 provides a summary the organisations’ responses to the challenges and specifies some of the main initiatives introduced. The full detailed comments of organisations on these initiatives can be found in Appendix A. Section 3 outlines pay developments for the interviewed organisations and section 4 looks at remuneration practices. Section 5 look at some brief lessons learnt, as well as describing some changes the organisations would like for the future. The final conclusions section summarises the main issues of the study.

**Profile of the Case Study Organisations**

The 11 organisations in this study were selected randomly, on the basis of size, location and main area of activity, so as to represent a cross-section of Community, Voluntary and Charities organisations.

The participants are engaged in providing services in the following areas (please note - some organisations are working across a number of different areas¹):

<table>
<thead>
<tr>
<th>Services provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts &amp; Culture</td>
</tr>
<tr>
<td>Childcare</td>
</tr>
<tr>
<td>Domestic Violence</td>
</tr>
<tr>
<td>Drug Services</td>
</tr>
<tr>
<td>Education &amp; Training</td>
</tr>
<tr>
<td>Elder Care</td>
</tr>
<tr>
<td>Health</td>
</tr>
<tr>
<td>Housing/Homelessness</td>
</tr>
<tr>
<td>International Development</td>
</tr>
</tbody>
</table>

¹ Two organisations were engaged in five service areas between them - childcare, domestic violence, eldercare, homelessness, and education & training. To avoid identification, these two organisations are referred to as Social Services 1 and Social Services 2, when quoted in the report.
Four of the organisations included above were associations or umbrella organisations, with a membership. Service provided in these four organisations included: advocacy, training, membership support, information & advice, research & publications, etc.

Approximately 760 FTE staff are employed by these 11 organisations.

<table>
<thead>
<tr>
<th>No. of Employees</th>
<th>No of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 employees</td>
<td></td>
</tr>
<tr>
<td>6 – 19</td>
<td>2</td>
</tr>
<tr>
<td>20 – 49</td>
<td>1</td>
</tr>
<tr>
<td>50 – 99</td>
<td>4</td>
</tr>
<tr>
<td>100 or more</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11</td>
</tr>
</tbody>
</table>

Some seven of the 11 organisations were Dublin-based.

<table>
<thead>
<tr>
<th>Location</th>
<th>No of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dublin</td>
<td>7</td>
</tr>
<tr>
<td>Non-Dublin</td>
<td>4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11</td>
</tr>
</tbody>
</table>

The majority of the case study organisations (eight) had been in existence for 20 or more years.

<table>
<thead>
<tr>
<th>Age of Organisations</th>
<th>No of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10 years</td>
<td>1</td>
</tr>
<tr>
<td>10 – 19 years</td>
<td>2</td>
</tr>
<tr>
<td>20 – 30 years</td>
<td>3</td>
</tr>
<tr>
<td>40 or more years</td>
<td>5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11</td>
</tr>
</tbody>
</table>

More than 50% of their funding came from the State in six of the 11 organisations.
Section 1: Challenges /On-going Difficulties

The case study organisations were asked to give examples of any remuneration challenges or difficulties that they were currently experiencing or expected to face in the near future. The responses have been divided into two sections: i) on-going challenges for the sector; and ii) challenges following on from the Recession.

1.1: ON-GOING CHALLENGES

FUNDING UNCERTAINTY

The issue of funding uncertainty, i.e. having to apply for funding on a year-to-year basis for the most part, is causing some organisations great difficulty in terms of planning service delivery and development, and in terms of making salary and employment commitments to staff. This is despite the fact that as far back as the Government White Paper of 2000\(^2\) (hereafter referred to as the 2000 White Paper) it was stated that ‘multi-annual funding allows for a more rational approach to planning service delivery and to processing of funding applications’ and that the ‘Government has decided that multi-annual funding commitments should, in appropriate cases, be made available by all funding agencies to organisations providing services or undertaking development activities that are agreed to be priorities’ (p43; paragraphs 5.12 and 5.13). Comments from the interviewed organisations are follows:

Planning a remuneration policy is difficult because of funding uncertainty – we can’t really go in for salary scales or increments because we don’t know if we could afford it on an on-going basis. We have no idea of where we will be in the future. (Housing/Homelessness)

Organisations find themselves having to run deficit budgets and hoping that they will be able to make up the ‘gap’ (between their start of year funding and what they need to address all their financial commitments at the end of the year) through successful grant applications and waiting for donations.

There are differences in the experiences of the 11 organisations interviewed. The large organisations, for instance, while not without financial problems and struggles to attract and retain staff, have developed what they refer to as ‘more reliable’ forms of funding, either from donations, sponsors, and/or through having built up a reputation with funders and the skills to maintain that reputation (in terms of delivering quality programmes, on time and within budget), thereby giving them a degree of security. But that degree of security varies, even among the large organisations.

Some 45% of our funding comes from the state; approximately 30% is earned income (from membership, training provision); the final 25% is called ‘the gap’ that’s the gap every year where we go looking for contracts that we could win, we go looking for corporate sponsorships; we make grant applications. (Education & Training)

NO FUNDING PROVIDED FOR THE RUNNING OF THE ORGANISATION

Again, according to the 2000 Government White Paper ‘It needs to be made explicit that funding schemes provide a comprehensive funding package and not just funding for direct service provision’ (2000, Paragraph 5.27). However, it does not appear that this has been acted upon, at least not across the board for all funding streams.

We are told ‘you run those services and you do them to the absolute highest standard that we expect of you but sorry we’re not going to give you any money to help you to do that.’ (Social Services 1)
ADDRESSING COMPLIANCE AND GOVERNANCE ISSUES

More recently organisations have struggled to find the resources to address a whole range of governance issues. A comment made by a sector organisation was that governance used to take up 10% of a job - now it’s 110%.

We spent ... 2 years on the governance code. Again you won’t get funding for somebody to do that or to have the requisite staff to put into that. (Drug/Homelessness Services)

NEED TO BE ABLE TO EMPLOY HR STAFF/NEED HR HELP

As stated earlier, many organisations do not receive funding for any ‘core’ staff and have found themselves in difficulties, particularly in relation to the absence of HR staff. Only three of the interviewed organisation had a HR Manager. In a further six organisations, the CEO/Head of Organisation undertook responsibility for the HR role and in the remaining two organisations, another manager took on the role along with their own separate manager role.

Table 1: Responsibility for Human Resources (HR) Role

<table>
<thead>
<tr>
<th>Responsibility for HR</th>
<th>No. of Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Manager</td>
<td>3</td>
</tr>
<tr>
<td>CEO/Head of Organisation</td>
<td>6</td>
</tr>
<tr>
<td>Other manager as part of another role</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

Five organisations used a HR Consultant or external HR Services provider. Four organisations were involved with a HR Network of some kind and three organisations had developed a HR sub-group that included Board members (often with HR experience) and the CEO or other manager. Some organisations have more than one arrangement in place.

Table 2: HR Assistance

<table>
<thead>
<tr>
<th>HR Assistance</th>
<th>No. of Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used a HR Consultant on a Retainer/HR organisation providing HR Services</td>
<td>5^3</td>
</tr>
<tr>
<td>Was part of HR Network</td>
<td>4</td>
</tr>
<tr>
<td>Developed HR sub-group with Board/Board member with HR experience</td>
<td>3</td>
</tr>
<tr>
<td>Used a Solicitor</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13</strong></td>
</tr>
</tbody>
</table>

^3 HR organisations such as: IBEC; Adare Human Resource Management; Small Firms Assoc.; Willis Towers Watson Irl.
The organisations interviewed indicated a range of HR concerns around not having the knowledge or skills - to develop appropriate HR policies/set up a salary structure; to design/develop contracts of employment; to deal with such legacy issues as having different salary scales/annual leave, etc.; to implement and bring grievance procedures to a successful conclusion, etc. CEOs are very concerned about not having the correct HR policies and practices in place and about the possibility of making mistakes that could be costly for the organisation.

**We weren’t sure how to address HR issues e.g. queries over salary levels - long-serving staff v new staff (legacy issues), permanent versus temporary staff, or how to devise HR policies e.g. remuneration. Because we have no HR staff, we can’t always anticipate the challenges or respond appropriately to them. (Housing & Homelessness)**

**COMPLEXITY OF FUNDING ARRANGEMENTS**

Because many organisations receive funding from different sources, with different conditions attached, for example, a funding stream may cover a pension scheme cost for employees while another stream may not, employees in the same organisation can be on different salary scales, have different contracts of employment and benefits. When employees discover others doing the same work are on higher rates of pay – they often look for some reasons/rationale from the organisation to explain the differences.

**Staff know there’s differences between permanent [contracts] and you know some are temporary and there’s a question of the why this person X is permanent while I’m temporary and we essentially do the same job; well it’s to do with the origin, the source of the funding. One sort of funding is let’s just say more reliable (Housing & Homelessness)**

In addition, as pointed out by the 2015 IMPACT report ‘There appears to be a worrying level of inconsistency in administrative procedures and decision making processes across sectors and regions and between different health offices. For example, in one region, expenditure on pensions is allowed, in another it isn’t’ (p8), there are also differences in the implementation of schemes depending on the region or health office operating the scheme.

This is not a new issue for the sector. In a study conducted in 2007 for the Dublin Employment Pact *Equal at Work* Project (Hibernian Consulting), it stated that ‘there are inconsistencies across programme types in terms of employment conditions offered to employees...Some programmes receive annual funding increases so that they can provide wage increases, pensions and grade increments while other are in receipt of fixed funding and are unable to provide these.’ As was the case in three of the organisations interviewed, the
organisation often has to ‘depend on the understanding of their employees to resolve the situation.’ (p13)

**REALTIONSHPES WITH FUNDERS/INDEPENDENCE OF SECTOR**

This high-dependency of the sector on Government funding, some argue, comes at a price, in that those applying for funding always have to make sure to stay on the ‘right side’ of the funders, and that this can hold back the sector from participating more radically in policy making.

---

*Can’t be too radical because we are depending on state funding. This does not stop us from being critical of the government/politicians but we have to be careful. For example, if the board wanted this organisation to be very radical the fact that you’re largely funded by the State, you’d need to take that into account in terms of your tone, in terms of your approach, in terms of campaigning. (Housing/Homelessness)*

*Because of that slightly uneasy relationship with the State - it’s holding back the sector from any radicalism which may or may not be what they want but it’s kind of; it’s leaving it in a no man’s land really, where the State is capitalising on people’s vocational attitudes to the job in some ways and their goodwill. But they’re not acknowledging at another level that these are real jobs, real services that are provided. The States just kind of saying we’ll do this work if we have any money, that’s the attitude, so the public kind of see them as half jobs as well (Health Services)*

---

**1.2: CHALLENGES FOLLOWING ON FROM THE RECESSION**

It would not be unreasonable for employees working in non-profit sector, who, along with other sectors in the economy, experienced pay cuts and/or pay freezes, worked shorter hours and/or took on extra work for reduced pay throughout the recession, should have some expectation of pay restoration now that the Irish economy is growing again, especially given that many of these workers started from a base of lower pay and conditions of employment than similar workers in the economy. The process of pay restoration has been going on for some time in the public and private sectors.

---

**PAY RESTORATION**

The majority of the case study organisations interviewed (six out of 11) receive funding from the HSE under section 39 of the Health Act. The importance of this funding differs in these organisations, for some it is crucial, but for others less so. For those organisations where Section 39 funding is their main source of
income, the outcome of the current HSE audit of a selection of 39 organisations, with a view to having pay cuts restored, will be significant.

*During the recession we lost probably 70% of our HSE funding and we’ve never regained it. At the same time we lost almost a quarter of another funding stream and that has not been reinstated either.* (Childcare Services)

**STAFF WELFARE**

The continued delivery of services throughout and since the recession has largely depended on the commitment of staff. A number of the interviewees mentioned how, in the face of reduced funding (which lead to reduced pay, hours of work and staff numbers) staff continued to meet the same or an increased level of demand for their services. In addition, in recent years, there has been an increase in administrative requirements within the sector i.e. for greater governance and transparency. Staff, however, have had to spread themselves thin to meet these demands, a practice not sustainable in the long run. This has had its impact on employees.

*In this sector (as compared to the private or public sector) there’s never any fat; it gets squeezed into making sure that the clients are ok. So as a result then, you have a workforce that have nothing left; they’re running on empty. They feel undervalued, underappreciated and that nobody understands what it’s like to be them. Someone needs to look at the organisation and not just at what we do.* (Youth Services)

**DIFFICULTY RETAINING/ATTRACTING STAFF**

Most of the organisations interviewed expressed concern about having non-competitive pay rates and losing staff to higher payers. As the recent IMPACT report stated (2015) ‘However dedicated they [the staff] may be’ research suggests ‘that as the economy recovers and as pay and conditions are restored in the public sector … there is concern that organisations [in the sector] will find it difficult to retain staff.’ While it was understandable in the recession to take pay cuts, etc., because everyone was doing the same, the idea that things can improve for some groups but not for others, is difficult to accept and support.

*Because of no pay increases since 2009, salary scales are out of sync with the public sector and last year we lost more staff than any other year, because the HSE is recruiting on better salary scales. Our organisation is losing good and experienced staff. We also have trouble recruiting and attracting staff because of the poor salary scales – a kind of ‘double hit’.* (Social Services 1)
Concerns about attracting or retaining the skilled workers are not just particular to Irish non-profit organisations. This was listed as the number one concern (after funding) for non-profit organisations in Canada (HR Council for the Non-profit Sector, 2013) and the number one concern (before funding) in the US (BDO + Non-profit Times, 2017).

OTHER CHALLENGES

Other challenges specifically mentioned by individual organisations included the difficulty of maintaining a Pension Scheme for staff, a Rural/Urban divide (i.e. the recession not being over in rural Ireland as opposed to Dublin), and Lack of Career Progression opportunities for staff, this last issue being another impediment to holding onto staff in these competitive times.

Pension costs are killing us – last year we had a deficit. If we didn’t have a pension scheme we wouldn’t have had a deficit. (Childcare Services)

All of the policy making is made in Dublin and it’s become even more apparent when you hear people talking about the recession being over and Dublin is flying; that’s fine but it isn’t over in the country. And if the recession is over and Dublin is flying where is the money for the community sector? (Social Services 2)

Our biggest challenge is career progression – staff don’t see a natural path. Our biggest difficulty is in keeping fundraisers. We have even lost clerical grades because the HSE is opening up steady, stable and pensionable positions. (Health Services)

Lack of opportunity is another problem/lack of career progression. We’re trying to provide opportunities. We have a review of our strategic plan done and we’re hoping that that’s going to give us some opportunities internally for people. But sometimes there is nowhere else to go and they have to leave if they want to progress their career. (Childcare Services)
Section 2: Responses to Challenges/Initiative Introduced

2.1: SUMMARY OF FINDINGS

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>RESPONSES/INITIATIVES</th>
</tr>
</thead>
</table>
| Attracting/Retaining Staff       | • Developed A Graduate/Intern Programme.  
                                 | • Developed Links with Universities/clear career paths to positions in the sector  
                                 | • Introduced a Service Award e.g. a payment after ‘x’ number of years to help retain staff  
                                 | • Promoted Flexible Working Arrangements  
                                 | • Introduced Flexi-time  
                                 | • Introduced 4-8 weeks unpaid leave option for those with 3 years+ service  
| Minding Your Staff               | • Focused on employee well-being – introduced Health & Wellness Programme  
                                 | • Provided external support and supervision for staff/managers dealing with vulnerable clients  
                                 | • Introduced Employee Assistance Programme  
                                 | • Introduced Staff ‘Away’ Day  
                                 | • Made a contribution to a Staff Social Night  
                                 | • Reduced minimum pension contribution, for example, from 5% to 2% to allow staff who couldn’t afford the 5% to begin a pension  
| FUNDING: Uncertainty/Insufficiency| • Developed a Funding unit to apply for grants/ employed a Fundraiser  
                                 | • Set up a Communications function (can be part-time) to get the organisation’s message out to the public and so attract donations  
                                 | • Explored trade-offs that would not permanently add to the salary bill e.g.  
                                 | • Provided Career Development opportunities  
                                 | • Provided a one-off extra day’s leave at Christmas (not permanent)  
                                 | • Payment of an increment as a lump sum but not consolidated into basic pay  

### SUMMARY OF FINDINGS (CONT’D)

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>RESPONSES/INITIATIVES</th>
</tr>
</thead>
</table>
| FUNDING: (cont’d) Uncertainty/Insufficiency | ✷ Developed own pay scales/individual rates, based on local/national (as appropriate) market rates and moving away from alignment with public sector pay scales and increments.  
    ✷ Continued to pursue Section 39 claim for parity with HSE Pay scales  
    ✷ Simplified pay structure to allow for greater flexibility. Organisation replaced a multi-grade pay structure with a broad band system with wider pay bands/ranges and a smaller number of pay bands/ranges |  |
| Improving Communications                  | ✷ Used an outside facilitator to work with staff  
    ✷ Developed an INTRANET system to reduce HR time spent on routine matters/to connect with staff in different parts of the country |  |
| Access to HR information, advice and representation | ✷ Had a HR consultant on a retainer/used a HR Services organisation e.g. Adare, IBEC, Small Firms Assoc., Willis Towers Watson⁴  
    ✷ Set up a HR sub-group with the CEO, and the Board (and sometimes includes a HR consultant)  
    ✷ Recruited Board members with a HR background  
    ✷ Found a mentoring organisation/’buddying up’ with a larger organisation for HR advice/access to HR templates, etc.  
    ✷ Set up a HR Network - can be for organisations in a similar location/area of activity, etc.  
    ✷ Recruited people (e.g. volunteers with HR experience) to a HR sub-committee who would not be Board members, but would be part of the corporate governance structure |  |

For detailed comments on responses to challenges and initiatives taken, please see Appendix A

⁴ Accessing these services may be too expensive for smaller organisations, but it might be possible for a network of small organisations to do so.
Section 3: Current Remuneration Practices

The interviewed organisations were asked to describe their remuneration systems. Five have pay scales (three of these five organisations are large organisations, with 100 or more employees); the remainder have individual pay rates. For those that have salary scales, movement along the points of the scale is no longer automatic. Five organisations have developed their own market-based pay system, were any pay increases are based on a range of criteria, including performance, service, cost of living changes, ability to pay, market comparison, etc.

Table 3: Current Remuneration Practices

<table>
<thead>
<tr>
<th>Current Practices</th>
<th>No. of Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written Remuneration Policy</td>
<td>3&lt;sup&gt;5&lt;/sup&gt;</td>
</tr>
<tr>
<td>Pay Scales in Operation</td>
<td>5&lt;sup&gt;6&lt;/sup&gt;</td>
</tr>
<tr>
<td>Individual Pay Rates</td>
<td>6</td>
</tr>
<tr>
<td>Developed own market-based pay system (no automatic movement though scales)</td>
<td>5</td>
</tr>
<tr>
<td>Some form of regular performance review/conversation</td>
<td>6</td>
</tr>
<tr>
<td>Pay reviewed annually</td>
<td>3&lt;sup&gt;7&lt;/sup&gt;</td>
</tr>
<tr>
<td>Pay reviewed when requested by a manager</td>
<td>4</td>
</tr>
<tr>
<td>Currently reviewing pay structure</td>
<td>2</td>
</tr>
<tr>
<td>Dealing with legacy pay problems</td>
<td>5&lt;sup&gt;8&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Many of the organisations used 2-3 sources of data to benchmark their rates of pay.

Table 4: Benchmarking

<table>
<thead>
<tr>
<th>Data used for Benchmarking/as a Guide for Pay</th>
<th>No. of Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSE Rates</td>
<td>4</td>
</tr>
<tr>
<td>Other Public Sector/State Agency</td>
<td>2&lt;sup&gt;9&lt;/sup&gt;</td>
</tr>
<tr>
<td>The Community Foundation for Ireland Pay &amp; Benefits Survey</td>
<td>7</td>
</tr>
<tr>
<td>Recruitment Agency pay data</td>
<td>3&lt;sup&gt;10&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>5</sup> Two further organisations stated that a written remuneration policy was currently being reviewed.

<sup>6</sup> One organisation included here has 3 different sets of pay scales following a merger – one for each of the two original organisations and one for new entrants. They are gradually moving all employees on to the new scale. Another organisation included here has a number of different pay scales, related to different sources of funding.

<sup>7</sup> Cost of living review annually + market review every two years in one organisation.

<sup>8</sup> In one organisation historic pay scales from 15 years ago has left some people on high rates of pay. In another, the organisation currently has two sets of scales, one of which is aligned to HSE rates and the other not. In two organisations, some of the older, higher salaries are red-circled.

<sup>9</sup> MABS + Citizen Advice Centres in one organisation
3.1: Summary of Remuneration practices – on a case by case basis

Please note – full details of benefits are not included here as this information is available for the sector in the CFI Pay & Benefits report 2017.

<table>
<thead>
<tr>
<th>Source</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector data</td>
<td>4</td>
</tr>
<tr>
<td>HR Network exchange</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>2(^\d)</td>
</tr>
</tbody>
</table>

Organisation 1: 45 FTE employees, Dublin-based

**Funding**

State funding: 70%; Donations: 30%. There are around 10 different strands of statutory funding, some from central government, some from local government, some from HSE, some from government agencies, all of which have to be applied for on an annual basis.

**The Recession**

Salaries were frozen but not cut. Employees opted for shorter working hours.

**Remuneration Policy**

No formal remuneration policy exists. It is currently under review, but any movement along a pay band/pay increase would relate to the level of responsibility, the level of training delivered / additional commitments over and above core competency that they take on and the performance in those commitments, and length of service.

There is a mixture of permanent and temporary contracts of employment.

**Other Pay Issues**

Organisation has legacy pay issues. Some staff members are on high rates of pay, based on salary scales that were in operation 10 or 15 years ago. Newer staff are querying why they are on lower rates of pay than staff meant to be

\(^{10}\) Uses Recruitment Agency data for positions that are transferrable across sectors e.g. HR, Marketing
\(^{11}\) Theatre Forum Pay Scales Survey in 1 organisation and CDYSB rates of pay in the other.
doing the same job, especially when newer staff may be taking on more responsibility/being more flexible.

### Benchmarking

Organisation benchmarks salaries with MABS and the Citizen’s Information Centres. The organisation is mindful of the kind of rates that they pay just in terms of formulating pay rates but they can’t necessarily match those.

### Benefits

When an employee has completed their probation they are eligible for all benefits in the organisation, regardless if they are on contract or permanent employees. Organisation has a generous annual leave system but is looking at reducing the number of days for new entrants. Staff training is provided.

### Organisation 2: 180 FTE employees, Dublin-based

#### Funding

State funding: 62%; Donations/Legacies: 35%; Other: 3%.

#### The Recession

Pay and increment freeze, redundancies implemented (around 20% of their workers), and new entrants brought in on a new lower scale.

#### Remuneration Policy

There is no written remuneration policy, but it is something that the organisation has in their project plan for 2018.

In terms of their salary structure, the organisation had around 10 scales with 9 points on each scale - scales for services and for administration. For example, in the services area there is a project worker scale, a project worker lead scale, and a coordinator scale. In head office there are scales for HR, finance and fundraising. There is also a manager’s scale.

There is also have a cohort of staff who are on lower pay rates i.e. rate of pay brought in for new entrants during the recession.
Other Pay Issues

Legacy issues – there were difficulties with allowances, where some employees got certain allowances and others got different ones. This has now all been standardised and streamlined, which was a difficult process. There may still be two or three ring-fenced.

Benchmarking

The organisation uses a range of data to benchmark their pay scales, including the CFI survey, HSE rates, a HR network, recruitment agencies (good for admin jobs but not so good on services) and also the private sector data.

Benefits

Health & Wellness Programme; Employee Assistance programme (EAP) that includes 8 sessions of counselling that individuals can avail of; Flexible working (but this not a policy); Annual leave is very generous.

Organisation 3: 170 Employees – Based outside Dublin

Funding

State funding: 38%; Donations: 36%; Other (mainly institutional funders): 26%.

The Recession

Cut pay scales, froze increments and implemented voluntary redundancies. Introduced new pay structure following on from the recession.

Remuneration Policy

Originally pay scales were aligned/guided by the civil service pay structure. The organisation followed the National Pay Agreements prior to the recession (but were not contracted to do so). The pay scale system in place was too inflexible. They realised they could not continue with their pay structure because they could not afford the cost of increments, and needed more flexibility to make adjustments in pay, especially when the labour market started to move again. The percentage between the steps on each scale was somewhere between 2.8 and 4.2% which meant it was either affordable or not; there was no flexibility in
it. The organisation needed to change it to something where they could make a 1%, a 2%, a 0% adjustment. Used an external agency plus union cooperation to introduce a new broad band pay system.

When transitioning employees from the old to the new system, employees were offered 3 possible outcomes: i) if they were below the minimum on the new pay scale their pay would be brought up to the minimum, ii) they could retain the salary they had, and iii) if they were above the maximum of the new scale, they retained that salary but were advised they could not earn any more.

**Benchmarking**

The organisation does a market review every 2 years and a cost of living review once a year and uses a range of sources for benchmarking. These include - the global pay survey conducted by the agency who helped them set up their new pay structure, The Community Foundation for Ireland survey, recruiting agencies predictions and forecasts (for disciplines that are transferrable like marketing and HR), etc. The organisation also invites the union to supply benchmarking data.

**Organisation 4: 3 Employees (plus a number of short-term contract employees) – Based outside Dublin**

**Funding**

Arts Council Funding: 45%; Course Fees 23%; Balance (Sales, Fees, Donations, etc.): 32%.

**The Recession**

Salaries frozen between 2007 and 2014 as a result of funding cuts. Extra annual leave granted.

**Remuneration Policy**

Pay rates set on an *ad hoc* basis. No formal way of relating salaries to the sector. Employees are all on individual rates of pay and do not receive increments.
Benchmarking

No formal process. Has previously used the Theatre Forum salary surveys. Also has an occasional informal chat with colleagues.

Organisation 5: 86 Employees – Based outside Dublin

Funding

State funding: 72%; Donations 15%; Service charges 10%; Other grants: 3%.

The Recession

Pay cuts in 2009/2010 and increment freeze, as per HSE.

Remuneration Policy

Currently has two sets of salary scales with some differences in benefits entitlement.

Organisation was originally broadly aligned to HSE Social Care Worker scales, but then introduced own salary scales in the late 1990s. The reason was that although the HSE scales were fine for the social care workers, they didn’t reflect some of the other roles in the organisation. So organisation piggybacked on a similar organisation’s set of salary scales. National Agreement increases were paid.

Around 2007 or 8, the domestic violence sector negotiated a national consolidation of pay scales, so all of their staff in that service then became aligned to HSE grades, although there were differences in benefits e.g. pension, sick leave and maternity leave entitlements for the domestic violence staff.

Alignment was lost with the non-HSE salary scales over the years, but the organisation held to the scale when the recession took hold. Whatever people were on at that point in time they have stayed on that salary point (from around 2009/2010).

Other pay-related issues

Organisation is awaiting outcome of the Section 39 review, as staff have not got any of the pay restoration increases that have already been given in the public sector.
Benchmarking

HSE

Organisation 6: 13 FTE employees, Dublin-based

Funding

State funding: 94%; Other: 6%.

The Recession

Redundancies/pay cuts; pay freeze in effect ever since. Only front-line service delivery staff retained. Project work/research work stopped, also training. Annual Leave was increased.

Remuneration Policy

We are currently working on setting up a salary structure.

Benchmarking

The Community Foundation for Ireland Pay & Benefits report; Youth sector pay scales (CDYSB)

Organisation 7: 39 FTE employees, Dublin-based

Funding

State funding: 49%. The remainder of the funding is made up of membership fees, training, earned income, sales, some grants and European funding.

The Recession

The organisation did not cut pay in the recession, even though the organisation had lost a large percentage of their funding, which has not been reinstated. Pay rates were frozen. The organisation cut costs in other areas, and grew their membership. When staff left they were not replaced and 2 staff members were seconded to another organisation – and so cost savings were made like that.
Remuneration Policy

Current organisation came about as a result of a merger. Now there are 3 different sets of salary scales/3 different sets of conditions/3 different cultures (2 from the 2 merged organisations + 1 from the new merged organisation). The organisation is gradually moving all employees onto the new organisation salary ranges, whenever they get the opportunity, but cannot do so automatically. Some of the older, higher salaries are red-circled and won’t be changed/increased.

The organisation developed their own pay ranges (there were some historical linkages in one of the original organisation with HSE rates, but no current link. Could not afford public sector pay rates. There are 5 pay ranges: one for administrators (more junior positions); one for specialists /professional staff; one for middle managers, one for senior managers plus the CEO scale. A new entrant now comes in on a probation point, and one year later moves up a point to a post probation rate of pay. There are 10 points on the salary ranges, but it depends on the funding and/or how experienced someone is, as to where they go on the range

Benchmarking

Now use The Community Foundation for Ireland survey to benchmark.

Benefits

Organisation contributes between 6%-9% to pension scheme. They are very strong on continuing professional development and so funds 50% of degrees and Masters generally + exam and study leave. The organisation has an Employee Assistance Programme (EAP), Annual Health Check, Death-In-Service Benefits, paid Maternity Leave. Has just introduced flexi-time. With regard to parental leave, the organisation has extended the age up to 13 in line with the public sector instead of 8.

Staff are all on different annual leave days. The staff on high annual leave days are not interested in being bought out – they want to keep the days.

Organisation 8: 22 FTE employees, Dublin-based

Funding

State funding: 45%; Earned income: 30% (from membership, training provision); 25% sponsorship, grants, etc.
The Recession
Pay freeze. No redundancies or pay cuts.

Remuneration Policy
Written HR Strategy. Remuneration Policy: Each role in the organisation is placed within a 5-level framework: administration; officer; coordinator; director and CEO. Employees paid an individual rate (no salary scales). Remuneration is reviewed on an annual basis in conjunction with the Remuneration subgroup and the CEO.

Benchmarking
Job levels are benchmarked against The Community Foundation for Ireland’s National Pay & Benefits Survey. The following factors are taken into account for starting salaries for new recruits: Job Level within the organisation’s framework, the skills and experience of the new employee, the market rate and affordability.

Benefits
Employer contributes 6% if employee contributes 4%. Death-in-Service introduced. Flexible working arrangements in place since the organisation began.

Organisation 9: 43 FTE employees. Based outside Dublin

Funding
State funding: 81%; Earned Income: 14%; Philanthropic: 3%; Other: 2%.

The Recession
Pay was cut. There was 1 redundancy.
Some staff had just been given a pension allowance and that had to be given up.
Employee working hours were cut and some staff went on short-time.
A philanthropic organisation ‘found us’ and helped the organisation through the recession. The organisation didn’t/don’t get any ‘core’ funding, but the philanthropic organisation funded an additional post ‘operations manager’ as part of their efforts to help professionalise the sector.
Remuneration Policy

There are no set pay scales as some ‘Service’ salaries are funder directed and others are based on overall funding for that service and what it can afford to pay in salaries. Employees doing the same work can be on different rates of pay, due to different funding arrangements. In addition, for one funding stream, the top of the supervisor scale is close to the organisation’s Deputy CEO salary. Employees have different annual leave entitlements also, depending on the funding stream.

Base salaries in all services were set prior to 2008 and prior to 2009 salaries were linked to National Wage Agreements. However with cutbacks there were wage reductions and reduced hours for most between 2009 and 2017.

There is a formal written appraisal policy in place but not linked to reward.

Benefits

Organisation has no pension and very little benefits. Has a generous annual leave entitlement.

Organisation 10 – 4 FTE employees approx. Dublin-based

Funding

Stated funding: 59%; Membership Subscription: 30%; Other: 11%. Funding is fixed every year.

The Recession

Funding has not changed since the recession. Further data not available.

Remuneration Policy

Individual rates of pay. Employee Handbook under review but no HR staff and no HR expertise on Board until this year.

Benchmarking

The Community Foundation for Ireland Pay & Benefits Survey.
**Benefits**

Flexible working; flexi-time; pension scheme (new employees don’t get this until after 6 months and then it is retrospectively paid); Staff ‘away’ day;

---

**Organisation 11: 155 FTE employees, Dublin-based**

**Funding**

State funding: 2%; Donations/legacies: 60%; Sales: 17%; Other: 5%.

**The Recession**

Recession had no impact on funding. No pay cuts but a salary freeze from 2009 – 2015. Gave an extra day’s annual leave (once-off) to say thank you to staff.

**Remuneration Policy**

Organisation has developed its own market-driven pay scales. Only way to move up salary scale is to get promoted. Pay rates are reviewed for certain grades with regard to the market rate.

Funding reduced in 2016 which led to redundancies.

Organisation monitors absence rates and conducts exit interviews.

Organisation has a performance management system, with 3 month, 6 month and annual inputs from all the staff on the forms. The form is currently a small one but is regarded as being more effective than previous forms.

**Benchmarking**

HSE; Private sector; The Community Foundation for Ireland’s Pay & Conditions Survey; own sector Network.

**Benefits**

The organisation moved from a DB pension scheme to a hybrid DB/DC scheme in 2012, and then to a DC only in 2016. Introduced flexi-time.

Introduced 4-8 weeks unpaid leave option for those with 3 years+ service.
Section 4: Pay Developments

The movement of pay, up or down, is determined by the demand for, and availability or supply of particular skills in the labour market. When an economy grows i.e. when there is increased demand for its services and products, organisations look for additional labour to meet the increased demand. When the economy grows and as new workers are hired the pool of surplus labour gets smaller, leading to a tighter labour market. This creates the conditions for pay increases as firms compete both for the available labour and to hold on to their existing workforce. Inflation too plays a role in pay determination, where when prices rise, employees look for pay increases to maintain their standard of living.

The opposite also holds true. When, as happened in the recession, the economy contracts demand for labour falls and unemployment increases.

4.1: Actions taken in response to the recession

The sector, as a whole, experienced huge losses in terms of funding and staffing during the Recession. The interviewed organisations, however, appear to have experienced the impact in different ways. Pay and/or increments were frozen in all of the organisations. Four of the eleven organisations cut pay and a further two organisations cut pay for new entrants only. Four organisations implemented redundancies. Whatever action the organisations took, the focus was always on preserving front-line services.

Table 5: Actions taken in response to the recession

<table>
<thead>
<tr>
<th>Actions Taken</th>
<th>No. of Organisations who undertook this action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redundancies</td>
<td>4(^{12})</td>
</tr>
<tr>
<td>Cut Pay</td>
<td>4(^{13})</td>
</tr>
<tr>
<td>Froze Pay/Increments</td>
<td>11</td>
</tr>
<tr>
<td>Cut pay for new entrants</td>
<td>2</td>
</tr>
<tr>
<td>Reduced working hours</td>
<td>2</td>
</tr>
<tr>
<td>Training discontinued</td>
<td>2</td>
</tr>
<tr>
<td>Changed pension arrangements</td>
<td>2(^{14})</td>
</tr>
<tr>
<td>Increased annual leave</td>
<td>1</td>
</tr>
<tr>
<td>Introduced unpaid leave</td>
<td>1</td>
</tr>
<tr>
<td>Staff who left were not replaced/some staff seconded to outside employment</td>
<td>1</td>
</tr>
<tr>
<td>All Organisations</td>
<td>11</td>
</tr>
</tbody>
</table>

\(^{12}\) Between 20 - 25% of staff were made redundant in one organisation. Voluntary redundancies in another organisation. One redundancy only in another organisation.

\(^{13}\) Management salaries cut at a higher level in 1 organisation.

\(^{14}\) A new pension benefit had to be given up in 1 organisation.
4.2: Changes in pay – Post Recession

Table 6 shows that the interviewed organisations also responded in different ways with regard to pay increase since the recession, ranging from 0% (with a couple of exceptions for particular staff) in four organisations to a 25% increase over four years in one organisation. Three organisations had given two increases, two had given three increases and one had given one increase in the last three to four years.

Table 6: Post-Recession Pay Increases (i.e. since 2015 approx.)

<table>
<thead>
<tr>
<th>Pay Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>3% for all staff from 1/1/2018 (previous increase in late 2015/early 2016).</td>
</tr>
<tr>
<td>A full increment was paid as a once-off lump sum in 2017 and then a half increment was paid in 2018 (the half increment was consolidated into pay).</td>
</tr>
<tr>
<td>In 2016, 2017 and 2018 the organisation applied an annual increase of 2%</td>
</tr>
<tr>
<td>2 of the 3 employees received pay increases since 2014. One salary went up by 25% over a four year period and the other by 10%.</td>
</tr>
<tr>
<td>In the last 8 years, people due to move up the scale were moved up by 2 increments. This did not apply to all staff.</td>
</tr>
<tr>
<td>No increase until the new salary structure is complete (with a couple of exceptions).</td>
</tr>
<tr>
<td>No increase since 2009 (except for a long service increase of 2% for each of 3 years and 6 years, in 2015 for eligible employees). Organisation hopes to give an increase of 2% this year.</td>
</tr>
<tr>
<td>Jan 2015: 1% to all staff; Jan 2016: 1.5% for all staff plus 3.5% for management (5% overall for management); Jan 2018: 2% for all staff.</td>
</tr>
<tr>
<td>A 3% increase was given in September 2017. This increase was not funder driven and had the effect of reducing reserves and recording an operating deficit for year-end 2017.</td>
</tr>
<tr>
<td>In February 2016 we gave an increment to 2 eligible staff members.</td>
</tr>
<tr>
<td>In 2015, 1% given to all staff except senior managers. In 2018, 2% was given to all staff (this was the first increase in pay for senior managers in 10 years.</td>
</tr>
</tbody>
</table>

15 The salary on which this 25% increase was paid was from a very low base.
<table>
<thead>
<tr>
<th>1: Looking Back - Lessons Learnt</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>As an organisation grows, there is greater need for management skills and for professionalizing aspects of the service, both in terms of staff and in terms of how services are managed</td>
<td>Greater need for management skills as you grow – need to understand the management of people better. (Drug &amp; Homelessness Services)</td>
</tr>
<tr>
<td></td>
<td>As you grow, there is a need to grow the professional aspects, in terms of quality standards and accreditation, and employing professionally qualified staff - the organisation started out small, with like-minded people, mainly volunteers/knew everyone’s name’ but as the organisation grew we needed more professional staff and management. (Drug &amp; Homelessness Services)</td>
</tr>
<tr>
<td>Short-term changes may cause long-term problems</td>
<td>All of these bubbles, booms and bursts come back around. So what you’re doing is you’re creating a problem you’ll have to deal with when things get better. So what you’d be better off doing is saying ok, in order to fund that increment, we’re not actually going to hire these two jobs or we’re not going to do that area of work and we’ll revisit that in a year’s time and we’ll see what the market looks like. (International Development)</td>
</tr>
<tr>
<td></td>
<td>Thinking of what we did during the recession, I don’t know what the alternative would have been (we might have had to cut down on services), but I think asking people to take pay cuts when they were already on very low salaries and reduced hours and still trying to produce the same amount of work, I don’t think I’d stand over that a second time. My reason is that it allows the ‘powers that be’ to think that that’s ok. (Social Services)</td>
</tr>
<tr>
<td></td>
<td>In hindsight –it was a very bad idea to increase annual leave during the recession, as now their annual leave is out of sync with the sector in that it’s too high. (Youth Services)</td>
</tr>
<tr>
<td>The importance of minding your staff</td>
<td>If you have a happy, healthy team they’re going to provide a better service for the people that you want to be helping. If you don’t do this, you can have a workforce that may be running on empty. They feel undervalued,</td>
</tr>
</tbody>
</table>
underappreciated and that nobody understands what it’s like to be them. (Youth Services)

The importance of having proper HR support

Always having proper HR support is extremely important, otherwise as a CEO, you can live with a fear of doing something stupid around HR and being fired for it. (Education & Training)

<table>
<thead>
<tr>
<th>2: CHALLENGE</th>
<th>What Organisations want for the future:</th>
</tr>
</thead>
</table>
| Communication gap around the public perception of the sector. | • The education of the public about the sector  
At one extreme, roles are seen as purely vocational/voluntary and that no one should be paid, and at the other public donations are being used to pay enormous salaries |
| Funding Uncertainty | • The provision of funding on a multi-annual basis  
• Greater clarity from Government on the role of the sector and how it can be sustained.  
• Greater consistency across funding streams |
| Pay increases | • Pursue Section 39 pay restoration |
| Benchmarking | • Carry on The Community Foundation for Ireland Pay Survey  
• Sector needs specific and accepted salary scales that could be used in negotiations with funders  
• Need pay data for sub-sectors of overall non-profit sector |
| Help with Fundraising | • Information on outsourcing fundraising for smaller firms |
| Absence of HR in smaller organisations | • The provision of HR advice and representation for medium and smaller organisations\textsuperscript{16} |

\textsuperscript{16} Two of the larger organisations suggested that a mentor or budding system be set up with smaller organisations to provide HR information and advice. Some larger organisations assist smaller organisations already in an informal way.
Conclusion

When the idea of this research was first discussed, one of the aims was to look for examples of remuneration ‘best practice’ or new remuneration initiatives implemented following on from the recession. Some examples of initiatives taken are shown in Section 3. However, for a number of organisations, in particular Section 39 funded-organisations, reality was less about best practice and more about survival since the recession.

Though different types of organisations were selected for the case studies in terms of activity, size and location, one of the important differences between those interviewed was found to be their level of dependence on State funding (generally restricted to specific service delivery), vis-a-vie their level of access to other funding, i.e. their ability to generate alternative income through fundraising for example, or selling services (such as training), or from membership fees, donations, legacies, philanthropic assistance, etc. It was this that appears to have made the difference in allowing organisations to have some autonomy over the setting of their pay rates and the granting of pay increases, in addition to employing particular categories of staff (such as HR staff, communications or fundraising staff).

The length of time organisations have been in existence also appears to have some bearing on access to funding, as does the quality of leadership in organisations. The large organisations, for instance, while not without financial problems, have developed what they refer to as ‘more reliable’ forms of funding, either from donations, sponsors, and/ or through having built up a reputation with State and other funders as having the skills to deliver (in terms of delivering quality programmes, on time and within budget), thereby giving them a degree of security. But that degree of security varies, even among the large organisations

The following is a short summary of the main issues of the study:

(1) Concerns about having to apply for funding on year-to-year basis (even for organisations that have been in existence for three or four decades), because this impedes the planning of service delivery and the making of commitments to staff. These concerns have been around for many years. For example, in his speech at the Publication of the White Paper Framework for Supporting Voluntary Activity in 2000, the then Taoiseach Bertie Ahern made specific mention of the Government’s commitment to introduce multi-funding arrangements ‘That is why I am so pleased that we, in Government, have decided that multi-annual funding arrangements should be the norm for priority services and development activities. This is a radical change for the better and all statutory agencies are bound by this decision.’

(2) For those who are dependent on State funding, inconsistencies across funding streams with regard to the conditions attached to them (leading to
employees being on different rates of pay and having different conditions of employment for the same job within the same organisation) continues to be a problem, even though this issue was also highlighted back in 2000. The 2000 White Paper contained a commitment by the then Taoiseach to 'seek change from the existing highly fragmented funding and support system, to one of single line funding and single line reporting mechanisms.'

(3) There would appear to be little or no focus on the provision of HR in certain funding steams. To a greater or lesser degree, HR would appear to be seen as optional, even though the sector relies completely on people-driven services, often working in difficult conditions and dealing mainly with vulnerable clients. As the interviewed organisations state, not having a proper HR system in place can cause difficulties for staff, and not having access to HR advice and representation can be very costly in terms of time lost dealing with HR problems and in terms of costs associated with the hiring of HR or legal professionals.

This report has shown that in the main, in small and medium-sized organisations, HR is dealt with by the CEO/Organisation Head. Many CEOs do not have any specialisation in HR. That means that human resources management is just one part of an already demanding CEO job.

Overall, with regard to funding, as already stated, the issues mentioned by the interviewed organisations in this report are not new. There have been many fora and discussions with funders over the years, to try to bring about some continuity to the terms of funding conditions and to make funding multi-annual. There have been some successes, for example, SSNO funding (Scheme to Support National Organisations) provides multi-annual funding towards the core costs of national organisations in the sector and some funding arrangements do include funding for employee benefits (for example pensions) and for HR services.

(4) The struggle to deliver services with reduced staff numbers and increased demand, both during and since the recession, has taken its toll in some organisations, as staff have been the ones who have had to carry the increased burden. This is within the context of knowing that the better an organisation can manage and treat their people; the more effective they will be in delivering their services. However, as the Equal at Work study (2004) concluded, State funding puts the emphasis on service delivery and not on the staff delivering the service and this delivery of service (in place of the State) is the main factor in the funder’s thinking.

(5) With the economy almost at full employment, organisations are very concerned about the possibility of losing staff and not being able to attract new staff, due to the comparatively low level salaries in the non-profit sector, and the more attractive and stable employment being offered by some of the competition, including the public sector. Research in Canada and the US (BDO, 2017) has shown that fair and competitive pay rates are still the number one
issue for employees in the sector, especially as employees move into their thirties and forties and their family needs grow.

More than one organisation mentioned the problem of the lack of career progression in their organisations, as an additional difficulty when it came to holding onto staff and to recruiting staff. This appears to be a problem for both small and large organisations.

To address some of these issues, organisations have focussed on bringing what benefits they could afford to their employees, especially those benefits that would not increase the pay bill in any significant way. They have focussed on supporting their staff through, for example, Health & Wellness programmes; Employee Assistance Programmes; increased support and supervision for managers and staff (where relevant); the provision of career development opportunities; and the introduction of flexi-time, etc. They have tried to increase their income through fundraising activities, and also have developed and improved the communications function in their organisations, both internally (through the introduction of an HR intranet system) and externally with the public.

(6) Remuneration practices vary between the organisations interviewed. For many, there would appear to be a move away from national pay scales and automatic increments previously linked to the public sector, to a more market-based pay system where salaries are determined by reference to a number of factors including increases in the cost of living and external benchmarking.

(7) The interviewed organisations responded to the Recession in different ways. Pay and increments were frozen in all of the organisations and four organisations cut pay. Pay increases since the Recession (mainly since 2015) ranged from 0% (with a couple of exceptions for particular staff) in four organisations to a 25% increase over four years in one organisation. Three organisations had given two increases, two had given three increases and one had given one increase in the last three to four years. Most of the increases were in or around 2%. In some organisations it was stated that they could not ask staff to go another year without a pay increase, as for some it had been almost 10 years since their last increase. In one of these organisations where a pay increase was granted in September 2017, the increase was not funder-driven but had the effect of reducing reserves and the recording of an operating deficit for 2017.

So where does this leave the 11 interviewed organisations now? Some three or four years after the Recession, two out of the 11 are ‘back in business’ in a similar way to before the Recession. Both of these organisations have substantial income separate from State funding and have been in existence for more than 40 years. Two further organisations are also ‘back in business’, although they still have to apply or look for funding to keep their organisations going, but they seemed fairly confident that they would be successful, partly because they had overcome serious crises in funding in the past and partly
because they had developed more ‘reliable’ sources of funding (mentioned at the start of this section). Two more organisations are struggling but in a different way. One of these organisations is growing and needs more staff and access to HR advice, particularly in the light of the increased governance requirements. The other organisation also needs HR support as well as funding to develop.

The final five organisations are all heavily dependent on State funding and there has been no ‘end of recession dividend’ for these organisations so far. Their pre-recession pay rates have not been restored, they are struggling to retain staff and to attract replacement staff, but on top of that they find it difficult to plan for the future, given that their funding has to be applied for on an annual basis, and that funding streams have different conditions attached. All of these organisations are aware that they provide essential services to very vulnerable clients and that these clients rely on them for those services. Even though the State provides a very significant amount of money to these organisations, it is not always consistent, sufficient or reliable, leaving those that are depending on it in a state of constant unease as to their future existence.

As one interviewed organisation put it ‘the sector’s uneasy relationship with the State is holding back the sector from any radicalism … it’s leaving it in a no man’s land really where they’re capitalising on people’s vocational attitudes to the job in some ways and their goodwill. But they’re not acknowledging at another level that these are real jobs, real services that are being provided. …just saying ‘we’ll do them if we have any money’, that’s the attitude…so the public kind of see them as half jobs as well in some kind of way.’
References


BDO Institute for Non-Profit Excellence USA 2017 Survey, available at -

Central Bank (2018) Quarterly Bulletin QB1, January, 2018, available at -


APPENDIX A: Response to Challenges/Initiative Undertaken- Interviewed Organisation’s Comments

The following section details comments made by the interviewees in response to the challenges facing them.

Attracting /Retaining Talent

Some of the interviewed organisations developed new graduate/intern programmes, to help insure a reasonable supply of labour for the immediate future. Others introduced flexi-time and others promoted Flexible Working Arrangements.

We developed a good graduate programme. I mean last year we had 9 graduates and I think about 7 are going on to become Project Workers within the organisation. So it’s kind of ‘growing your own’ really you know. So this year we’re going to invest in the graduate programme and maybe have about 15 or 16. It is a significant investment – the placement is for 12 months and we pay the minimum wage for a 35 hour week. So what we’ll be doing now over the next couple of months, is going out to the colleges selling our wares and doing on the spot interviews for the graduate programme. We will also be advertising it in various colleges because we’ve got partnerships with the colleges. We’ve got a fairly good strong training programme for them. Our aim would be to retain about 80%, that they’ll go on to become Project Workers because the minimum criteria for our Project Workers is 12 months experience so they’ll have that. (Drug & Homelessness Services)

People were looking for sabbaticals and career breaks but we just don’t have that capacity. But we brought in unpaid leave for between 4 and 8 weeks and people love that. You can do it once you’ve 3 years’ service. (Health Services)

We introduced a long service increase of 2% for each of 3 and 6 years’ service - a way of acknowledging service and keeping staff. (Childcare Services)

The issue of holding on to existing staff is very much linked in to the issue of looking after staff welfare.
Staff Welfare

Because of the increase in work pressure for many of the employees in the interviewed organisations, both during and since the recession, and because some organisations could not provide salary increases, policies were introduced that would help employees but would not add in any significant way to the salary bill.

We’ve done a huge amount of work in terms of staff wellbeing and happiness because we aren’t able to match their salary expectations so we have to provide it somewhere else. We have a health and wellness programme. We also have an EAP that includes 8 sessions of counselling that individuals can avail of. (Youth Services)

We recently changed our pension. We used to say the minimum contribution for an employee was 5% but we’re after bringing that down to 3% and 2% because some people couldn’t afford 5% especially when they’re on low salaries as well. So we thought that if they wanted to they could contribute the 2%; it’s very small but it would at least give them some pension. They get the literature every year and it just educates them. They also get the tax allowance on their contribution as well. And they can see exactly then the projected amount as at retirement and also that they can see what the value of it is in today’s terms and say well, will I be able to live on that you know. (Drug & Homelessness Services)

The biggest thing we did that has had the most amazing impact on our staff is flexitime - it has transformed this organisation, although not everyone can do it – we said that at the start. At the beginning some managers said ‘I can’t do this’, so I asked them to pilot the scheme first for 6 months and if it doesn’t work, to come back – but no one has come back. (Health Services)

We provide 10 -12 sessions with an external Counsellor for staff working with victims of domestic violence. (Social Services 2)

Improving Communications

We are looking at the issue of engagement/communications as many of our staff are off-site. We are rolling out an intranet system in the next 2 months as part of our Communications strategy. (Drugs & Homelessness Services)

We discovered that when we took on a part-time communications function we were able to get our message out to the public better, and better able to attract in more fundraising. (Social Services 1)
Funding Difficulties

As organisations experienced funding difficulties (uncertainty, insufficiency) they looked for other ways to supplement State funding.

When the organisation hired a fundraiser, the amount of fundraising grew substantially, to where it is now 35% approx. of all our income. (Drug & Homelessness Services)

This year we’ve introduced training as a kind of a trade-off, because we cannot afford to agree to the few requests for salary increases. (Youth Services)

The organisation has its own funding unit that goes after the grants. (International Development)

One organisation has radically changed their pay structure from narrow band pay scales to a broad band system, so as to have more flexibility, objectivity and fairness in their pay system.

The organisation introduced a new pay system of 5 broadband scales which allowed for the establishment of job relativities, compared to the previous pay system where jobs had tended to cluster around one grade. But predominantly, the organisation wanted greater flexibility from their salary structure both in terms of making/not making pay increases (in that increment increases were not always affordable); and in attracting and retaining staff. Most organisations had frozen pay and increments during the recession, however, when the market began to move again towards the end of the recession, to employ new staff meant they would have to recruit at a higher rate. This would mean then that they would have had existing employees on the old lower rate and new employees on a higher rate.
For the transition (i.e. employees moving from the old pay scales to the new ones) staff were told that no one would have any pay reduction. There were 3 possible outcomes for employees transitioning from their current salary based on the global grade of their role, into whichever pay scale that was aligned to - if a person 1) was below the minimum salary of that new pay range they would move up; 2) if the staff member was within the pay range their salary stayed the same, and 3) if the staff member’s salary was above the pay range they stayed the same but were advised they couldn’t earn any more.

**Access to HR information, advice and support**

*Because additional annual leave was granted during the recession, the amount of annual leave days is out of sync with the sector. However, the organisation managed to buy back 3 grace days at Christmas. (Youth Services)*

*Having reduced the Board from 20 to 12 members, we found it difficult to staff our 4 Board sub-committees. It was decided to recruit more people to the sub-committees who would not be Board members. A call was put out for volunteers saying that there were 5 subcommittees and asked if anybody was interested in populating them for a 3 year term and would then be part of the corporate governance structures of the organisation. Some 36 people volunteered and 16 of them were placed. This included 3 HR people coming on to the HR staff and subcommittee. (Education & Training)*

Organisations, irrespective of their size, have been forming networks, for the purposes of information exchange on pay, HR issues and governance. One network meets every 2 months and operates under Chatham House Rules – i.e. what is discussed does not go outside of the meeting.

*We set up a HR Network which became very important because we needed information but we did not know where to go for it. It’s very much ‘therapy’. Well you get a sense of you know; you can test where you are with others you meet - you’re either not as bad as you thought you were or some of the things you did weren’t that bad either. (Health Services)*
Developing a good Strategic Plan

The strategic plan looks at ‘where are we now, where do we want to be, and how do we intend to get there?’ A good strategic plan helps to provide direction for an organisation over the longer term.

Developing the strategic plan involved an awful lot of time and an awful lot of logical analysis and almost like a desk thinking exercise and it goes right into the ‘why’ you exist and ‘what’ problem you’re here to solve. So whilst it did take us 9 months of endless meetings and discussions and workshops, the plan we got out of it was a humdinger of a plan; I felt the organisation was ‘re-born’. (The strategic planning tool used here was the Theory of Change – see References section for details). We were just really more confident in why we existed as an organisation. (Education & Training)
This report was prepared by Anne Coughlan for The Community Foundation for Ireland. The author wishes to thank and to acknowledge the valuable contribution of those CEOs/Heads of organisations and HR managers who made themselves available for interview.