

**IMPLEMENTATION
BODY**

October 2012

Mr. Ted McEnery
Clerk to the Committee
Committee of Public Accounts
Leinster House
Dublin 2

Dear Mr. McEnery,

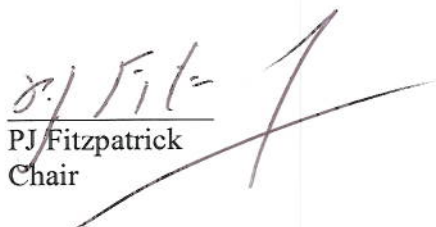
During my appearance before the Committee on 11 October last, I undertook to provide the letter issued to Personnel Officers regarding the Collective Agreement on Redundancy Payments to Public Servants. This is enclosed for the information of members.

A copy of correspondence I issued to Deputy Murphy directly on the issues raised by him at and subsequent to the Committee meeting in relation to the reporting of savings under the *Public Service Agreement 2010-2014* in the context of the local office re-organisation project in the Department of Agriculture, Food and the Marine is also enclosed for information.

Finally, I can confirm that the amounts included for pension costs as per table 4 in the Body's Second Progress Report is inclusive of both ongoing pension costs and all lump sum payments in the public service.

I hope that this additional information is helpful to committee members.

Yours sincerely,


PJ Fitzpatrick
Chair

Ref No: E150/07/12

28th June 2012.

**Collective Agreement:
Redundancy Payments to Public Servants**

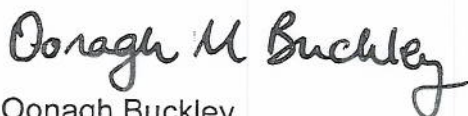
Dear Personnel Officer,

I would like to draw your attention to the attached collective agreement reached between this Department and the Public Services Committee of the ICTU on the terms that, with effect from 1 June 2012, will apply on the redundancy of a public servant as defined under the Financial Emergency Measures in the Public Interest Acts 2009 – 2011

Please ensure that this agreement is brought to the attention of the manager responsible for personnel/industrial relations issues both in your Department and to all public service bodies under the auspices of your Department.

Enhanced terms must not, in any circumstances, be offered to any group or class of public servants without prior written approval from this Department.

Yours sincerely,



Oonagh Buckley,
Principal
Pay and Industrial Relations Division.

Appendix A

Collective Agreement: Redundancy Payments to Public Servants

Under the Public Service Agreement 2010 – 2014 the parties have agreed that Public Service numbers will be reduced in accordance with Government policy on public service numbers, as implemented through Employment Control Frameworks. To that end, the Agreement states (paragraph 1.5) that, where the circumstances require it, the Government may offer voluntary mechanisms to exit the public service, whether generally or in specific sectors, bodies, locations or services.

The Agreement includes a commitment (paragraph 1.6) by public service management that compulsory redundancy will not apply within the Public Service; however this is subject to some key qualifications, namely that it is subject to compliance with the terms of the Agreement, in particular on flexibility on redeployment. There is a saver for circumstances “where existing exit mechanisms apply”. There are established practices for making public servants redundant in appropriate circumstances, on the expiry of employment contracts or where redundancy terms have been agreed or generally applied¹.

It has been agreed on behalf of the Department of Public Expenditure and Reform and the Public Services Committee of ICTU that the following will apply, with effect from 1 June 2012, on the redundancy of a public servant as defined under the Financial Emergency Measures in the Public Interest Acts 2009 – 2011² or group or class of public servants³:

- Any *ex gratia* payment will amount to no more than 3 weeks pay per year of service, subject to the total statutory redundancy and *ex gratia* payment not exceeding either 2 years' pay or one half of the salary payable to preserved pension age, whichever is less;
- In accordance with the provisions in the Redundancy Payments Acts 1967 - 2007, public servants in employment for less than 2 years [104 weeks] are not eligible for a severance payment (statutory or *ex gratia*);
- Public servants will be advised in writing prior to acceptance of the *ex gratia* payment that s/he will not be eligible for re-employment in

¹ The Implementation Body established under the Agreement has noted [17 February 2012] that it was not intended that these practices would be superseded by the Agreement.

² Including public servants employed for a fixed term, meeting the criteria for redundancy under the Redundancy Payments Acts 1967 to 2007 and to whom a redundancy payment is required to be paid in accordance with the Protection of Employees (Fixed Term Work) Act 2003.

³ A public service employer may seek the sanction of its parent Department and the Department of Public Expenditure and Reform to make a collective agreement with a body representing relevant employees that varies some or all of the terms of this agreement. The redundancy arrangements specified under DES Circular 0058/2006 are unaffected by this collective agreement.

the public service by any public service body (as defined by the Financial Emergency Measures in the Public Interest Acts 2009 – 2011) for a period of two years from termination of the employment. Thereafter the consent of the Minister for Public Expenditure and Reform will be required prior to re-employment. This declaration will also include an authorisation that their information (PPS number and details) can be used by their employer or any other public service body for the purposes of monitoring compliance with this provision.

This collective agreement will be reviewed from time to time in light of the prevailing economic and fiscal conditions.

IMPLEMENTATION BODY

12 October 2012

Mr. Eoghan Murphy T.D.
Dáil Eireann
Houses of the Oireachtas
Leinster House
Dublin 2

Dear Deputy Murphy,

Further to my appearance before the Public Accounts Committee yesterday, I would like to offer clarification in relation to savings reported by the Body, specifically in the context of the local office re-organisation in the Department of Agriculture, Food and the Marine which was subject to independent verification by Grant Thornton Accountants.

Firstly, in relation to the pay bill savings reported under the Agreement, the Body wishes to make clear that these figures are based on the average annualised savings per employee arising from the reduction in staff numbers across the public service during the relevant review period as well as other reductions in the costs of the public service pay bill (i.e. overtime, allowances etc.). There is no additionality in respect of overheads or anything else of that nature in these figures. The staff number figures used in the calculation of these pay bill savings are those used centrally by the Department of Public Expenditure and Reform for reporting purposes to the EU/IMF troika. The Body is entirely satisfied with the accuracy of the €810m in pay savings reported to date under the Agreement.

With regard to non-pay savings reported under the Agreement, these savings are reported to the Body by individual Departments and Offices and are compiled by the Body. €678m in such savings have been reported under the Agreement to date.

The Agreement provides for the external verification of the savings reported by Departments in respect of the various initiatives being progressed under the Agreement. The Body has engaged external accountants on two occasions (MKO Partners Ltd and Grant Thornton) to carry out a number of such sample validations. Seven projects have been verified under this process to date. In all cases, the external accountants found that the savings declared by management were reasonable estimates of the savings that have arisen, or which would arise, due to the implementation of the projects in question.

Specifically, with regard to the re-organisation of local offices in the Department of Agriculture, Food and the Marine that has been cited, the Body wishes to clarify for the avoidance of any doubt whatsoever that it was the more conservative savings figure used by Department of Agriculture management that was used by the Body in its calculation of the overall non-pay savings. Therefore, there can be no question of any overestimation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'PJ Fitzpatrick', with a long horizontal flourish extending to the right.

PJ Fitzpatrick
Chair