

Public Accounts Committee

Wednesday 21 September 2016

**Opening Statement by Mr Robert Watt, Secretary General,
Department of Public Expenditure and Reform**

Introduction

Thank you Mr Chairman,

I would like to thank the Chairman and the Committee for giving me the opportunity to make a short opening statement. I am pleased to have been given this opportunity to appear before the committee to discuss these issues. I will give a brief synopsis of the findings of the report and its context and I will then set out the response of the Department of Public Expenditure and Reform.

The Department of Public Expenditure and Reform very much welcomes the report of the Comptroller and Auditor General. It is very timely and informs the ongoing development of policy in the Department and for the Public Service generally. The Department

regards compliance with procedures governing payments very seriously and this report found that there was broad compliance with procedures in most cases.

The report raises a number of issues which we have taken on board and are responding to.

The report proposes a good practice framework for public sector bodies making discretionary severance payments. This framework is a particularly useful input.

The report points out that confidentiality clauses, which were widely used, should acknowledge statutory override of confidentiality terms and should not interfere with employees' rights or prevent an employer from fulfilling its accountability obligations. We have made specific reference to this issue in recent guidance and we expect to deal with this further in a circular to be issued in the near future.

The report recognises that severance arrangements play an important role in recruiting and, when necessary, exiting people from the public service. Candidates are aware that circumstances can change and that they may not be able to remain in their post as long as had been initially hoped. Against that background, the availability of a

severance arrangement is likely to be viewed as an important element of their remuneration package.

In addition to this, the Public Service needs to provide for severance arrangements to address key risks, for example, where the employment relationship has broken down or where a new and fresh approach needs to be introduced. The public service needs to have the tools to manage all these situations.

There is also a necessity to provide for early retirement or severance to deal with situations where individuals wish to exit the public service rather than be re-deployed or where there is a need to be able to deal with the consequences of an economic downturn. Currently these situations are met by the Collective Agreement with the Irish Congress of Trade Unions on voluntary severance terms in the public service.

We should be clear about the relative position of severance payments in the overall context of public service pay and pensions policy. In the period under examination when the total cash value of public service pensions amounted to €8.8 billion, the cash value of severance payments reported on was less than €7 million. In relation to expenditure, for which I am accountable, Vote 12 Superannuation

expenditure in the period in question was €1.4 billion while the cash value of severance payments was €1.149 million.

There have been a number of changes in severance arrangements in recent years which are set out in the brief supplied to the Committee. Recently, text has been included in the revised Code of Practice for State Bodies requiring disclosure of the aggregate value of severance payments and agreements in excess of €10,000. The text also calls on State bodies not to enter into confidentiality agreements which preclude them from disclosing details of settlements, other than in exceptional circumstances and on foot of legal advice. The Department is currently giving consideration to what further elaboration on the existing guidance on severance may be necessary.

Conclusion

To conclude, I'd like to say again that I welcome the report and I look forward to discussing it with the Committee.

Thank you.

ENDS