

DC/DOF

4 March 2019

57 Cearnóg Mhuirfean, Baile Átha Cliath 2, Éire
57 Merrion Square, Dublin 2, Ireland
T: (00353) 1 676 2226 F: (00353) 1 676 2076
info@dentalcouncil.ie www.dentalcouncil.ie

Mr Sean Fleming TD
Chair, Committee of Public Accounts
Leinster House
Dublin 2

Reference: PAC32-I-1334

Dear Deputy Fleming

Thank you for the Committee's correspondence of 27 February 2019 regarding the implementation of the Single Public Service Pension Scheme in the Dental Council.

As requested, I reviewed the transcript of the proceedings on the 21 February 2019. Your letter also referred to a letter from the Department of Public Expenditure dated 15 February 2019. I have not seen this letter or the exact reference to the Dental Council and so I apologise if this letter repeats something that was already before the Committee.

I would like to clarify for the Committee, as this is not clear from the transcript, that this issue was only brought to the Dental Council's attention on 25 October 2018 and I have been in regular correspondence with the Department of Health since to resolve the matter. The outstanding issue concerns how exactly the State will meet its obligations under Section 44(1)(b) of the Public Service Pensions (Single Scheme and Other Provisions) Act, 2012 to fund the Dental Council pensions liabilities. To date, I have failed to get a confirmation on how exactly this will work in practice.

For organisations like the Dental Council, the Single Public Service Pension Scheme is analogous to how the defined benefits pension systems operate in the semi-state or private sector: the employee and employer make contributions as a proportion of salary to an external fund manager (in this case, the State) and there is an undertaking as to the benefits that will be paid to the pensioner on retirement. In the context of the Public Service Pensions (Single Scheme and Other Provisions) Act, 2012, Section 16(4) obliges organisation to pay an employer contribution, and Section 44(1)(b) states that the payments to pensioners will be made from funds provided by the Oireachtas for this purpose. A guidance document issued by the Department of Public of Public Expenditure and Reform informs scheme members that their pension will be paid by the Relevant Authority (the Dental Council is a Relevant Authority under this Act). The question that remains unanswered, and it is a question which is causing me concern, is how will the State meet its obligations for organisations like the Dental Council which are predominantly self-funded?

I initially thought this was a reasonably straight forward request to clarify an administrative procedure, but I am concerned that there may be some equivocation on the legal obligation to fund these pensions. I was informed in a phone call with the Department of Health that the Dental Council could make a case for this funding, but this implies that a case can be refused. In a phone conversation with the Department of Public Expenditure and Reform, I was led to believe that the

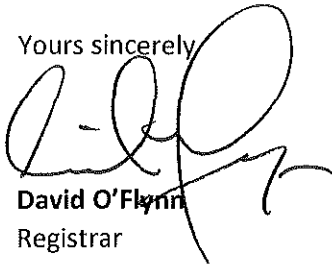


funding of pensions for self-funded bodies may, in some way, be discretionary. I have written to the Department of Health seeking clarification on how Section 44(1)(b) will operate for the Dental Council and the Committee will appreciate my concern that if this is not locked down, the Council could be obliged to both pay over employee and employer pension contributions to the State and to fund some or all of its Single Scheme pensions liabilities from its income. It would be helpful if the Committee could assist in resolving this issue.

I note from the transcript of your proceedings on the 21 February 2019 that the Committee was concerned that the outstanding liabilities could impact on service. I want to assure the Committee that this is not the case as the cumulative employer's liability for the Dental Council is small (approximately €7,000 at the year-end 2018). The Dental Council prides itself on its prudent financial management and it is vitally important for the Dental Council's proper financial control and future planning that this matter is resolved now, as the potential future liabilities are significant.

I enclose copies of my recent correspondence with the Department of Health on this matter and you will note I have undertaken to pay over the outstanding amount once this matter is resolved. I am available should you require further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David O'Flynn', written over the typed name and title.

David O'Flynn
Registrar

DC/DOF

10 January 2019

Mr Finian Judge
Principal
Community Pharmacy Dental Optical and Aural Policy Unit
Department of Health
Block 1 Miesian Plaza
50-58 Lower Baggot Street, Dublin 2

Dear Finian

Thank you for your letter of 17 December 2018 concerning the Single Public Service Pension Scheme contributions. I would appreciate it if the Department of Health and/or Department of Public Expenditure and Reform could provide or confirm the following. Both points refer to the Public Service Pensions (Single Scheme and Other Provisions) Act, 2012:

Section 16(4)

I note that the Minister for Finance has determined that the employer contributions should be three times the employee contributions and that this is the maximum permitted under the Act. This Section states that the contribution is to reflect the actuarially determined cost of providing the benefits from Exchequer funds. I would appreciate it you or the Department of Public Expenditure and Reform would forward me the actuarial determination which informed the Minister's decision.

Section 44(1)(b)

This Section provides that 'all payment made under this Chapter in respect of service of Scheme members and deceased members and accrued under the Scheme shallbe paid from funds provided by the Oireachtas for that purpose.' To this end, I would appreciate it if you will confirm that the Department of Health and/or Department of Public Expenditure and Reform are undertaking to pay both the lump sum and the ongoing payment for Dental Council Single Scheme members from Exchequer funds, and that the Dental Council will not be responsible for these payments.

I will arrange to pay the employer contribution once I have received the above clarification and confirmation.

Yours sincerely

David O'Flynn
Registrar



29 January 2019

Mr David O'Flynn
Registrar
Dental Council
57 Merrion Square
Dublin 2

Dear David

Single Public Service Pension Scheme contributions

I refer to your letter of 10 January 2019 seeking confirmation on issues in relation to Single Public Service Pension Scheme contributions.

This Department contacted the Department of Public Expenditure and Reform in relation to the issues which you raised and has received a reply which is attached.

I hope that this will be of assistance.

Yours sincerely

Finian Judge
Principal Officer
Community Pharmacy Dental Optical and Aural Policy

22 January 2019

Ms Tracey Phelan
National HR Unit
Department of Health
Block 1, Miesian Plaza
50 – 58 Lower Baggot Street
Dublin 2
D02 XW14

Re: DPER Circular 28/2016: Single Public Service Pension Scheme: Employer Contributions required in cases of self-financing bodies or self-financing activities

Dear Tracey

Following up on your email of 17 January 2019, with attached correspondence from Mr David O'Flynn, Registrar of the Dental Council (RA125), please note that the remittance of Single Scheme employer contributions by Relevant Authorities who are liable is a legislative requirement and must be complied with by all Relevant Authorities who meet the criteria.

In informing the Minister of the appropriate Single Scheme employer's contribution rate to set, the State actuary initially advised that a formal valuation of the Single Scheme was not possible due to the infancy of the Scheme. In the absence of this valuation, it is considered standard practice to set an arbitrary rate of a certain proportion (e.g. 20%) of pensionable remuneration. However as section 16(4) limits the rate of employer contributions to 3 times the employee contributions, a rate of 20% would exceed this amount for relatively lower pay levels (e.g. less than €30,000 per annum). Accordingly, the State actuary recommended a rate at three times the rate of employee contributions, which has the advantages of being a function of the calculated employee contributions and requires a higher contribution for higher paid public servants, reflecting the likely higher costs of providing Single Scheme benefits. The State actuary also advised that this rate should be reviewed periodically.

In respect of the payment of the Single Scheme benefits to Single Scheme members, I can confirm, as detailed in Q32 of the Single Scheme FAQ document (available on the following link <https://singlepensionscheme.gov.ie/home/for-employers/scheme-information/admin-faq/>), the Relevant Authority of each Single Scheme member is responsible for paying all scheme benefits associated with that member, including pension and lump sum at retirement.

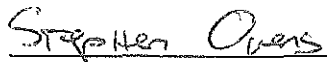
The ultimate financing of such benefit payments is dealt with in section 44(1)(b) of the 2012 Act, which states that the payments will be paid from funds provided by the Oireachtas. In that overall context, and having regard especially to the section 44(1)(b) provision, it is assumed that most Single Scheme employers, as part of their normal financial management and budget-setting activity, including annual engagement with the relevant funders (e.g. Government Departments, HSE), would factor Single Scheme benefit payment estimates into funding demands. For self-funding bodies, any issues arising in relation to Single Scheme benefit payment financing should also be raised with their parent Department.

Additionally, please advise the Dental Council that such queries, if not answered in the documentation available on the Single Scheme website (<https://singlepensionscheme.gov.ie>), should be raised through the singleschemequeries@per.gov.ie email address. This is a dedicated

help desk to answer Single Scheme queries raised by Single Scheme administrators.

I trust the above is sufficient, and the Single Scheme employer contributions will commence as early as practicable going forward.

Kind regards

A handwritten signature in black ink that reads "Stephen Owens". The signature is written in a cursive style and is underlined.

Stephen Owens

Assistant Principal Officer
Public Service Pay Policy and Single Pension Scheme Policy
Dept of Public Expenditure and Reform
7-9 Merrion Row
Dublin 2
D02 V223

DC/DOF

12 February 2019

Mr Finian Judge
Principal
Community Pharmacy Dental Optical and Aural Policy Unit
Department of Health
Block 1 Miesian Plaza
50-58 Lower Baggot Street, Dublin 2

Dear Finian

Thank you for your letter of 29 January 2019 concerning the Single Public Service Pension Scheme contributions and the clarification provided by the Department for Public Expenditure and Reform. I note this letter states that the self-funding agencies should clarify the benefit payment financing with their parent department. I would appreciate it if you could clarify the mechanism in place for financing benefits for agencies like the Dental Council.

Yours sincerely

David O'Flynn
Registrar