
To Each Branch Secretary & Officer Board Member

For the Information of Members

Government Review of Public Service Allowances and Premium Payments

1. The Minister for Public Expenditure and Reform, Brendan Howlin, T.D. yesterday (18th September 2012) published the outcome of the review of public service allowances and premium pay following consideration by Government.
2. The Minister has also published the business cases submitted to his Department by public sector management.
3. The Minister noted that “over 1100 allowances have been notified to his Department, and over 800 business cases were submitted by Departments/Offices for retention of allowances, either in the current or modified format.
4. Changes in allowance regime

The Minister announced that arising from the review and the proposals he brought to Government the following changes will be made to the public service allowance regime, which he outlined in 3 appendices.

- **Appendix A:** - Allowances proposed to be abolished for new beneficiaries as the Government has decided that there is no justification or underlying business case for the retention of some allowances.
Those relevant to the Psychiatric Service as outlined in Appendix A
 - Community allowance
 - Dual responsibility allowance
 - Specialist co-ordinator allowance (Nurse Tutors)
- **Appendix B:** - Allowances to be approved for new beneficiaries but subject to review or modification.
Those relevant to the Psychiatric Services as outlined in Appendix B
 - Location allowance
 - Specialist qualification allowance
 - Acting up allowance
 - On call – call out allowances

- **Appendix C:-** Allowances to be approved for new beneficiaries.
Those relevant to the Psychiatric Services as outlined in Appendix C.
 - Sunday Premia
 - Saturday Allowance
 - Unsocial Hours Premia
 - Sleep over allowance
 - Mental health authorizing officer allowance
 - Assisted admission allowance

5. A brief summary of what the Government has said about this review:

- The Government has consistently aimed to contain or reduce the pay-related costs of delivery of services. The aim is to reduce the total cost of the Exchequer pay bill by some €3.8 billion in the period from 2009 to 2015 or, to put it another way, a 20% sustainable fall in the cost of employing people to deliver public services by 2015.
- The Government is continuing to pursue cost saving measures that are fair, targeted and appropriate across the public service vigorously, to build on those already announced including reviewing paid annual leave and sick leave entitlements, applying a pay cap to the pay of the highest public servants, revising pension terms, including for those at the top level, and reducing the overtime bills.
- Public service pay costs represent a considerable part of the cost of delivering public services. An estimated 30% of current expenditure in 2012 relates to pay costs amounting to €15.4 billion. In 2012 around 12% of that figure or around 1.8 billion related to allowances and overtime.
- Allowances are and will continue to be a normal part of the pay structure in the public service. The provision of an allowance remains valid, appropriate and cost effective, when it is paid having regard to the specific identified business needs of the employer, including the need to ensure that specific posts will continue to be filled. The general position is that allowances should only be payable in circumstances that:
 - Reflect the arduous nature or unsocial hours, including the need to remain on call at weekends and other times, clearly associated with the duties of posts, or
 - Work of additional value is actually received by an employer, or
 - An actual cost accrues to the employee derived from their employment.
- In the review management were asked If they considered that the allowances did meet the above tests, and to submit a business case for the retention of allowances either in the current format or in a modified form.
The Department of Public Expenditure and Reform also reviewed the business cases submitted having regard to the above tests and from a wider public service perspective.

General Secretary, Mr. Des Kavanagh

Deputy General Secretary, Mr. Seamus Murphy

Attached to this Circular you will find a sample of the business cases made by the employer for Retention of allowances such as Acting Up allowance: Location Allowance: Qualification Allowance.

- The Government has reaffirmed the key commitments under the Public Service Agreement 2010-2014 including that there will be no further reductions in pay rates, for serving public servants. These commitments are, they state, contingent on delivery of the necessary flexibilities and reforms to public service delivery that are required under the Agreement.
 - Through the course of the review, certain allowances have been highlighted by parent Departments, or by the Department of Public Expenditure and Reform, as being in need of reform, in order to achieve greater efficiencies and value for money and to ensure that maximum benefit is being gained for the amounts paid. These allowances will be reviewed and amended as appropriate by their parent Departments, following due consultation and engagement with the respective staff representative bodies, over the course of the next year.
 - In the main, changes to allowances and premia pay will be confined to new beneficiaries (that is, a new public servant or a serving public servant not currently in receipt of that allowance or premium payment).
Sectoral management will engage on any case where a case for changing an allowance that is not cost efficient has been identified. Any action taken by sectoral management to address payment to serving staff of specific allowances should be associated with the standard buy-out formula under the Croke Park Agreement (1 and ½ times loss, over 18 months).
That is also likely to require negotiations before a third party.
 - The Government state that the issues relating to allowances for serving staff on a more widespread basis are not precluded from being brought forward in any discussions with public service unions on a possible future public service pay agreement.
 - Approval for payment of the allowance to any new beneficiary was withdrawn from 31 January 2012 and will not be restored in the case of any allowance where the review has determined that there is no business case for its payment to new beneficiaries. Where payment to new beneficiaries has been approved, the payment will be backdated to that date.
6. The Officer Board will consider this Government Review of allowances at its upcoming meeting. It should also be noted that we are awaiting a date for an LRC hearing in relation to the withdrawal of the Community Allowance to new beneficiaries.