

Frequently Asked Questions re Circular LG (P) 01/2024

Voluntary Redundancy Scheme for Local Authority Water Services Workers

Q1. What is the purpose of this Voluntary Redundancy Scheme?

A1. The purpose of the Scheme is to enable the exit of local authority workers who, since 1st January 2024 are under the direction of Uisce Éireann and who not want to become an employee of Uisce Éireann or who do not wish to be reassigned to an alternative role within their local authority.

Q2. Who is eligible for the Scheme?

A2. The Scheme applies to all local authority water services staff who spend a minimum of 50% of their work on water services, are under preserved pension age at 30 June 2024 and who have already accrued entitlement to preserved superannuation benefits under a local government pension scheme (i.e. has at least 2 calendar years' reckonable service).

All eligible local authority water services workers should now be working under the day-to-day direction of Uisce Éireann.

Q3. What is preserved pension age?

A3. Preserved pension age is generally the minimum pension age applying to a person in respect of his or her pension scheme. This is generally either: -

- age 60 for persons appointed prior to 1 April 2004, or
- age 65 for persons appointed on or after 1 April 2004.

Q4. Am I guaranteed redundancy?

A4. There is no automatic right to redundancy but all applications will be considered in the context of the *Framework for the Future Delivery of Water Services*.

There will be no compulsory redundancies.

Q5. What is the Framework for the Future Delivery of Water Services?

A5. The Framework was developed through an engagement process facilitated by the Workplace Relations Commission and provides the basis for the full transfer of responsibility for water services from local authorities to Uisce Éireann. The Framework envisaged the following options: -

- the voluntary transfer, of existing local authority water services workers to Uisce Éireann as permanent employees between now and 2026;

- the identification of opportunities for local authority water services workers not transferring to Uisce Éireann to avail of opportunities to re-deploy to other areas within local authorities; and
- a voluntary redundancy scheme for local authority water service workers.

Q6. Can I continue to work in my local authority?

A6. Yes. You can continue in local authority employment but Uisce Éireann has responsibility for managing and directing water services workers even if they remain in local authority employment.

By the end of 2026, local authorities will no longer be involved in the public water system and local authority water services staff will be reassigned to suitable vacancies in other areas of local authority service delivery. Training and development will be made available to help workers transition to new roles.

Q7. Can I still transfer to Uisce Éireann?

A7. Yes. The option of transferring to Uisce Éireann will remain open to local authority water services workers until the end of 2026.

Q8. Is Uisce Éireann remaining in public ownership?

A8. The establishment of Uisce Éireann in public ownership is already firmly secured under the Water Services Acts 2007 to 2022. Public ownership is a core principle governing the development of water services and the Government has given its full commitment to holding a referendum on ownership of water services in due course.

Q9. Will my terms and conditions change if I stay in my local authority?

A9. No. Your existing terms and conditions are guaranteed.

Acting up positions remain subject to the standard terms and conditions that normally apply to such posts, as set out in Circular LG (P) 8/12.

Q10. Is there a closing date for the VR?

A10. Yes, the closing date for applications is 30 June 2024.

Q11. When will I be notified of the decision on my application?

A11. A decision on your application will be made by the relevant Director of Services in your local authority as soon as practicable after the closing date.

Q12. Is there a date by which departures are due to take place?

A12. Departure dates will be arranged to take place by your local authority, following consultation with Uisce Éireann, by 30 September 2024.

Q13. Can departure dates be delayed?

A13. Yes but the Framework provides that this can only apply in exceptional circumstances where a departure by 30 September 2024 may prove incompatible with the safe operation of water services. In such circumstances the departure date may be delayed by up to 3 months but shall be no later than 31 December 2024.

Q14. I am on career break. Am I eligible to be offered VR at this time?

A14. No. Persons currently on a career break are not eligible for VR unless they return from career break by 30 June 2024.

Q14. What payment will I receive if I am approved for voluntary redundancy?

A14. The terms of the Scheme provide for:

- a) severance payment of 3 weeks' pay per year of actual service plus statutory entitlement under the Redundancy Payments Acts, or the equivalent, subject to an overall limit of:
 - (i) 2 years pay; or, if less,
 - (ii) one-half of the salary payable to preserved pension age.
- b) Preserved pension and lump sum payable on attaining preserved pension age (60 or 65, as appropriate).

Example

Jim is 52 years old. He commenced work with a local authority on 30 March 1994. His departure date will be 30 September 2024. He had no breaks in service during this period.

Weekly salary:	€700
Number of years' service:	30.5 (30 years and 6 months)
Weeks due under the scheme:	$(30.5 \times 3) + 1$ bonus week = 92.5
Cap under Scheme:	€600 per week
Redundancy payment:	$92.5 \times €600 = €55,500$

Jim will also receive a preserved pension and lump sum for 30.5 years of service upon reaching 60 years of age

Q15. I have service elsewhere in the local government or public sector prior to my current employment, does this count towards my redundancy payment?

A15. Only your most recent period of continuous employment with your current employer counts. However, previous service with another local authority will count provided that service was transferred over to your current employer.

Local authority water services workers who were previously employed by a Borough Council, a Town Council or a local authority that was merged with another will have their prior service with those former local authorities counted provided that the service was transferred to their current employer.

Q16. Does job-sharing or part-time employment status affect my redundancy payment?

A16. Yes, it affects it in a number of ways.

- The overall payment is limited to 2 years pay or 50% of gross basic pay to preserved pension age. As ‘pay’ is based on your work pattern at date of departure, the fact that you are job-sharing / part-time means that your maximum payment will be a percentage of that of your whole time comparator.
- As you are job-sharing / part-time you will have accumulated less service than your whole time comparator therefore this will affect the calculation of the ex-gratia element of your overall calculation.
- While your service as a job-sharer / part-time employee is the same as your whole time comparator in respect of the statutory redundancy or equivalent payment, your pay will be based on your current work pattern. Where this ‘pay’ is less than the cap of €600 per week, then your weekly pay figure will be used to calculate your entitlement. In most cases this will lead to the job-sharer / part-time worker being entitled to considerably less than their whole time comparator.

Q17. I pay modified PRSI (Class D), will this affect the payment I receive?

A17. No. Local authority water services workers who pay Class D PRSI will receive equivalent terms to those on Class A PRSI.

Q18. Is there a ‘ready reckoner’ tool available to calculate my redundancy payment?

A18. Yes, a simple ready reckoner tool is available from your HR section, which will give you an estimated redundancy payment. It should be noted that this tool only provides an estimate and may not fully capture every variable for every local authority water services worker. The final amount due will be calculated by your local authority.

Q19. Am I liable to be taxed on my redundancy payment?

A19. Lump sum payments received from an employer on redundancy may be taxable. However, there is a basic tax free exemption of €10,160 plus €765 for each completed year of service. A person with 20 years full service, for example, would have a basic exemption of €10,160 + [€765 x 20] = €25,460 i.e. they should only be liable pay tax on the portion of their redundancy payment that exceeds €25,460.

All decisions regarding tax liability are ultimately a matter for the Revenue Commissioners and may vary depending upon individual circumstances. Further information on the taxation of lump sum payments is available on the Citizens Information and Revenue Commissioners websites at the links below:

<https://www.citizensinformation.ie/en/employment/retirement/income-tax-in-retirement/retirement-lump-sum-taxation/>

<https://www.revenue.ie/en/personal-tax-credits-reliefs-and-exemptions/lump-sum-payments/index.aspx>

Q20. Will public water services vacancies that arise as a result of the VR Scheme be filled?

A20. The filling of vacancies that arise in public water services will be entirely a matter for Uisce Éireann to address by way of redeployment or recruitment. Local authorities shall have no responsibility for the filling of such vacancies.

Q21. If I avail of the VR Scheme, can I then be re-employed by a local authority or elsewhere in the public sector?

A21. Persons availing of the Scheme will be prohibited for a period of 2 years from re-employment by a local authority or in the wider public service, including Uisce Éireann or any other body wholly or mainly funded by the Exchequer.

Q22. Can I be re-employed by a local authority or other public body as a contractor?

A22. The 2 year restriction on re-employment also applies to any engagement/employment on a contract for service basis (either as a self-employed contractor or as an employee of a contractor).

Q23. After the period of 2 years has elapsed, are there any special conditions applicable to re-employment in the local government or wider public sector?

A23. Yes. The approval of the Minister for Public Expenditure, NDP Delivery and Reform will be required prior to re-employment by a local authority or other public body.