



Circular 18/2017

21<sup>st</sup> December 2017

To: Rosarii Mannion, National Director of Human Resources, HSE  
CEOs of the NCSAs

**Application of 1 January 2018 pay adjustments and related measures in accordance with  
the Financial Emergency Measures in the Public Interest (FEMPI) Act 2015  
and the Public Service Pay and Pensions Act 2017 and setting out the PRD arrangements for 2018**

Dear Sir/Madam

I am directed by the Minister for Health to convey the following instructions, following on from the circular which issued on 22 March 2017, with regard to the application of adjustments to health sector pay in accordance with the Financial Emergency Measures in the Public Interest Act 2015 (FEMPI 2015) and the Public Service Pay and Pensions Act 2017.

**1. General**

- 1.1 This circular sets out the pay restoration and pay increases for public servants due on 1 January 2018 as provided for in the Financial Emergency Measures in the Public Interest (FEMPI) Act 2015 and the Public Service Pay and Pensions Act 2017 ("the Act").
- 1.2 For the purpose of this circular, all public servants should be considered "covered" public servants pursuant to Section 3 of the Act.
- 1.2 This circular also provides for the second half of pay restoration for certain public servants who were subject to pay adjustment under FEMPI 2013 / the Haddington Road Agreement ("the HRA reduction").
- 1.3 This circular also sets out arrangements in respect of the Pension-Related Deduction (PRD) for the year 2018.

**2 Restoration of the HRA reduction**

- 2.1 In accordance with section 6C of the FEMPI (No. 2) Act 2009 (as inserted by section 3 of the FEMPI Act 2015), the following adjustments to annualised salaries will be applied with effect from **1 January 2018** for those whose annual remuneration is not less than €65,000 and not more than €110,000 **after** the HRA reduction:

- The second half of the amount of the reduction incurred under the FEMPI Act 2013 / the HRA will be restored.

### 3 Public Service Stability Agreement (PSSA) 2018-2020 pay increase

In accordance with section 7(1) of the Act, the annualised amount of the basic salary of public servants who are "covered" public servants will be increased by 1% with effect from 1 January 2018.

### 4 Interaction between restoration of the HRA reduction and pay increases under the PSSA

- 4.1 Public servants who are due the second half of the restoration of the HRA reduction will have the 1% increase due on 1 January 2018 applied in accordance with section 17 of the Act.
- 4.2 Public servants who have not yet achieved full restoration of their HRA reduction will have the 1% increase due on 1 January 2018 calculated in accordance with section 18 of the Act. (A detailed guidance note will issue in respect of this.)

### 5 Further Pay Related Circulars

- 5.1 A further circular will issue with regard to the pay adjustments due on 1 April 2018 for those entitled to the second third of the restoration of their HRA reduction.
- 5.2 A further circular will issue with regard to the pay adjustments due on 1 October 2018.

### 6 Possible Anomalies

- 6.1 The application of adjustments under paragraph 2.1 or 3 above may result in the basic salary of a public servant being higher than the basic salary applicable to a higher point on that public servant's payscale.
- 6.2 To address this anomaly, the Minister for Public Expenditure and Reform has made a Direction under section 16 of the Act to temporarily amend any incremental scale of a public servant in such a manner as the Minister thinks fit to avoid a substantial inequity arising. (A detailed guidance note will issue in respect of this).

### 7 Pension-Related Deduction

- 7.1 There is no change to the thresholds or rates of PRD for the year 2018.
- 7.2 The current PRD table is provided below:

Amount of Remuneration	Rate of Deduction
Up to €28,750	Exempt
€28,750 - €60,000	10%
Any amount over €60,000	10.5%

### 8 Overtime

Payment in respect of overtime rendered on or subsequent to 1 January 2018 by members of grades to which this circular applies should be calculated by reference to the revised pay rates with effect from 1 January 2018.

### 9 Premium Rates of Pay

Premium rates of pay payable in respect of or subsequent to 1 January 2018 which are calculated as specific percentage or specified proportion of basic salary should be calculated by reference to the revised rates of pay with effect from 1 January 2018.

## 10 Allowances

- 10.1 Allowances which are calculated as a specific percentage or specified portion of basic pay should be calculated by reference to the revised rates of pay with effect from 1 January 2018.
- 10.2 Fixed allowances are unaffected by these measures.

## 11 Pension Entitlement 'Grace Period'

- 11.1 Public Service employers are reminded, as already referred to in DoH Circular 17/2015, that for the purposes of calculating pension and lump sum awards at retirement, the pay reductions applied under FEMPI 2013 (Haddington Road Agreement) are disregarded for persons who retire from the public service up to 1 April 2019.
- 11.2 This "grace period" is provided for originally under section 9 of FEMPI 2013, and has been extended to 1 April 2019 by S.I. No. 547 of 2015 - Public Service Pension Rights (No. 2) Order 2015.
- 11.3 With the application of paragraph 2.1 above complete as of 1 January 2018, this 'grace period' protection in respect of the FEMPI 2013 pay reductions will only continue to apply in respect of public servants with post-HRA remuneration in excess of €110,000, who will not have achieved full restoration of the FEMPI Act 2013 salary adjustment until 1 April 2019.
- 11.4 Public servants who retire during the 'grace period' may benefit by having their pensions and retirement lump sums calculated by reference to salary rates which discount the impact of the FEMPI 2013 salary adjustments applying to salaries in excess of €65,000.
- 11.5 Public servants who retire during the 'grace period' are also entitled to have any impact on pay arising from FEMPI 2013 suspension of the operation of a pay scale i.e. increment freeze or delay, discounted in the calculation of their pension and lump sum awards.

## 12 Queries


All employee queries should be directed to the relevant employer. Requests for clarification from payroll and hr managers should be directed to [National\\_hr\\_unit@health.gov.ie](mailto:National_hr_unit@health.gov.ie)

A detailed guidance note will issue separately in respect of the application of sections 4 and 6 of this circular.

## 13 Circulation

The contents of this circular should be brought to the attention of all HR managers, payroll staff, and all employees of the HSE, Section 38 agencies and the NCSAs.

Yours sincerely



Teresa Cody  
Assistant Secretary

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