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Circular Letter S. 15A/97
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28 November 1997

DEPARTMENT OF
THE ENVIRONMENT

Pensions Increases - Staff who retired before PCW Restructuring Agreements

GOVERNMENT OFFICES

A Chara,

BALLINA, CO. MAYO

A copy of circular letter S.15/97 and Appendix A which issued to local authorities on the question of pensions increases for persons who retired prior to recent PCW restructuring agreements is enclosed **for your information only**.

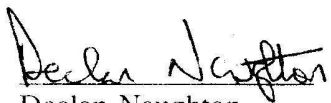
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Since pay determination for health and education staff is not a matter for this Department, health boards/health bodies and VEC's/RTC's/Institutes of Technology whose staff come within the ambit of the Local Government Superannuation Scheme should contact the Department of Health and the Department of Education, respectively, with a view to obtaining notional salary scales for the purposes of applying these increases to the pensioners concerned. Particular regard should be had to the final paragraph of the Department of Finance Circular Letter requiring that every effort be made to ensure that pensioners will receive arrears of pension due to them before the end of the year.

Mise le meas,



Declan Naughton
Higher Executive Officer
Superannuation Section
Ext 408

To each Health Board, Health Body, VEC, RTC and Institute of Technology to which the Local Government Superannuation Scheme applies.

Circular Letter S. 15/97

CL1597.1as

File Ref No. S. 229/1/25

28 November 1997

Pension Increases - Staff who retired before PCW Restructuring Agreements

A Chara,

The Government has decided that public servants who retired before the commencement dates of restructuring pay deals under the Programme for Competitiveness and Work should benefit from those pay deals on a parity basis, subject to a minimum or floor adjustment of 3% in their pensions (or 2% in the case of those pensioners who have already received an advance payment of 1%). An extract from the instructions received by this Department from the Department of Finance in the matter is set out in Appendix A.

The restructuring deals on the local authority side are set out in Circular Letter EL 18/96 of 5 December 1996 (Remuneration of Clerical/Administrative Grades), Circular Letter EL 2/97 of 6 March 1997 (Remuneration of Grades Analogous to Core Clerical/ Administrative Grades), Circular Letter EL 4/97 of 6 March 1997 (Remuneration of Engineers and Cognate Professional Grades), Circular Letter EL 3/97 of 20 March 1997 (Restructuring of Technician Grades), Circular Letter EL 6/97 of 29 April 1997 (Remuneration of Revenue Collectors) and Circular Letter EL 11/97 of 2 July 1997 (Remuneration of City and County Librarians). Under each of these deals, an advance payment of 1% was paid with effect from 1 April 1994.

In order to comply with the Department of Finance instructions, notional salary scales have been prepared by this Department in respect of national grades. These are set out in Appendix B which, for purposes of completeness, includes the notional scales for the first phase of Partnership 2000. The notional scales were calculated by applying a special pay increase of 2% with effect from 1 May 1996 in addition to the advance payment of 1% with effect from 1 April 1994 and subsequent general round increases. To determine which of the restructured or notional scales is more beneficial, the position of each pensioner should be assessed on the basis of the scales applying at the end of the PCW restructuring exercise. In the case of the restructured scales this is the rate shown as at 1 June 1997 and pensioners should be assimilated as if they were serving on this date, subject to the condition that any preferential assimilation terms that applied to serving staff will not apply to them. In the case of the notional scales the relevant rate is that shown as at 1 January 1997.

Where the restructured salary scale gives the higher increase, the pension should be increased with effect from 1 June 1996, 1 October 1996, 1 January 1997, 1 June 1997 and 1 July 1997 in line with the actual salary rates set out in the restructuring circulars referred to in the previous paragraph and Circular Letter EL 14/97 of 13 August 1997 (29th Pay Round Phase I(i)). Where the notional scale gives the higher increase, the pension should be increased with effect from 1 May 1996, 1 June 1996, 1 October 1996, 1 January 1997 and 1 July 1997 as set out in Appendix B.

Specific points which should be noted arising from the Department of Finance instructions are as follows:

- * the arrangements set out in this Circular Letter only apply to persons who **retired before** the commencement dates of the restructuring deals, i.e. **1 June 1996** (1 April 1994, the effective date of the advance payment of 1%, is not to be regarded as the commencement date); **these arrangements do not, therefore, apply to persons who retired on or after 1 June 1996 whose pensions would fall to be increased in line with the PCW restructuring increases without the guaranteed floor adjustment**;
- * the arrangements set out in this Circular Letter do not apply to persons who retired from grades or positions coming within the ambit of the Review Body on Higher Remuneration in the Public Sector;
- * the arrangements set out in this Circular Letter do not apply to persons who retired from groups who have not yet concluded restructuring deals; local authorities will be given separate instructions in relation to any future restructuring deals;
- * where there are minimum service requirements for Long Service Increments, those requirements will apply to pensioners even if preferential assimilation terms have been applied to serving staff, e.g. three years service at the maximum will be required in order to benefit from the first LSI;
- * the floor adjustment will only apply to the element of pension which is in respect of pay; pensionable allowances/emoluments will continue to be treated in the normal way by attracting general round pay increases only.

In addition to the grades listed in Appendix B, non-national grades which have a pay relationship with these grades have had their pay scales revised as part of the various restructuring agreements. This Circular Letter will apply in such cases also, i.e. notional scales should be created by local authorities on the same basis as those set out in Appendix B and the relevant comparisons made.

This Circular Letter also applies to those former grades listed in Appendix I to Circular Letter EL 14/97 of 13 August 1997 as follows:

- > The former grades of Grade I Clerical Assistant, Grade II Clerk Typist and Grade III Clerical Officer/Library Assistant, which were not former grades as at the commencement of the relevant restructuring deal, will receive the

more favourable of the restructured scales or the notional scales.

- > The notional scales **only** will apply to those other former grades listed in Appendix I to Circular Letter EL 14/97 which belong to groups which have concluded restructuring deals. The former grades in question are *Staff Officer, Class A/Assistant Section Officer, Minor Staff Officer/Section Officer, Senior Executive Officer, Clerk Typist and Clerical Officer (pre 1964) [Clerical/Administrative Grades]; Chief Assistant County Engineer, Assistant County Engineer and Second Fire Officer [Engineers/Cognate Professional Grades]; Draughtsman Grade II/Civil Engineering Technician and Draughtsman Grade I [Draughtsman/Technician Grades]*. Since the 1% advance payment was not applied to the former grade of *Second Fire Officer*, in accordance with the Department of Finance instructions set out in Appendix A this scale falls to be increased by 3% with effect from 1 September 1995. The notional salary scale for Second Fire Officer is determined on this basis.


Notional salary scales for all of the grades listed in *italics* above are also set out in Appendix B.

No PCW restructuring increase should be applied to the former grade of County Accountant at this point. This will be considered in the event of a restructuring deal being concluded for Finance Officers, at which stage further instructions will issue to local authorities.

In implementing the pension increases provided for under this Circular Letter, every effort should be made to ensure that pensioners will receive the arrears of payments due to them before the end of this year.

Any queries from local authorities regarding the implementation of this Circular Letter should be referred to the Superannuation Section of the Department, Government Offices, Ballina, Co. Mayo. Telephone enquiries may be made at 096-70677, extensions 406, 407, 408, 409. However, where a query relates to notional salary scales or assimilation, it should be referred to the Local Administration (Remuneration) Section of the Department, Custom House, Dublin 1. Telephone enquiries may be made at 01-6793377, extension 2377. Personal enquiries from individual officers should be addressed to the officer's Personnel Section.

Mise le meas,



Damian Smyth
Assistant Principal
Superannuation Section
Ext 2722

To each local authority

APPENDIX A

Extract from instructions received from the Department of Finance in relation to increasing pensions for staff who retired before PCW Restructuring Deals

The Government has decided that public service pensioners who retired before the commencement dates of the various PCW deals should benefit from those deals on a parity basis subject to a minimum adjustment of 3% in their pensions (the minimum adjustment will be 2% in the case of those pensioners who have already received an advance payment of 1%).

It should be noted that, apart from the 3% floor, parity will apply to these pay deals in exactly the same way as it has to previous special pay increases. For example, in deciding whether an increase in a pay scale should apply to a pensioner, the key criterion will be whether, in the case of serving staff, assimilation to the new scale was, in general, on a "corresponding points" basis (i.e. and not on a promotion or upgrading basis) and that all serving personnel (and not just a proportion of them) were eligible to be assimilated to it. Furthermore, the increase must not be such as to represent, in effect, an upgrading of a post.

In deciding whether a pensions increase based on parity or one of 3% (or 2%, as the case may be) should be made, it will be necessary to determine if the increase by reference to the scale point of the grade from which the officer retired exceeds 3% (or 2%) as a result of the final effect of the restructuring deal. In cases where the final effect of restructuring gives rise to an increase of less than 3% (or 2%), then an adjustment of 3% or 2% should be made in the pension.

In the case of a pensioner who did not benefit from an advance payment of 1% with effect from 1 April 1994, the 3% floor will apply as if the relevant points on the payscale in question had attracted a special pay increase of 3% with effect from 1 September 1995. In the case of a pensioner who did benefit from an advance payment of 1% with effect from 1 April 1994, the 2% floor will apply as if the relevant points on the payscale in question had attracted a special pay increase of 2% with effect from 1 May 1996.

Particular note should be taken of the following points:

- Any pensioner who retired after the commencement of a restructuring deal (or, where different elements of a particular deal had different commencement dates, after the first such commencement date) does not come within the scope of these arrangements. Where an advance payment of 1% was paid to a group with effect from 1 April 1994, this will not be regarded as the commencement date.

- Only pensioners from groups which benefitted from PCW restructuring deals will benefit from the above arrangements. Thus, for example, pensioners who retired from grades or positions coming directly or indirectly within the ambit of the Review Body on Higher Remuneration in the Public Sector do not come within the scope of these arrangements.
- Pensioners who retired from groups who have not concluded a PCW restructuring deal will not benefit until that deal is concluded and then only those who retired before the commencement date of the deal will benefit on the terms set out above.
- Only increases which represent permanent additions to the pay scale in question will apply to pensioners. Any increases which are personal to certain individuals/groups (for example, certain Long Service Increments) will not apply. Also, where there are minimum service requirements for Long Service Increments, those requirements will apply to pensioners even if preferential assimilation terms have been applied to particular individuals/groups of serving staff in implementing the pay deal in question.
- The element of pension in respect of pensionable allowances held by pensioners will continue to be treated in the normal way. In the Civil Service, such allowances are increased by reference to general round pay increases only; they do not attract any special pay increases. Accordingly, the 3%/2% floor will only apply to the element of pension which is in respect of pay.

Regulations will be made under the Pensions (Increases) Act 1964 to give statutory cover to the above arrangements.

Departments which administer pensions schemes for other relevant groups of pensioners are requested to deal with their public service pensioners accordingly. Departments are also requested to bring these arrangements to the notice of any relevant public bodies under their aegis.

In implementing these increases, every effort should be made to ensure that pensioners will receive the arrears of payments due to them before the end of this year.