



Feidhmeannacht na Seirbhíse Sláinte  
Health Service Executive

Oifig an Stiúrthóra Náisiúnta, Acmhainní Daonna  
Feidhmeannacht na Seirbhíse Sláinte  
Ospidéal Dr. Steevens'  
Baile Átha Cliath 8

Office of the National Director of Human Resources  
Health Service Executive  
Dr. Steevens' Hospital  
Dublin 8

HSE HR Circular 022/2013

17<sup>th</sup> December 2013

**To: Each Member of Leadership Team, HSE;  
Each Regional Director of Performance and Integration, HSE;  
Each Assistant National Director of Human Resources, HSE;  
Each Employee Relations Manager, HSE  
Each CEO/HR Manager directly funded Voluntary Hospital / Agency**

**Re: Voluntary Redundancy Facility [VR]**

---

Colleagues

There is no provision to facilitate individual applications for VR from employees. It must be emphasised that this is not a scheme and there is no automatic right to VR; staff may be offered VR in the context of current and future business needs and service provision priorities.

### 1. Eligibility

VR is applicable to targeted employees in certain grades, services or locations, determined by the employer and approved centrally by the HSE, who;

- are under preserved pension age [60 for non-new entrants, 65 for new entrants as defined in the Public Service Superannuation [Miscellaneous Provisions] Act 2004] on the date of departure;

and

- have already accrued entitlement to preserved superannuation benefits at that date;

and

- are currently a member of one of the following superannuation schemes;
  - Health Service Executive Employee Superannuation Scheme;
  - Local Government Superannuation Schemes [LGSS];
  - Nominated Health Agencies Superannuation Schemes [NHASS];
  - Voluntary Hospital Superannuation Schemes [VHSS];
  - New Model Scheme, on Pay As You Go Basis, for employees of Stewarts Care Ltd.

**All Queries to:** Individual employees who have queries in relation to the application of this Circular must contact their local Employee Relations/HR Department

In addition responses to frequently asked questions will be available on the HSE Website shortly.

Recruited on or after 1 January 2007.

**Employees currently on a career break are not eligible for VR.**

**2. Terms**

The general terms of VR are as set out in the Collective Agreement: Redundancy Payments to Public Servants dated 28 June 2012 which was agreed between the Department of Public Expenditure and Reform and the Public Services Committee of ICTU. In particular the following will apply in relation to the calculation of the redundancy payment for all eligible employees

**Class A PRSI Contributor**

- a) An ex gratia payment of 3 weeks' pay per year of service **plus** statutory redundancy under the Redundancy Payment Acts, subject to an overall limit of:

i. 2 years' pay (gross basic salary);

**Or, if less**

ii. One-half of the gross basic salary (excluding any premiums, allowances, overtime) payable to preserved pension age or to the termination date of contract in the case of a fixed term/purpose contract;

**Except**

Where the statutory redundancy amount is greater than the relevant limit above, in which case statutory redundancy **only** will be paid;

**And**

- b) Preserved pension and lump sum payable on reaching preserved pension age (age 60 or age 65 as appropriate)

**Class D PRSI Contributor**

- c) An ex gratia payment of 3 weeks' pay per year of service, **plus** an additional payment (to which the overall limit will apply) calculated on the same basis as statutory redundancy would be calculated, if the individual had such an entitlement, subject to an overall limit of:

i. 2 years' pay (gross basic salary);

**Or, if less**

ii. One-half of the gross basic salary (excluding any premiums, allowances, overtime) payable to preserved pension age or to the termination date of contract in the case of a fixed term/purpose contract;

**And**

- d) Preserved pension and lump sum payable on reaching preserved pension age (age 60 or age 65 as appropriate)

The additional payment referred to at (c) (Class D PRSI) will be calculated in accordance with the Redundancy Payments Acts. However while the rules of the Redundancy Payments Acts are applied for the purpose of this calculation, the amount will not be exempt from tax in the same manner as a statutory redundancy payment made to a Class A PRSI contributor. For Revenue purposes this additional amount will

be treated as an additional ex gratia payment.

The consequence of this is that employees with the same periods of service and similar pay terms, where one has an entitlement to statutory redundancy, will have differing net outcomes on the same gross amount. Revenue leaflet IT21 addresses the tax treatment of ex gratia payments; <http://www.revenue.ie/en/tax/it/leaflets/it21.html>

For the purpose of applying the overall limit to the severance amount in relation to ‘part-time’ employees, ‘pay’ is the part-time rate of pay, based on the current contractual commitment, **not** the 100% rate which applies to a full-time employee.

### **Calculation of the statutory redundancy element of the payment**

Any queries in relation to the calculation of the statutory element of the severance payment should be clarified directly with the Department of Social Protection.

### **Calculation of the ex gratia element of the payment**

For the purpose of calculating the ex gratia element of the payment – ‘3 weeks **pay** per year of **service**’;

**Pay** for the purposes of calculating the ex gratia element will be determined by using the existing methods of determining Pensionable Remuneration under the relevant superannuation scheme.

The relevant rate of pay will be that applicable on **date of departure** under this scheme

**Service** for the purpose of calculating the ex gratia element will be determined in the same manner as Pensionable Service is determined under the relevant superannuation scheme. However, the following service will **not** be included for the purpose of calculating the ex gratia element of the payment:

- i. Purchased service (including service purchased via a Transfer Value)
- ii. Any form of notional added service (e.g. professional added years etc)
- iii. Fast Accrual (doubling of service in excess of 20 years)
- iv. Prior service in the Civil/Public Service which has **not** been transferred to current employment under the provisions of the relevant Transfer Network
- v. Service for which contributions owed have not been paid – see below
- vi. Prior service in respect of which a Marriage Gratuity or a refund of contributions was paid, unless the gratuity or refund is repaid in full (with compound interest) prior to departure
- vii. Any form of unpaid leave – e.g. career break, term time etc.

Where an individual has prior service which was non-reckonable for superannuation purposes at the time it was given, but which can be made reckonable subject to payment of appropriate contributions, the service in question will not be included for the purpose of calculating the severance payment unless the Main Scheme contributions are paid prior to departure. Contributions owed in respect of the Spouses’ and Children’s Scheme should also be billed prior to departure and may be paid in accordance with the rules of the relevant superannuation scheme.

### **3. Re-employment**

In accordance with the terms of the Collective Agreement: Redundancy Payments to Public Servants dated 28 June 2012, it is a specific condition of VR that persons will not be eligible for re-employment in any

Public Service body (as defined by the Financial Emergency Measures in the Public Interest Acts 2009-2011 and the Public Service Pensions (Single Scheme and other Provisions) Act 2012) for a period of 2 years from their date of departure under VR. This re-employment restriction also applies to bodies wholly or mainly funded under Section 39 of the Health Act 2004. Thereafter, the consent of the Minister for Public Expenditure and Reform will be required prior to re-employment.

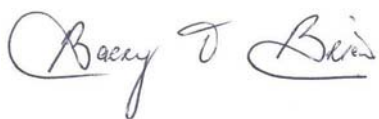
These provisions also apply in the case of engagement / employment on a contract for service basis (either as a contractor or as an employee of a contractor). This provision means that an employee availing of this scheme cannot be employed on a contract / agency basis in the health service or the wider public service as outlined above.

In order to ensure compliance with these conditions departing employees will be required to sign an appropriate undertaking / declaration in this regard and to consent to the use of their personal information, including PPS number while all Public Service employers must, as part of the recruitment process, inquire of future job applicants if they have availed of the terms of VR.

#### 4. Queries

Queries from Service Managers regarding the operation of VR should be directed to HSE Corporate Employee Relations Service [CERS], email [info.t@hse.ie](mailto:info.t@hse.ie) . Enquiries regarding the processing of VR should be referred to Local HR Departments in the first instance. In addition responses to frequently asked questions are available on the HSE Website.

Yours Sincerely,



---

Barry O'Brien  
National Director of Human Resources.