

File reference: DPE100/003/2017

21 December 2017

Guidance note on the implementation of the pay increases provided for under the Public Service Stability Agreement 2018-2020

Dear Personnel Officer,

This guidance note has been prepared to assist HR units in Departments / Offices and public service employers under the aegis of a Department in implementing the pay increases provided for under the Public Service Stability Agreement 2018-2020.

This note contains two parts:

Part I – Treatment of interaction between the restoration provided for under the FEMPI Act 2015 and the increases to basic salary provided for under the PSSA 2018-2020.

Part II – Treatment of anomalies that may arise in respect of payscales.

While this note seeks to address some of the more issues that may arise, HR units should follow the procedure outlined at the end of this note in respect of any queries.

You are requested to bring this letter to the attention of:

- Relevant staff within your Department / Office who may have responsibility for implementing the measures covered by this note;
- Relevant staff within **each public service body** under the aegis of your Department / Office.

Yours sincerely,

Peter Brazel

Principal

Remuneration, Industrial Relations and Pensions

Part I – Interaction between FEMPI Act 2015 restoration and PSSA increases

1. This guidance note explains how the restoration specified under the Financial Emergency Measures in the Public Interest (FEMPI) Act 2015 interacts with increases specified in the Public Service Pay and Pensions Act 2017 (“the Act”).
2. Public servants whose annual remuneration exceeded €65,000 on 30 June 2013 incurred an additional reduction in remuneration in accordance with the Haddington Road Agreement (HRA) and the FEMPI Act 2013. Annual remuneration means basic pay plus fixed, periodic pensionable allowances (section 2A(1)(b) of the FEMPI No. 2 Act, as inserted by the FEMPI Act 2013, refers).
3. Under the terms of the Lansdowne Road Agreement (LRA) and the FEMPI Act 2015, this reduction falls to be restored as follows:

Group	Annual remuneration after application of 1 st July 2013 reduction	Restored in	Restoration Dates
1	€65,000 - €110,000	2 parts	1 April 2017; 1 January 2018;
2	€110,000 and over	3 parts	1 April 2017; 1 April 2018; 1 April 2019;

Treatment of restoration for Group 1 (earning between €65,000 and €110,000)

4. For those in Group 1, the second half of their restoration occurs on the same day as the first scheduled pay increase. This is an increase of 1% of basic salary.
5. In accordance with section 16(2) of the Act, employers are required to apply the following steps **in this order**:
 - 5.1. Establish the current salary (i.e. the salary effective from 1st April 2017);
 - 5.2. Apply the second half of the restoration to annual remuneration to this salary;
 - 5.3. Then, apply an increase of 1% to the basic salary.

Treatment of restoration for Group 2 (in excess of €110,000)

6. For those in Group 2, the pay increases scheduled on 1 January 2018 and 1 October 2018 will occur **before full restoration of the July 2013 cut has occurred** (on 1st April 2019).

7. The Act provides that, for those pay increases that occur before full restoration on 1st April 2019, the 1% pay increase should be calculated **as if full restoration had already occurred** (the “notional annual remuneration”)
8. In order to determine the notional annual remuneration, the following information is required:
 - 8.1. The pre-HRA salary (i.e. the salary as it stood prior to the 1 July 2013 cut – in most circumstances, this is the salary effective 1 January 2010);
 - 8.2. The HRA reduced salary (i.e. the salary after the 1 July 2013 cut);
 - 8.3. The amount reduced (i.e. the difference between these two salaries);
 - 8.4. One-third of the amount reduced.

1st January 2018 pay increase

9. In accordance with section 17(1) of the Act, employers are required to apply the following steps **in this order**:
 - 9.1. Establish the current salary (i.e. the salary effective from 1st April 2017);
 - 9.2. Establish the value of 1% of the pre-HRA basic salary (i.e. the salary as it stood immediately prior to HRA cut – this is the same as step 8.1 above);
 - 9.3. Add this to the current salary.

1st April 2018 restoration

10. This restoration is provided for in the FEMPI Act 2015. The following steps should be applied:
 - 10.1. Establish one third of the amount reduced (same as step 8.4)
 - 10.2. Add this amount to the value of the January 2018 salary (same as step 9.3)
11. For the avoidance of doubt, ‘one third of the amount reduced’ is a **fixed amount** and will equal the amount that was restored on 1 April 2017.

1st October 2018 pay increase

12. In accordance with section 17(2) of the Act, employers are required to apply the following steps **in this order**:
 - 12.1. Establish the value of 1% of the pre-HRA basic salary (same as step 9.2);
 - 12.2. Increase this amount by 1%;
 - 12.3. Add this amount to the value of the April 2018 salary (same as step 10.3)

1st April 2019 pay increase

13. This restoration is provided for in the FEMPI Act 2015. The following steps should be applied:

- 13.1. Establish one third of the amount reduced (same as step 8.4)
- 13.2. Add this amount to the value of the October 2018 salary (same as step 12.3)

Queries

A fully worked example of the above provisions is set out in **Appendix 1**.

Staff members should raise personal queries with their local HR unit or, where appropriate, PeoplePoint in the first instance.

Public service employers under the aegis of a Department / Office should raise queries to their parent Department in the first instance.

Departments/Offices may raise queries to this Department via email to payscales@per.gov.ie.

Part II – Anomalies in payscales

1. Under the Financial Emergency Measures in the Public Interest Act 2015 and the Public Service Pay and Pensions Act 2017, pay increases and pay restoration variously apply in 2018 to all public servants.
2. For those with a **post-HRA cut** annual salary of over €65,000 and less than €110,000, a pay increase and pay restoration will **both occur** on 1 January 2018. For those on a post-HRA cut annual salary above €110,000 a pay increase will occur on 1 January 2018 and pay restoration will apply on 1 April 2018.
3. Similar to the implementation of the pay increases in 2017, there are a very small number of incremental salary scales in the public service where even a small increase to one scale point can result in **this point exceeding the next**.
4. Therefore there is the possibility that those just above the €110,000 cut-off point who receive a pay increase (from January 2018) may end up earning less than a staff member who was **previously earning less than him/her**; e.g. a pay increase plus pay restoration to a public servant on an annual salary just below €110,000 may increase their pay beyond that of a public servant on a salary just above €110,000, on the same scale, who receives only a pay increase.
5. To address the above issue, the Minister for Public Expenditure and Reform has made a Direction to amend any incremental scale where the operation of a pay increase/restoration results in **increment ‘leapfrogging’**, i.e. a lower point on the scale will overtake a higher point on the same scale.
6. Any higher increments ‘leapfrogged’ in this way **will be increased** so they are the same value as the lower point following the application of the pay increase/restoration.
7. The effect of this Direction, which is made under Section 16 of the Public Service Pay and Pensions Act, 2017, will result in increment points on the scale **being identical after the pay restoration is applied in January 2018** before the 1% pay increase is applied (which for those above €110,000 is applied to their “notional annual remuneration”).
8. Therefore public servants on an annualised salary of above €110,000 who are affected by leapfrogging will receive the benefit of the leapfrogging until April 2018, after which they **return to their normal pay scale**. An example of a pay scale illustrating the effect of this Direction is attached in **Appendix 2**.
9. Public service employers under the aegis of a Department / Office should raise queries to their parent Department in the first instance.

Appendix 1

Example of the application of Part I – Treatment of salaries in excess of €110,000

Assistant Secretary (PPC) at maximum of the scale

Information required

Step	Information	Amount	Comment
8.1	The pre-HRA salary	€153,885	Same as January 2010 salary
8.2	The HRA reduced salary	€143,535	Same as July 2013 salary
8.3	The amount reduced	€10,350	Step 8.1 minus step 8.2
8.4	One third of that amount	€3,450	Step 8.3 divided by 3

January 2018 pay increase:

Step	Information	Amount	Comment
9.1	Value of current salary	€146,985	Same as April 2017 salary. i.e. HRA reduced salary (8.2) + one third (8.4)
9.2	1% of pre-HRA salary	€1,538.85	1% of 8.1
9.3	Add this to current salary	€148,524	9.1 + 9.2 (rounded to nearest euro)

April 2018 pay increase:

Step	Information	Amount	Comment
10.1	One third of restoration	€3,450	Same as step 8.4
10.2	January 2018 salary	€148,524	Same as step 9.3
10.2	Add these together	€151,974	10.1 + 10.2 (rounded to nearest euro)

October 2018 pay increase:

Step	Information	Amount	Comment
12.1	1% of pre-HRA salary	€1,538.85	Same as step 9.2
12.2	Increased again by 1%	€1,554.24	12.1 + (1% of 12.1)
12.3	April 2018 salary	€151,974	Same as 10.2
12.3	Add these together	€153,528	12.2 + 12.3 (rounded to nearest euro)

April 2019 pay increase:

Step	Information	Amount	Comment
13.1	One third of restoration	€3,450	Same as step 8.4
13.2	October 2018 salary	€153,528	Same as step 12.3
13.2	Add these together	€156,978	13.1 + 13.2 (rounded to nearest euro)

Example of application of Part II – Direction under Section 16 of the Public Service Pay and Pensions Act, 2017

Chief Medical Advisor - PPC

	Jun-13	Jul-13	Apr-17	Jan-18	1% increase	Apr-18
1	97,968	92,131	95,049.28	97,968	98,948	-
2	102,920	96,686	99,803	102,920	103,949	-
3	107,912	101,279	104,596	107,912	108,991	-
4	112,320	105,334	108,827	112,320	113,443	-
5	115,852	108,584	112,218	115,852	117,011	-
6	119,445	111,889	114,408	115,852	117,046	118,121

- In January 2018 those on **post-HRA cut** annualised salaries between €65,000 and €110,000 will receive pay restoration under the HRA and a 1% pay increase. Those above €110,000 will only receive a 1% pay increase
- *Jan 18 - After the HRA pay restoration, Point 6 (€114,408) is below Point 5 (€115,852), so it is increased in line with Point 6.
- Jan 18 - After the HRA pay restoration and any leapfrogging adjustment has been applied, the 1% pay increase is then applied to the pay scale.
- Jan 18 - As Point 6 falls into the “over €110,000 post-HRA cut” category, the 1% increase is calculated by reference to the pre-HRA salary (i.e. June 2013).
- Apr 18 - The HRA pay restoration is applied to all scales above €110,000 minus the difference between the leapfrog point and the normal point.

When the lower point receives pay restoration they will leapfrog the higher point. To correct this, the higher point is increased to the same rate as the lower point before the 1% pay increase is applied.

The higher point should receive the benefit of the leapfrogging until April 2018, after which they revert back to their normal scale.