

Reference No: P18/2/80; **Date:** 23/04/86

23/04/1986 DL:- Extra-Statutory Redundancy Payments in the Public Sector

A Chara,

I am directed by the Minister for the Public Service to say that the Government, at its meeting on 8 April 1986, decided (S. 23615) that

(1) where a claim for extra-statutory redundancy compensation is made on behalf of personnel of a semi-State body or other State organisation, the organisation in question should be required to clear its negotiating strategy in advance with its parent Department and with the Department of the Public Service;

(2) in the case of commercial State bodies, claims for extra-statutory redundancy should be dealt with as follows:

(a) subject to (d) below, a maximum limit of 2½ weeks pay per year of service will apply in all cases of extra-statutory redundancy compensation arising on rationalisation in the public sector, on the understanding that the organisation in question should be allowed a reasonable measure of flexibility to negotiate extra statutory payment settlements, acceptable to the Minister for the Public Service provided it can demonstrate that the redundancy settlement proposal would pay for itself within a period, usually not exceeding one year, and only in exceptional cases exceeding two years,

(b) no extra-statutory payment should be made in the case of redundancies resulting from closures, where a net deficit is expected on winding-up,

(c) a portion of the surplus may be applied by way of extra-statutory compensation, subject to the limit set out in (a), in the case of redundancies arising from closure where a net surplus is expected, if this is considered appropriate in the particular case,

(d) the maximum limit set out in (a) above will not apply to those public sector bodies where the responsible Department and the Department of the Public Service are satisfied that negotiations have recently concluded or are still in progress and where commitments above the limit have already been made, or where the redundancy agreement was negotiated some time ago conceding terms in excess of 2½ weeks and the redundancies are still taking place - in these cases every effort should be made by the responsible Department and the body concerned to ensure that future payments are brought within the new limit and each body should review critically both the terms and time limits for acceptance on not less than an annual basis;

(3) in the case of non-commercial State bodies, claims for extra-statutory redundancy payments should be resisted as far as possible in cases involving closure; in any case settlements in the non-commercial sector should be such that the proposed redundancies would result in a net saving to the Exchequer preferably in the year in which the redundancies arise - settlements should not set undesirable precedents for the private sector - and should not exceed the limit set out in (2) above;

(4) the lead role in public sector redundancy matters should be assigned to the Minister for the Public Service; and

(5) the Ministers for the Public Service, Social Welfare and Finance should consider whether terms can be devised covering retirement or redundancy of persons in the public service who are not in full PRSI.

Departments are asked to ensure that in applying the policy as set out at (1) to (4) above, the terms of any proposed extra-statutory compensation in respect of any State body under their aegis, together with the recommendations of the Minister concerned, are put to this Department for prior agreement.

This Department's letter of 30 September 1985 on this subject is hereby cancelled.

Mise le meas
Seamus O Cíosáin
Assistant Secretary