

31 October 2012.



Chairman, Members, as requested by the Committee, I provided advance information to the Committee on 12 October on allowances in respect of which business cases had been made to the Department of Public Expenditure and Reform. In the intervening period, further business cases of relevance to the local government sector have been submitted to DPER. A list of these was provided to the Committee secretariat yesterday.

Altogether, the information provided covers common civil service allowances which apply in my Department; allowances specific to the Department which apply in Met Éireann; allowances applying across all local authorities; and allowances particular to one or more, rather than all, of the authorities.

Total expenditure from the Department's Vote in 2011 was nearly €1.6 billion, of which Departmental pay amounted to some €51 million. The allowances common to Departments generally and those applying in Met Éireann totalled some €2.5 million in 2011; of this, €351,000 related to common civil service allowances and Met Éireann accounted for €2.15 million, in the main Shift and Public Holiday allowances.

Of the 18 general civil service allowances paid in the Department in 2011, 10 are paid to Services Officers. These allowances totalled €64,000 in 2011. There were 28 Service Officers in the Department in 2011, based at 5 locations. These allowances were introduced in respect of a range of specific additional tasks and, in the main, are legacy type payments applying to officers in the Department with the lowest basic pay. The Committee has been advised by the Department of Public Expenditure and Reform that, as the Service Officer grade is common to all Government Departments, it is to review their pay and conditions centrally.

The remaining allowances are paid to a limited number of officers and reflect a range of legacy issues. We have reduced the incidences where some allowances are paid, such as office accommodation and are in discussions with staff representatives regarding some others. We will continue to focus on this issue as the overall review continues.

In relation to Met Éireann, the National Meteorological Service is a Division of the Department. Its core task is to monitor Irish weather, and to prepare and issue weather forecasts and warnings to help protect life and property. This requires observations and forecasting operating on a 24/7, 365 days a year basis. As is the norm in organisations with round-the-clock operations, staff receive shift and public holiday allowances to compensate for the arduous nature of the unsocial working patterns required to deliver Met Éireann services.

Shift and public holiday allowances in Met Éireann have been in place for decades, with the current arrangements having been initiated in the 1970s. Shift allowance payments amounted to €1.8m in 2011 and public holiday payments totalled some €0.3million.

As regards local authorities, provisional (unaudited) figures for 2011 indicate that total expenditure was in the region of €7 billion, of which current expenditure represents €4.7 billion. The Local Government Fund provided €790 million, or 17% of current expenditure, to local authorities in the form of general purpose



grants in 2011. Payroll costs were €1.4 billion in 2011 (a reduction from €1.7 billion in 2008). Of the €1.4 billion, €61 million or 4% was spent on allowances.

Local authorities traditionally incur costs, in terms of overtime and allowances, necessitated by the need to fulfil statutory obligations as service providers in areas such as roads, water services, and fire and emergency services, and to ensure compliance with health and safety legislation. Work is often done outside normal working hours and normal working conditions.

The sector has been active in assessing and reducing costs since 2008, having reduced staff numbers by almost 25% (8,600wte) and made savings of €830 million. Specifically in the area of allowances, costs have been reduced by 30%, from €85 million in 2008 to €61 million in 2011.

The €61 million spent on allowances in 2011 is made up of a range of allowances related to the provision of critical services, often carried on outside core hours and duties. As is the case in other sectors, the term 'allowances' in the sector covers a variety of payment types. These vary depending on the work, duration, grade and time involved. Some are intended to reimburse expenses, while others are linked directly to pay. In most cases, the allowance payable was considered to be the least expensive option to deliver a particular service with the alternative requiring curtailing or eliminating the service, paying overtime, hiring additional personnel or increasing basic remuneration. The majority of allowances are paid to outdoor workers at the lower end of the remuneration spectrum in respect of work carried out, in most cases, out of hours, at short notice, at night or at weekends. The employees concerned do not receive overtime when performing these duties.

Allowances in local authorities fall into two categories:

- Those which were agreed at national level and apply across all 34 local authorities. Examples include On-Call, Ice Cast, Acting Up, Unsocial Hours, and Winter Maintenance allowances, and
- Those which were agreed locally in most cases to cater for a particular need; they apply in one or more than one local authority where employees work late or come in early to do a particular job, for example, outdoor staff who work in the sewer system in Dublin City.

The majority of the 'allowances' in the sector were introduced following lengthy negotiations between staffing and management representatives and many have been the subject of Labour Court Decisions. The flexibility that local authorities receive in return for what is often a relatively small outlay is considerable - for example, a Cleaning Allowance where Branch Librarians in addition to their core duties clean the libraries out of hours thus avoiding the hire of specialist cleaners.

In reviewing allowances in the local authority sector, my Department considered 217 separate business cases; these comprised 14 national and 203 local allowances. Of these, 56 business cases have now been submitted to the Department of Public Expenditure and Reform on the basis that the allowance should be payable to new beneficiaries - 14 national and 42 local allowances. The Committee has now been provided with information on all 56 allowances. For the balance, where no approved business case exists, and my Department did not consider that a business case should be submitted to the Department of Public Expenditure and Reform, local authorities have been asked to begin the process of engagement with staff representatives with a view to the elimination of such allowances in respect of existing beneficiaries also.

Overall, as I have indicated, the local authority sector has been to the fore in reducing expenditure and staff numbers in response to the financial crisis since 2008. The sector is now embarking on an ambitious structural and organisational reform programme aimed at delivering services more effectively to citizens locally.

Thank you Chairman.