

## Voluntary Redundancy

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The Government decided in late 2012 that voluntary redundancy can be introduced in certain targeted sections of the public service where staff surpluses are identified by management and where redeployment is not suitable.

The purpose of VR is to aid Government in implementing restructuring and reform in a strategic and targeted manner.

### Terms of the Voluntary Redundancy scheme

The terms of VR are in accordance with the Collective Agreement with the Public Service Committee of ICTU on Redundancy Payments to Public Servants.

The redundancy payment consists of an ex gratia payment of **3 weeks' pay** per year of service plus statutory redundancy under the Redundancy Payments Acts, subject to an overall limit of :

- (i) 2 years' pay; or, if less
- (ii) one-half of the salary payable to preserved pension age

### Target number of redundancies

Government has not set targets for the number of people to leave on VR. Decisions will be taken on a case-by-case basis, reflecting the business case made for restructuring or reform of services.

Government has set targets for headcount reduction in the public service to 2014 (287,000). The sectoral breakdown of this was presented in the Revised Estimates Volume published in December.

Schemes introduced since Government decision of October 2012

Department/Office	Number of Applications	No. of Applications Approved	Number who have departed under VR
Civil Service	Nil	Nil	Nil
Defence Sector	93	66	34
Education Sector	72	72	72
Health Sector	NA	NA	1
Justice Sector	Nil	Nil	Nil
Local Authorities	1,451	750	623
NCSA <sup>1</sup>	127	98	70
<b>TOTAL</b>	<b>1743</b>	<b>986</b>	<b>799</b>

Potentially the main factor behind the low response rate is that overall public service numbers have been coming down broadly in line with target and therefore the widespread implementation of VR has not been necessary so far.

How much will Voluntary redundancies cost?

Previous analysis by my Department estimates that for every 1,000 employees who opt to participate in a voluntary redundancy programme there will be a gross cost of approximately €109 million.

That analysis shows a gross payroll savings from this will amount to €57 million every year, which means that within two years the VR will have paid for itself and delivered permanent savings in the public service payroll.

It is worth noting that further savings will be realised in the future when these employees reach retirement age, because of their reduced pension entitlements. The precise costs will be a factor of the grades and service profiles of the staff who actually opt and are accepted for voluntary redundancy.

<sup>1</sup> This is comprised of 4 schemes in Fáilte Ireland, Ordnance Survey Ireland, Inland Fisheries Ireland and Teagasc