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Severance Scheme: Republic of Ireland

Introduction

In the Republic of Ireland, the severance scheme is called a retirement gratuity. It was introduced in 2002 based on service from 2000; however there was an ex-gratia payment payable for a maximum of 20 years' service prior to 2000. In response to a request from the Environment Committee, this paper gives details on both schemes.

Current Retirement gratuity for councillors

In 2002 a retirement gratuity was introduced, under the Local Government Act 2001, for councillors on retirement either voluntarily or where they fail to get elected.

- The lump sum is based on 1/5 of the Representational Payment for each year of service post 2000, subject to a maximum of 20 years of service. At the current rates of R.P. the gratuity is €3344.80 per year of service from 4th May 2000.
- Minimum of 3 years of service required to qualify for the payment.
- Gratuity generally payable from 50 years of age.

The Local Authority Members (Gratuity) (Amendment) Regulations 2006 allows the gratuity to be paid before age 50 where retirement is due to permanent infirmity or where the member dies in office.

An additional ex-gratia payment may be made to Councillors serving on or after the date of the making of the 2006 Regulations in respect of service before 4 May 2000. The rates to be applied are dependent on the number of years' service and the category of local authority in which the Councillor served.

There are four different rates for the Representational Payment depending on the type of council served on, as follows:

- €16,724 City/County councillors
- €8,362 Borough councils and some town councils
- €4, 181 Other rating town councils
- €2, 282 Non-rating town councils

Legislation

1. Principal Legislation: [Section 142 of the Local Government Act 2001](#)
2. Relevant statutory instruments made under the 2001 Act:
 - [Local Authority Members \(Gratuity\) Regulations 2002](#),
 - [Local Authority Members \(Gratuity\) \(Amendment\) Regulations 2002](#)
 - [Local Authority Members \(Gratuity\) \(Amendment\) Regulations 2003](#)
 - [Local Authority Members \(Gratuity\) \(Amendment\) Regulations, 2006](#)

Retirement Scheme 1998

There was also an earlier retirement scheme introduced by [Statutory Instrument 232](#) in 1998, this was replaced by the scheme introduced in 2002.

The 1998 scheme provided for payments for up to 40 years of service on the basis that retiring councillors would not contest the 1999 or subsequent local elections. The rates payable were determined by the type of council on which councillors served with higher payments for service on city and county councils as with the current scheme. The rates are set out in section 5 of the SI, and are as follows:

Members of County Council/Borough:

- Service <20yrs - €750 for each year of service

- service >20yrs - €500 for each year of service up to a maximum of 40 yrs.

Members of an urban Borough/Council:

- Service <20yrs - €375
- Service >20 yrs - €375 plus £250 for each year of service in excess of 20 yrs.

Ex-Gratia Payment

An Ex gratia payment is paid to serving councilors for their years of service prior to 4th May 2000. It is based on 75% of the amount which would have been paid under the 1999 Retirement Scheme which works out as follows:

- €714.23 per year for the first 20 years (75% of €750) and
- €476.15 per year thereafter (75% of €500)up to a maximum of 40 years in total.

Where a retiring member has more than 40 years of service the amount of gratuity to be paid will be for the period of service from 4th May 2000 with the balance of the ex gratia payment for the number of years of service prior to 4th May 2000 up to a maximum of 40 years for both pre-4th May 2000 and post 4th May 2000 service. (For example if a member retires after 50 years with 9 years qualifying service post May 2000 the maximum service which will count towards the ex gratia payment is 31 years.)¹

This payment is based on 75% of the amount which would have been paid under the 1999 Retirement Scheme which were as follows:

Dual Mandates under the Retirement Scheme and Ex-gratia Scheme

Members who held dual or concurrent membership of more than one local authority were entitled to be paid for service for the local authority which gave the most favourable payment.

In the case of both County Council and Urban District Councils service, the payment will be for the county council service only. In terms of the Ex gratia payment, if the member was, for example, a member of an Urban District Council before he/she became a member of a County Council , the service on the Urban District Council will be taken into account in determining the Ex gratia payment on retirement.

¹ Local Authority Members Association, *Elected Members Retirement Scheme: A Guide for County/City Councillors*
<http://lama.ie/2013/04/24/elected-members-retirement-scheme/>

A‘Scrappage Scheme’

The 1999 scheme was referred to as a 'scrappage scheme' for councillors in the media and also by some politicians. The scheme was designed to retire off older councillors and make way for new younger ones at a time of renewal for local government. See article - [Councillors line up for payout in 'scrappage scheme'](#) - Irish Independent 24 May 1999.

Correspondence was made with the Oireachtas; the information obtained explained that the 1999 scheme was brought about at the time of a constitutional referendum in 1999. This resulted in constitutional recognition for local government for the first time, and provision for elections every five years, where previously central government had often deferred local elections². [The Local Government Act 2001](#) gave some additional powers to councils; these developments were considered to have brought Ireland into line with the [European Charter on Local Self Government](#).

² DEHLG, *Irish Local Government in Context* http://www.environ.ie/en/GreenPaper/html/greenp_chaptwo.html