

**Local Authority Members (Gratuity)**  
**(Amendment) Regulations 2006**  
**and additional ex-gratia payment**

**Position with effect from the date the 2006 Regulations were  
made, i.e. 19 December 2006**

*Summary for Members*

- (1) Any period of service as a member of a local authority from 4 May 2000 reckons as service for the purposes of the gratuity.
- (2) The maximum gratuity is four times' Representational Payment (RP) rate on date of cesser and is payable after 20 years' service (*this equates to an accrual rate of 4/20ths of RP for each year of service with fractions of years counting pro-rata*). The maximum service allowable is 20 years.
- (3) The minimum service required for the gratuity is 2 years.
- (4) The gratuity will be paid on retirement at or after age 50.
- (5) The gratuity will be paid before age 50 where retirement is due to permanent infirmity or where the member dies in office.
- (6) On retirement due to permanent infirmity, added years may be allowed on the following basis:
  - (a) for service of not less than 3 and not more than 5 years, an amount of added service equal to the member's service may be allowed, subject to the member's total potential service to age 65 not being exceeded,
  - (b) for service of not less than 5 and not more than 10 years, the greater of the following may be allowed –

- (i) 10 years less the member's service, subject to the member's total potential service to age 65 not being exceeded or
  - (ii) 3 and 1/3<sup>rd</sup> years, subject to the member's total potential service to age 50 not being exceeded,
- (c) for service of not less than 10 years, 3 and 1/3<sup>rd</sup> years may be allowed, subject to the member's total potential service to age 50 not being exceeded.

The sum of actual service and added years may not exceed 20 years.

- (7) Since certain members may not have been in the same local authority grouping for RP purposes for their entire service, it is necessary to make an adjustment to cater for this. The way this is done is to reckon all periods of service pro-rata to service as a member of a city/county council and to calculate the gratuity on the RP rate for a member of a county/city council on retirement. The following Table shows how service is reckoned on a pro-rata basis.

Category of Local Authority	Reckonable Service Credit
<ul style="list-style-type: none"> <li>• County and City Councils.</li> </ul>	<ul style="list-style-type: none"> <li>• The full amount of the Service reckons.</li> </ul>
<ul style="list-style-type: none"> <li>• Town/Borough Councils mentioned in Part 3 of Schedule 7 to the Local Government Act, 2001 and the town councils of Athlone and Ennis.</li> </ul>	<ul style="list-style-type: none"> <li>• One-half of the Service reckons.</li> </ul>
<ul style="list-style-type: none"> <li>• Town Councils of towns mentioned in Chapter 2 of Part 1 of Schedule 6 to the Act, excluding Athlone, Bray, Dundalk, Ennis and Tralee; and including the town councils of Balbriggan, Droichead Nua, Greystones, Leixlip, Mullingar, Portlaoise and Shannon.</li> </ul>	<ul style="list-style-type: none"> <li>• One-quarter of the Service reckons.</li> </ul>
<ul style="list-style-type: none"> <li>• All remaining Town Councils.</li> </ul>	<ul style="list-style-type: none"> <li>• 3/22nds of the Service reckons.</li> </ul>

The formula for calculating the gratuity is –  $A \times B \times 4/20$ , where

- A *is Service as adjusted in accordance with the Table above*  
B *is the current RP rate for a city/county councillor on the person's retirement.*

For example, if the person had 3 years' service as a member of a borough council followed by 2 years' service as a member of a county council, the gratuity would be calculated as follows:

*The 3 years as a borough councillor converts to 1.5 years' reckonable service. This is added to the 2 years' reckonable service as a county councillor and the gratuity is based on 3.5 years' reckonable service and the RP rate for a city/county councillor on the person's retirement. Based on the current RP rates, this would yield a gratuity of €11,498.90 (i.e.  $3.5 \times €16,427 \times 4/20$ ). This is almost the same amount as if the gratuity were based on the actual service and RP rates, i.e. 3 years' service as a borough councillor would yield a gratuity of €4,929 based on the RP rate for a borough councillor (€8,215 is the current rate) and 2 years' service as a county councillor would yield a gratuity of €6,570.80 based on the RP rate for a county councillor (€16,427 is the current rate), i.e. a total of €11,499.80. The slight difference is accounted for by rounding in the RP rates.*

- (8) Where a person ceases to be a councillor before age 50 (*whether voluntarily or as a result of not being re-elected*) the gratuity will be preserved until age 50, i.e. it will be paid when the person reaches age 50 and will be based on the RP rate applicable at that point.
- (9) With effect from the date of the making of the 2006 Regulations, no minimum qualifying service is required for payment of a gratuity where the member dies in office and the minimum gratuity payable is the member's rate of RP.
- (10) A further gratuity may be paid to a former member who received a gratuity under the Regulations where he or she becomes a member subsequently, provided he or she has at least 2 years' subsequent service and the actual service and any added years allowed for the purposes of the original gratuity did not exceed 20 years. In such a case, the further gratuity will be limited to –  
*the person's subsequent service as a member, or*  
*20 years less the original service and added years, if any,*  
whichever is the less.

- (11) An additional ex-gratia payment may be made in respect of service given before 4 May 2000 in the case of those members whose membership ceases on or after the date of the making of the 2006 Regulations on the basis set out in the following Table:

	Service with a county council or a county borough corporation	Service with a borough corporation (other than a county borough corporation) or an urban district council	Service with a town commissioners
For each year of pre 4 May 2000 service up to 20 years – the amount payable for each such year is	<b>€14.23</b>	<b>€57.11</b>	<b>€78.56</b>
For each year of pre 4 May 2000 service in excess of 20 years - the amount payable for each such year is	<b>€76.15</b>	<b>€38.08</b>	<b>€19.04</b>

Where a person was a member of more than one local authority (e.g. a county council and an urban district council), only one of those periods may be reckoned in calculating the ex-gratia payment and that will be in respect of the membership which is most favourable.

In addition, the maximum service allowable for the ex-gratia payment is 40 years. However, any period of service from 4 May 2000 which is reckoned for the purposes of a gratuity under the Regulations will be taken into account in assessing the 40 year limit. For example, if a member resigns with 9 years' qualifying service post 4 May 2000, the maximum service which will count towards the ex-gratia payment is 31 years.

### Example of Calculation of Ex-Gratia Payment

A member of a Borough Council has 28.36 years' service as a member, 21.69 of which are pre 4 May 2000 and 6.67 of which are post 4 May 2000. The member receives a gratuity under the Members Gratuity Regulations in respect of the post 4 May 2000 service. The member is entitled to an ex-gratia payment in respect of the 21.69 years' service pre 4 May 2000 (In this connection, all of the 21.69 years pre 4 May 2000 service may be reckoned because total service - pre and post 4 May 2000 - does not exceed 40 years).

The ex-gratia payment amounts to **€7,544.56**, calculated as follows:

20 x €357.11 (Borough Corporation/Borough Council rate for service up to 20 years)

plus

1.69 x €38.08 (Borough Corporation/Borough Council rate for service in excess of 20 years)

- (12) Further information about the gratuity arrangements may be obtained by a member from the local authority(ies) of which he or she is a member.

***This summary is not a legal interpretation of the Regulations.***