

Circular Letter S. 3/2007

File Ref: S.430/3/1(2)

22 January, 2007

**Local Authority Members (Gratuity)  
(Amendment) Regulations 2006**

A Chara,

1. I am directed by the Minister for the Environment, Heritage and Local Government to refer to the retirement gratuity arrangements for elected members.
2. Section 142 of the Local Government Act 2001 allows for the introduction by way of regulations of superannuation arrangements for elected members. Under this section, the Local Authority Members (Gratuity) (Amendment) Regulations, 2006 (S.I. No. 674 of 2006) have been made and they provide for changes in the gratuity arrangements. A copy of the 2006 Regulations is enclosed.
3. The main features of the Members Gratuity Regulations (inclusive of all amendments to date) are as follows:
  - All decisions in relation to entitlement to a gratuity and the calculation and payment of a gratuity are a matter for the “appropriate local authority”, as defined in the Regulations. In relation to a person who has concurrent membership of a county council and a town council, the appropriate local authority (i.e. the local authority which grants and pays the gratuity) will be the county council.
  - Where a person has concurrent membership of two local authorities (e.g. a county council and a town council), only one of those periods may be reckoned in calculating the gratuity and that will be in respect of the membership which is most favourable, i.e. county council membership.
  - A gratuity will not be paid to a person who has concurrent membership of two local authorities if he/she ceases to be a member of one

authority but not the other, i.e. the gratuity will only be paid on retirement from the local government system.

- With effect from the date of the making of the 2006 Regulations, the maximum gratuity is four times' the Representational Payment (RP) rate on date of cesser and is payable after 20 years' service (*this means an accrual rate of 1/5<sup>th</sup> of RP for each year of service with fractions of years counting pro-rata*). The maximum service allowable is 20 years.
  - With effect from the date of the making of the 2006 Regulations, the minimum qualifying service required for the gratuity is 2 years.
  - The gratuity will be automatically paid on retirement at or after age 50.
  - The gratuity will be paid before age 50 where retirement is due to permanent infirmity or where the member dies in office.
  - 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 in such circumstances is the member's rate of RP.
  - On retirement due to permanent infirmity added years may be allowed. The sum of actual service and added years may not exceed 20 years.
  - A service adjustment is necessary to take account of the fact that certain members may not have been in the same grouping for RP purposes for their entire service. Therefore, all periods of service are reckoned pro-rata to service as a city/county councillor and the gratuity is based on the RP rate for a county/city councillor on retirement.
  - Where a person ceases to be a councillor before age 50 (*whether voluntarily or as a result of failure to be 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 applicable at that point.
  - 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, subject to specified limitations.
4. It has also been agreed that additional ex-gratia payments may be made in respect of service given by members 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**. These payments are not comprehended by the 2006 Regulations. Sanction is hereby conveyed to the making of these payments on the following basis:

	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>€178.56</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>

Notes:

- (a) 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.
- (b) 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:

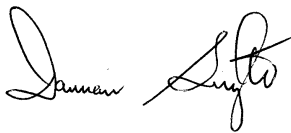
20 x €357.11 (Borough Corporation/Borough Council rate for service up to 20 years)

**plus**

1.69 x €238.08 (Borough Corporation/Borough Council rate for service in excess of 20 years)

5. A detailed summary of the Regulations and ex-gratia payments for the information of local authorities together with a brief summary for members are also enclosed. A copy of the summary for members should be circulated to all members of the local authority as soon as practicable. A copy should also be given to any person who becomes a member of the local authority in the future.
6. Any queries in relation to this circular letter should be addressed to the Superannuation Section, Department of the Environment, Heritage and Local Government, Government Offices, Ballina, Co Mayo. The name and contact details of the appropriate person dealing with each local authority are set out in the Appendix to this circular letter. Queries should be directed to and will be dealt with by the appropriate person only. Members are being directed to local authorities for further information.
7. This circular along with all circulars published by the Department of Environment, Heritage and Local Government is available at the following website: <http://circulars.lgcsb.ie/doecirculars/>. This site requires a username and password which was sent to each local authority as part of circular CMU 1/2004.

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Damian Smyth  
Assistant Principal Officer  
Local Government Division

## APPENDIX

### SUPERANNUATION SECTION - CONTACT/RESPONSIBILITY DETAILS

<b>Local Authorities/LG Bodies</b>	<b>Person Responsible</b>	<b>Telephone Contact Number</b>
Dublin City Council	Marienne McDonnell	096 24408
Clare County Council Cork City Council Kildare County Council Limerick City Council Limerick County Council North Tipperary County Council Wicklow County Council	Michael Loughran	096 24406
Donegal County Council Galway City Council Kerry County Council Leitrim County Council Sligo Borough Council Sligo County Council	Breege Judge	096 24409
Cork County Council Dun Laoghaire-Rathdown Co. Council Fingal County Council Laois County Council Longford County Council Mayo County Council Offaly County Council Roscommon County Council South Dublin County Council Westmeath County Council	Agnes Moran	096 24410
Carlow County Council Cavan County Council Clonmel Borough Council Drogheda Borough Council Galway County Council Kilkenny Borough Council Kilkenny County Council Louth County Council Meath County Council Monaghan County Council South Tipperary County Council Waterford County Council Waterford City Council Wexford Borough Council Wexford County Council	Patrick Leonard	096 24407

**Note:**

The person with responsibility for a particular county council will also have responsibility for any town councils within that county.