



**An Roinn Tithíochta,
Pleanála agus Rialtais Áitiúil**
Department of Housing,
Planning and Local Government

Value for Money Unit

Local Government Audit Service

An Overview of Pension Income and Costs in Local Authorities

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Local Government Audit Service

The Local Government Audit Service (LGAS), incorporating the Value for Money (VFM) Unit, being an external audit service, provides independent scrutiny of the financial stewardship of local authorities.

The sectoral goals of the LGAS are to:

- carry out the audits of local authorities and other bodies in accordance with the Code of Local Government Audit Practice thereby fostering the highest standards of financial stewardship and public accountability.
- promote the achievement of value for money in local authorities by undertaking Value for Money audits and publishing reports thereon.

It is the responsibility of local authority management to ensure that value for money is achieved by establishing and maintaining sound arrangements including procedures for planning, appraisal, authorisation and control of resources.

This report was prepared on the basis of information, documentation and explanations obtained from the public bodies included in this report. The draft report was sent to all local authorities and relevant Government departments for factual accuracy and where appropriate the comments received were incorporated in the final version of the report.

The website of the Department of Housing, Planning and Local Government is the primary means of publishing reports of the Value for Money Unit of the Local Government Audit Service. Should any errors arise they will be corrected and noted in the report published at <http://www.housing.gov.ie/en/publications/localgovernment/auditservice/>

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Executive Summary

Background

Public sector defined benefit schemes are occupational pension schemes that provide a set level of pension at retirement. Local authority employees, like all other public service staff, accrue defined benefit (DB) retirement benefits as part of their employment.

This review was performed in response to concerns regarding the significant “gap” which exists between the pension contributions that a local authority receives from current local authority employees, and the pensions paid to retired individuals on a yearly basis under the local authority scheme.

The aim of this review is to:

- i. quantify the total pension income and expenditure in local authorities at 31 December 2016, and therefore establish the resulting “gap” which has to be funded each year by local authorities from their own resources
- ii. examine the operation of the Single Public Service Pension Scheme
- iii. establish the total number of staff in local authorities and their age profile
- iv. quantify the total number of pensioners in local authorities and the average pension paid
- v. quantify the level of pension reserves held in local authorities
- vi. consider the pension liability for local authorities as at 31 December 2015 as per the actuarial review carried out by the Department of Public Expenditure and Reform (DPER).

i. Total Pension Income and Expenditure

The total income received from pension contributions deducted from staff in local authorities in the year to 31 December 2016 was €53.21 million (**2015**: €55.51 million, **2014**: €56.47 million).

Income from contributions relating to Pension Related Deduction (PRD) is deducted by the local authorities and is required to be remitted to the Department of Housing Planning and Local Government (the Department) . The total amount was €52.83 million in 2016 (**2015**: €70.62 million, **2014**: €73.54 million).

At the time of the introduction of PRD, to avoid the circular flow of funds to and from the Exchequer, the General Purpose Grant (GPG) towards local government funding was reduced accordingly. As a result of this reduction, up to the end of 2016 local authorities have retained the amounts collected, as part of their income and it is separately disclosed in the income and expenditure account of local authorities' annual financial statements.

The total pensions payments for retired staff in local authorities, in 2016, was €301.64 million (**2015**: €293.53 million, **2014**: €300.85 million). The amount includes the annual pensions paid to retired staff and gratuities paid to those staff who retired in the current year.

When taking into account the movements to/from the Capital Account for certain gratuities, the net total pension expenditure for 2016 per Appendix 1 of the Annual Financial statements was €301.29 million (**2015**: €293.30 million, **2014**: €298.53 million).

The difference between the total income (including PRD) and total expenditure is €195m. This significant 'gap' of €195 million in 2016 is a 17% increase from the figure in 2015 and a 16% increase on the 2014 figure.

If the income from PRD is excluded as this in effect is remitted back to the Department with the reduction in the GPG, then the deficit increases to €248 million in 2016.

ii. Single Public Service Pension Scheme

From 1 January 2013 all public service bodies (relevant authorities) operate the new Single Public Service pension scheme (the Single Scheme) which is a career average defined benefit superannuation scheme. In 2016 the total number of local authority staff in the above scheme was 3,238 which is an increase of 69% from 2015. The total amount remitted to the Exchequer in respect of contributions for this Scheme was €2.1million.

The review found that, while contributions deducted from staff on the Single Scheme are remitted to DPER in line with the legislation, there is no mechanism to recoup those contributions from either the Department or DPER to fund the actual retirement payment and lump sum when staff within this scheme retire.

Expenditure on the value of all Single Scheme benefits is recoverable from the Exchequer (via Exchequer Votes process) in accordance with Section 44 of the 2012 Act. This means

that the relevant authority which is the local authority is required to recoup the contributions to the Single Scheme from its parent Department.

In some local authorities staff have already retired under the Single Scheme. Lump sum and pensions payments were required to be paid out of local authorities' own resources as a recoupment mechanism was not in place to recover their actual Single Scheme pension contributions remitted.

Therefore at present, local authorities are making payments under the Single Scheme but not retaining any of the income.

iii. Staff profile in local authorities

The total number of staff in local authorities at the end of November 2017 was 29,737 and in December 2016 was 29,143. The total number of pensioners staff paid in 2016 was 19,931 and the total number of staff who retired in 2016 was 792 with a total gratuity amount paid of €48.91 million.

Of the total employees of 29,737, 3,455 are aged 60 or over and a further 9,759 are aged between 51 and 60. Only 90 staff in local authorities are under 20 years old and only 887 are aged between 21 and 30.

This age profile demonstrates that the "gap" between income and expenditure will continue to rise given that over 13,000 staff could potential retire within the next 15 years, and the fact that new entrants join the Single Scheme under which contributions are remitted to the Exchequer. These factors will continue to place pressure on local authority resources.

iv. Level of pension reserves in local authorities

Over 70% of local authorities had provided for a pension reserve in 2016, the total of which was €51.46 million. However, this was in relation to elected council members only and not the current staff of the local authority. There is no requirement to make a provision for future liabilities of current and past local authority staff in a pension reserve as the current policy under the scheme is that liabilities are met as they arise.

v. DPER Actuarial review

In November 2017, DPER conducted a review of the value of the State's Accrued to Date (ADL) pension liability. Local authorities were included as part of this review and the liability for current and former local government employees was estimated at €9.3 billion as at 31 December 2015. The overall total liability for the State was estimated at €114.5 billion. There is no requirement at present for local authorities to account for this liability in their Annual Financial Statements (AFS).

1. Introduction

1.1 Background

Local authorities in Ireland, under the Local Government Superannuation Scheme (LGSS), operate and are governed by the state defined benefit scheme and more recently, in 2013, the Single Scheme for all new entrants.

Payments in respect of pensions and gratuities are treated as current expenditure and are charged to the revenue account in the accounting period in which the payments are made. Income from employee contributions are included as part of the current year income in the local authority. They exclude contributions under the Single Scheme which are remitted directly to DPER.

At present a significant “gap” exists between the pension contributions received from current local authority employees and the pensions paid to retired individuals on a yearly basis under the Local Government Superannuation Scheme (LGSS). This issue will become more acute as the age profile of local government staff increases and ‘new entrants’ are pensionable under the Single Scheme which is overseen by DPER. This growing “gap” places a significant burden on local authorities each year as it has to be funded from revenue generated in the year.

Currently, there is no central funding provided to local authorities for the financing of current pension costs or future liabilities and must be funded from their own resources. There is no provision in local authorities for future pension costs and in accordance with the Accounting Code of Practice for local authorities, no local authority has accounted for the future pension liability relating to current staff.

In November 2017, DPER conducted a review of the value of the State’s Accrued to Date (ADL) pension liability. Local authorities were included as part of this review and the liability for current and former local government employees was estimated at €9.3 billion as at 31 December 2015. The overall total liability for the State was estimated at €114.5 billion. The review was completed by a professional actuary and was required by the Central Statistics Office who under EU Regulation 549 / 2013, are required to compile a supplementary table showing the accrued liabilities of all funded and unfunded Irish pension schemes as part of the National Accounts.

1.2 Basis for selection and methodology

In order to quantify the total pension income and expenditure in local government it was appropriate to select all 31 local authorities to participate in the review. Completed questionnaires were verified by the Local Government Auditors and the relevant data has been analysed, collated and included in this report. A draft report was sent to all 31 local authorities for confirmation of factual accuracy and feedback comments and all responded.

1.3 Scope of the review

The information included in this report is taken from the responses received under the report questionnaire. The questionnaire received from all local authorities was agreed with and signed off by the Head of Finance in each local authority. It contained the following information for each of the years 2014 to 2016;

- Pensions contributions in the year
- Pension expenditure in the year
- Staff numbers and age profile
- Retired staff numbers and costs
- Total pension reserves
- Total pay costs (wages and salaries)
- Seconded staff numbers and pay costs.

2. Local Government Superannuation Scheme

2.1 Overview of Local Government Superannuation Scheme

Local authority employees, recruited before the end of 2012, like all other public service staff, accrue Defined Benefit (DB) retirement benefits as part of their employment. Public sector defined benefit schemes are occupational pension schemes that provide a set level of pension at retirement, the amount is determined by the employee's years of service and final salary at retirement date. Annual pension increases are based on 'pay parity'.

'Pay parity' increases may not always be annual, nor are they statutory and therefore they are not guaranteed. 'Pay parity' increases were suspended over the period of the financial emergency and only recently under the Public Service Stability Agreement 2018 – 2020 were re-instated on conditions-bound time limited basis as set out in that agreement.

Under this defined benefit scheme, contributions are payable by members by way of deduction from salary/wages. The costs incurred in the payment of any superannuation benefits in local authorities are financed on a 'pay as you go' basis with the annual cost of pensions in payment being met from current revenue, under the budgetary requirements of the employing authorities. The liabilities are met as they arise.

Payments in respect of pensions and gratuities are treated as current expenditure and are charged to the revenue account in the accounting period in which the payments are made. Pension contributions from employees are treated as part of current receipts. As noted below, contributions in relation to the Single Scheme are remitted separately to DPER and therefore are not accounted for as income in the local authority.

2.2 Local Government (Superannuation) (Consolidation) Scheme, 1998

The LGSS applies to staff who are employed in a pensionable capacity by local authorities. Other members of the scheme include staff of the Local Government Management Agency (LGMA), certain Health bodies (including Health corporate bodies), regional assembly staff, and members of certain educational and other committees, however only local authority employees were included in the data for the purposes of this report.

Statutory provisions

The LGSS is governed by one single enactment, i.e. the Local Government (Superannuation) Act, 1980. This Act empowers the Minister to make superannuation schemes. The Local Government (Superannuation) (Consolidation) Scheme, 1998 consolidates the provisions set out in a number of earlier schemes which, in turn, were revoked by the 1998 Scheme. The 1998 Scheme was further amended by the Local Government (Superannuation) (Consolidation) (Amendment) Scheme, 2007 (S.I. No. 177 of 2007), the Local Government (Superannuation) (Consolidation) (Amendment) Scheme, 2012 (S.I. No 291 of 2012), and the Local Government (Superannuation) (Consolidation) (Amendment) Scheme 2014 (S.I.No.288/2014).

Retirement Age and service

For staff recruited prior to 1 April 2004, the minimum retirement age is 60 and maximum retirement age is 65. The Retirement Age Bill, when enacted, will raise the maximum pension age to 70 for most pre-2004 recruited public servants. However for staff recruited from 1 April 2004 ('new joiners'), the minimum pension retirement age is 65 years. Preserved pension age is 60 years for pre 1 April 2004 staff, and is 65 years for staff recruited from 1 April 2004 ('new joiners').

For Fire Officers recruited prior to 1 April 2004, the minimum retirement age is 55 and maximum retirement age is 65. Fast accrual applies to this group and each year of service after 20 years counts as double. For Fire Officers who are considered "new entrants" the minimum retirement age is 65 and fast accrual does not apply. For Fire Fighters recruited before and after 1 April 2004, a retirement age of 55 and fast accrual after 20 years' service applies. This is an important distinction between fire officers and fire fighters. For all other staff the maximum service is 40 years.

Scheme Terms

For all local authority staff, the retirement benefit consists of two elements;

- Lump sum on retirement by way of a gratuity – made up of 3/80ths of final pay per year of service
- An annual pension paid for life from retirement age - calculated at 1/80th of final earnings payable for each year of service

- For Class A PRSI staff, whose pensions are co-ordinated with the state pension, annual pension is calculated as 1/200 of reckonable pay up to 3 and 1/3 times the current rate of State Contributory pension plus 1/80th of reckonable pay in excess of this limit.

The rate of contributions and superannuation benefits payable are covered under the legislative provisions of the Local Government (Superannuation) (Consolidation) Scheme, 1998 (S.I. 455 of 1998) as subsequently amended as set out below. In general, the benefits include lump sum/pension/death gratuity in the case of death in service and dependants benefits where the deceased was a member of the appropriate schemes.

The cost of salaries and wages in the accounts includes deductions in respect of superannuation (including Widows and Orphans) benefits. Such deductions are credited as receipts to the Statement of Comprehensive Income (Income & Expenditure Account). Currently there is no central funding provided to local authorities for the financing of current pension costs or future liabilities and the current costs must be financed from their own resources.

The Department prepares an annual report on the LGSS pension scheme under the Pension Act, 1990 and the this report has obtained the annual report for 2016 and confirmed the figures included for all local authorities.

2.3 Single Public Service Pension (Single Scheme and other Provisions) Act 2012

The provisions of the LGSS are not applicable to local authority staff who are deemed to be “new entrants” under the Single Public Service Pension (Single Scheme and other Provisions) Act 2012. They are pensionable under the Single scheme which is overseen by DPER.

The Single Public Service Pension Scheme (Single Scheme and Other Provisions) Act 2012 provided for a new single public service pension scheme for all new public service employees recruited on or after 1 January 2013.

In line with the legislation, all local authorities operate the Single Scheme with effect from 1 January 2013. Employee contributions for the Single Scheme continue to be deducted by local authorities but are remitted centrally to DPER for the benefit of the Exchequer.

The main differences of the new scheme compared with current pre and post 2004 entrants are as follows:

- Retirement benefits are based on a career average pensionable salary, adjusted by Consumer Price Index (CPI) increases, rather than final salary
- For standard accrual grades, a later minimum pension age, linked to the State Pension Contributory (SPC) (currently 66 increasing to 68 by 2028)
- Less favourable fast accrual for security sectors; i.e. longer term to obtain maximum retirement benefits as compared to 30 years currently, however these grades retain the right to retire without actuarial reduction to their benefits from age 55 years
- Higher superannuation contributions for security and other specialist sectors who benefit from fast accrual
- Consumer price index linking for pensions in payment rather than current pay parity pay increases. See Section 2.1 on pay parity increases.

Unlike pre-2013 schemes, the Single Scheme also allows most members to accumulate pension benefits under the Scheme for more than 40 years (subject to the maximum retirement age).

3. Accounting for Pensions

3.1 Disclosure requirements under FRS 102

Under FRS102, Employee Benefits include all forms of consideration provided by an entity to its employees in exchange for services rendered. There are four broad types:

- (a) short term employee benefits due within 12 months
- (b) post-employment benefits
- (c) other long term employee benefits not due within 12 months; and
- (d) termination benefits due to early retirement or voluntary redundancy.

The general principle is that the cost of all employee benefits should be recognised:

- (a) as a liability after deducting amounts already paid directly to employees; and
- (b) as an expense unless the cost can be included within inventories or in the cost of property.

Accounting for Pensions are included under (b) Post - employment benefits and these are classified as either defined contribution or defined benefit plans depending on their principal terms and conditions.

- (i) Defined contribution plans (DC) – fixed contributions are paid into a separate fund but the entity has no further obligation to pay further contributions. The benefits paid to pensioners depend on the contributions paid in and the investment returns thereon.
- (ii) Defined benefit plans (DB) – these are classified as other than DC plans. There is an obligation on the entity to provide the agreed benefits based on both actuarial and investment risks. If these are worse than expected then there is a need to make good that deficit and reflect that as an obligation of the reporting entity.

Post-employment benefits: Defined Benefit (DB) plans

A liability should be recognised as the net total of the following amounts:

- (a) the present value of an entity's obligations at the reporting date, minus
- (b) the fair value of its plan assets at the reporting date.

To arrive at present value, a discount rate should be chosen which refers to market yields at the reporting date on high quality corporate bonds and the actuarial valuation method adopted should be the projected unit credit method to determine an entity's DB obligations and related current and past service costs.

The FRS does not require an entity to engage an independent actuary to perform the comprehensive actuarial valuation, needed to calculate its DB obligation nor does it require it to be completed annually. In the periods between comprehensive actuarial valuations, if the principal actuarial assumptions have not changed significantly, the defined benefit obligation can be measured by adjusting the prior period measurement for changes in employee demographics such as number of employees and salary levels.

The cost of a defined benefit plan is represented by the net movement (Net Change) in the DB liability and is recognised in profit or loss unless it is capitalised in inventories or property. FRS 102 requires actuarial gains and losses in the period to be recognised in the period they occur and reported in other comprehensive income and included in the statement of comprehensive income. The movement (Net Change) includes:

- (a) the change in the DB liability arising from employee service rendered during the period
- (b) the net interest on the DB obligation during the period
- (c) the actuarial gains and losses during the period
- (d) the increases/decreases in the DB liability as a result of a new plan or change in an existing plan
- (e) the decreases in the DB liability from curtailment or settlement of an existing plan during the period.

3.2 Departure from disclosure requirements under FRS 102

The Accounting Code of Practice is a Statement of Recommended Practice for local authorities. It provides recommendations for accounting and reporting, and in particular, how accounting standards should be applied in the context of specific sectors and how to account for specific transactions.

Under this code, local authority payments in respect of pensions and gratuities are charged to the revenue account in the accounting period in which the payments are made. The cost of salaries and wages in the accounts includes deductions in respect of superannuation (including Widows and Orphans) benefits. Such deductions are credited as receipts to the Statement of Comprehensive Income (Income & Expenditure Account) in the period in which they are received.

Similarly, under the code, no charge is included in respect of the accruing cost of pensions and the financial statements do not contain any estimate of the accrued pension liability in respect of either serving staff or of pensioners. There is no provision in the financial statements for future pension costs calculated in an annual actuarial valuation. There is no disclosure either of actuarial gains or losses arising on scheme liabilities reflected in the Statement of Total Recognised Gains and Losses. There is no recognition of a corresponding amount recoverable from Exchequer funds as no central funding is provided to local authorities.

3.3 Pensions policy disclosure

The current policy in relation to employee pension benefits adopted by all local authorities as directed by the GAWG is as follows:

Payments in respect of pensions and gratuities are charged to the revenue account in the accounting period in which the payments are made. The cost of salaries and wages in the accounts includes deductions in respect of pension contributions (including Widows and Orphans) benefits. Such deductions are credited as receipts to the Statement of Comprehensive Income (Income & Expenditure Statement).

This area of retirement benefits and its applicability to the Local Government Sector remains on the work programme of the GAWG¹.

While this policy and disclosure is in accordance with the Accounting Code of Practice issued by the GAWG, it represents a departure from FRS102. The financial statements do not reflect the true cost of pensions as no future potential liabilities in relation to employee benefits are either accounted for or disclosed in the Annual Financial Statement of local authorities.

¹ **The General Accounts Working Group (GAWG)** is responsible, on behalf of the Department of Housing Planning and Local Government, for developing new accounting policies, providing guidance on implementation, reviewing existing policies requiring amendment and addressing all issues relating to accounting policy for local authorities. The group is made up of representatives from local authorities at Head of Finance level and department officials who, on an annual basis, issue department circulars and update the Accounting Code of Practice for Local Authorities in Ireland.

In a suggested follow up to this report and working with local authorities, a review of the DPER actuarial valuation completed in November 2017 and the associated pension liabilities of local authorities should be undertaken.

Working with the LGMA and the GAWG, the future accounting treatment and disclosure of pension liabilities in the Annual Financial Statements of local authorities should be examined in the light of this valuation.

4. Pension Income and Expenditure

4.1 Income from pension contributions

The total income received from pension contributions deducted from staff in local authorities in the year to 31 December 2016 was €53.21 million (**2015**: €55.51 million, **2014**: €56.47 million). This amount is disclosed in Appendix 4 of the Annual Financial Statements in each local authority and excludes contributions deducted re the Public Service Single Scheme.

Exhibit 1: Income from Pension Contributions

Region	2016		2015		2014	
	€	%	€	%	€	%
Dublin	17,533,318	33%	19,014,636	34%	19,308,833	34%
Rest of Leinster	10,615,958	20%	10,849,053	20%	11,346,759	20%
Munster	15,664,918	29%	15,949,231	29%	15,987,828	28%
Connacht	5,954,027	11%	6,203,177	11%	6,043,020	11%
Ulster	3,445,607	7%	3,494,382	6%	3,787,780	7%
Total	53,213,828	100.00%	55,510,479	100.00%	56,474,220	100.00%

Source: Local Authorities Survey Questionnaire

4.2 Income from pension related deductions (PRD)

The Financial Emergency Measures in the Public Interest Act 2009 (FEMPI) introduced the PRD for public servants. Local authorities deduct PRD from the salaries of their employees and are required to remit these deductions to the Department. At the time of its introduction, to avoid the circular flow of funds to and from the Exchequer, the contribution towards local government funding was reduced accordingly. Therefore up to the end of 2016 local authorities have retained the amounts collected, as part of their income.

Income from this source is separately disclosed in the income and expenditure account of local authorities' annual financial statements. The total contributions in relation to PRD in the local authorities were €52.83 million in 2016 (**2015**: €70.62 million, **2014**: €73.54 million).

The exhibit below sets out the income over the period of this report i.e. 2014 to 2016. There has been a steady decline in the PRD income from €73.54 million to €52.83 million. This was due to the Public Services Stability Agreement (Lansdowne Road Agreement) which

introduced changes to the PRD exemption thresholds, resulting in a reduction in PRD income being deducted and retained by local authorities.

Exhibit 2: Income from Pension Related Deductions						
Province	2016		2015		2014	
	€	%	€	%	€	%
Dublin	18,395,717	35%	24,394,045	35%	25,151,519	34%
Rest of Leinster	10,593,795	20%	14,213,862	20%	14,689,340	20%
Munster	14,798,462	28%	19,797,458	28%	20,990,556	29%
Connacht	5,770,163	11%	7,898,105	11%	8,296,617	11%
Ulster	3,272,480	6%	4,314,545	6%	4,411,866	6%
Total	52,830,617	100.00%	70,618,015	100.00%	73,539,898	100.00%

Source: Local Authorities Survey Questionnaire

The Department have recognised this reduced income stream and in 2016, compensation of €20.7 million was paid to local authorities as a once-off measure to mitigate the impact of reduced PRD income in that year.

From 2017 onwards, in order to address the issue of the decline in PRD income (as the FEMPI legislation is unwound) annually, significant changes were made to the PRD process. These changes saw all local authorities' Local Property Tax (LPT) allocations increase by an adjustment to the existing baseline for LPT funding. The allocations included an additional amount equivalent to the PRD income retained by local authorities in 2014 (€73.54m).

This adjustment is the reversal of the 2009 decision to reduce the GPG baseline by the PRD amount by increasing the LPT baseline for future years. It was designed to negate the effects of reduced pension related income being retained by local authorities from 2016 onwards.

These adjustments in 2017 have resulted in local authorities no longer retaining the actual income received from PRD contributions locally which they instead remit to the Department. In 2017, arising from the Public Service Stability Agreement (2018-2020) the Government has legislated for the following changes under the Public Service Pay and Pensions Act 2017. From 1 January 2019 onwards, the existing PRD will be converted into a permanent Additional Superannuation Contribution (ASC). This new charge or deduction will be in addition to the existing superannuation contribution made by all public servants

including local authority employees. The title 'contribution' is misleading as it is not a pension contribution and is not related in any way to pension benefits due at retirement.

The Department has received confirmation from DPER that the treatment of ASC in 2019 will remain the same as the collection process of income from PRD in 2017 and 2018.

4.3 Pension Income as a % of revenue income

The report examined contributions as a percentage of total revenue income and found that it was just over 1% in all of the three years 2014 -2016. Income as a % of commercial rates was also examined as this is the largest income generated by each local authority. In all years, it was almost 4%.

Exhibit 3: Pension Income as a % of Revenue Income						
Revenue Income	2016		2015		2014	
	€m	%	€m	%	€m	%
Government Grants & Subsidies	1,121	26%	878	22%	871	21%
Local Property Tax Allocations (incl. PRD adjustments)	365	9%	387	9%	355	9%
Charges for Goods and Services	1,354	31%	1,304	32%	1,396	34%
Commercial Rates	1,468	34%	1,496	37%	1,500	36%
Total	4,308	100%	4,065	100%	4,122	100%
Income from Pension Contributions	53.21		55.51		56.47	
Pension Contributions as a % of Total Income	1.24%		1.37%		1.37%	
Pension Contributions as a % of Commercial Rates	3.62%		3.71%		3.76%	

Source: Local Authorities Survey Questionnaire

When we include income received under the PRD, this percentage is increased by a further 1.23% (**2015**: 1.74%, **2014**: 1.78%). This income will no longer be available in 2017 and 2018, with the same changes confirmed from 2019 as the permanent ASC is introduced.

4.4 Annual pension cost

The total expenditure paid out for pensions for retired staff in local authorities in 2016 was €301.64 million (**2015**: €293.53 million, **2014**: €300.85 million). The amount includes the annual pensions paid to retired staff, gratuities paid for those staff who retired in the current year, and additional redundancy payments paid in 2014 and 2015.

Exhibit 4: Annual Pension Cost						
Year	Annual Pension Cost €	Gratuities Paid in the year €	Other - Redundancy payments €	Total Pension Expenditure €	Transfers to/from Capital	Pension expenditure per Appendix 1 AFS.
2016	252,729,288	48,906,646	-	301,635,934	(343,456)	301,292,478
2015	244,606,234	48,863,569	60,378	293,530,181	(226,668)	293,303,513
2014	239,788,739	58,637,823	2,421,821	300,848,383	(2,314,979)	298,533,404

Source: Local Authorities Survey Questionnaire

When taking into account the movements to/from the Capital Account the net total pension expenditure for 2016 per Appendix 1 of the Annual Financial Statements was €301.29 million (**2015**: €293.30 million, **2014**: €298.53 million). The exhibit below sets out the breakdown of the annual pension cost for each of the years and the figures are broken down by local authority in Appendix 2 of this report.

4.5 Pension cost as a % of revenue expenditure

Similar to pension income, the report examined pension expenditure levels as a percentage of overall expenditure by division and found that pension expenditure was just over 7.5% with a small increase in 2015 compared with the other two years. The exhibit below sets out the full breakdown.

Exhibit 5: Pension Cost as a % of Revenue Expenditure						
Expenditure Division	2016		2015		2014	
	€m	%	€m	%	€m	%
Housing & Building	961	24%	815	22%	746	19%
Roads Transportation & Safety	908	23%	828	22%	835	22%
Water Services	362	9%	385	10%	441	11%
Development Management	319	8%	300	8%	284	7%
Environmental Services	651	16%	637	17%	643	17%
Recreation & Amenity	389	10%	378	10%	365	10%
Agriculture, Ed, Health & Welfare	40	1%	53	1%	90	2%
Miscellaneous Services	379	9%	397	10%	478	12%
Total expenditure	4,009	100%	3,793	100%	3,882	100%
Pension costs included in total expenditure above	301.29		293.3		298.53	
Pension costs as a % of total expenditure	7.52%		7.73%		7.69%	
Total pay costs	1,678		1,667		1,684	
Pension costs as a % of total pay costs	17.96%		17.59%		17.73%	

Source: Local Authorities Survey Questionnaire

The report also reviewed pension costs as a % of overall pay costs as disclosed in Appendix 1 of the Annual Financial Statements and found that in all years the percentage was almost 18% (2016: 17.96%, 2015: 17.59%, 2014: 17.73%).

4.6 Overall pension deficit

The report examined the significant “gap” that exists between the pension contributions received from current local authority employees and the pensions paid to retired individuals on a yearly basis under the local authority scheme. The exhibit below shows that the ‘gap’ is

at €195 million in 2016 when we include the income from the PRD deductions. This is a 17% increase from the figure in 2015 and a 16% increase on the 2014 figure.

However, the income from PRD contributions should be remitted to the Department and is therefore not available to local authorities to cover pension payments. To avoid the circular flow of funding the income is offset by a reduction in the General Purpose Grant from the Department and local authorities have highlighted that the deficit is higher at €248 million in 2016.

Exhibit 6: Overall Pension Deficit

Year	Pension Income From Contributions (Superannuation Deductions) €	Pension Income From Contributions (PRD Deductions) €	Total Pension Expenditure per Appendix 1 AFS €	Deficit Including Contributions (PRD Deductions) €	Deficit Excluding Contributions (PRD Deductions) €
2016	53,213,828	52,830,617	301,292,478	(195,248,033)	(248,078,650)
2015	55,510,479	70,618,015	293,303,513	(167,175,019)	(237,793,034)
2014	56,474,220	73,539,898	298,533,404	(168,519,286)	(242,059,184)

Source: Local Authorities Survey Questionnaire

This issue will become more acute as the staff age profile of local government increases and 'new entrants' are pensionable under the Single public service pension scheme which is overseen by DPER. 'New entrants' pension contributions are remitted to DPER and are not available to local authorities to fund their pension costs in the year.

Therefore this 'gap' will continue to rise steadily as the number of new entrants joining the Single public service pension scheme increases, whilst at the same time the number of employees contributing to the local government pension scheme decreases due to retirements. Therefore pension income will decline in the local authorities as pension expenditure is increasing.

There is no additional grant funding received for pensions and therefore a greater pension amount each year will be required to be funded by local authorities from revenue generated by them in the year. Expenditure on the value of all Single Scheme benefits is recoverable from the Exchequer (via Exchequer Votes process) in accordance with Section 44 of the 2012 Act

There is a large element of uncertainty as to future costs but factors such as increased life expectancy and increasing salaries will result in higher pension costs for local authorities.

5. The Single Public Service Pension Scheme

5.1 Background

The Single Public Service Pension Scheme (Single Scheme and Other Provisions) Act 2012 provided for a new single public service pension scheme (the Single Scheme) for all new public service employees recruited on or after 1 January 2013. The main differences of the new scheme compared with current pre and post 2004 entrants are outlined in Section 2 'Local Government Superannuation Scheme' on page 10.

All local authority employees recruited from 1 January 2013 are included in this scheme and as noted previously, their contributions are remitted to DPER.

5.2 Staff numbers in the single public service scheme

In 2016 the total number of staff in the above scheme was 3,238 which is an increase of 69% from 2015. See exhibit below

Exhibit 7: Staff numbers in the Single Public Service Scheme		
Numbers in the Scheme	2016	2015
	No.	No.
Opening Nos. in Scheme	1,913	1,044
New entrants (net of leavers) in the year	1,325	869
Closing No.s in the Scheme	3,238	1,913
% year on year increase	69%	83%

Source: Local Authorities Survey Questionnaire

Active membership per DPER records at 31 December is lower than these membership values. This may be due to the fact that the local authority figures include all members through the scheme in any given year and also numbers of deferred members and /or pensioners.

5.3 Employee deductions to the single scheme

Employee contributions for the Single Scheme continue to be deducted by local authorities but are remitted centrally to DPER. The exhibit below sets out the staff numbers in the scheme and their total contributions and amounts remitted to DPER.

Exhibit 8: Local Authority payments to DPER in respect of the Single Public Service Scheme				
Year	Staff Numbers in the Scheme	Amount Deducted by Local Authorities	Amount Refunded by Local Authorities	Amounts Remitted To DPER
2016	3,238	2,389,922	184,508	2,095,403
2015	1,913	1,211,374	108,892	967,568
2014	1,044	658,779	128,674	475,908

Source: Local Authorities Survey Questionnaire

The report found that in the majority of local authorities the amount deducted less the amount refunded did not match the amount remitted to DPER. DPER have confirmed that their records reflect lower amounts remitted for all years.

This was due to a number of factors as follows;

- The amount remitted included more than one year's deduction
- The timing of the remittance amount in the year resulted in some deductions being excluded until the following quarter or year.

DPER concurs with the possible reasons for variance e.g. December contributions may not be remitted until following January, arrears for prior periods included in subsequent years.

5.4 Recouping the cost on retirement

According to the rules of the Single Scheme outlined in the legislation, the relevant authority of each Single Scheme member is responsible for paying all scheme benefits associated with that member, including pension and lump sum at retirement.

The ultimate financing of such benefit payments is dealt with in section 44(1) (b) of the 2012 Act, which states that the payments will be paid from funds provided by the Oireachtas.

Expenditure on the value of all Single Scheme benefits is recoverable from the Exchequer (via Exchequer Votes process) in accordance with Section 44 of the 2012 Act.

This means that the relevant authority which is the local authority is required to recoup the contributions to the Single Scheme from its parent Department.

DPER does not operate any dedicated mechanism or arrangement to subvent or refund Single Scheme benefit payments made by relevant authorities, whether by direct money transfer to those relevant authorities, indirect recoupment (to an oversight or funding authority / Department) or otherwise.

In addition, other than the netting off of contribution refunds to leavers against overall employee contributions remitted, relevant authorities are not allowed to recover the cost of such benefit payments by withholding remittances of Single Scheme member contributions.

In that overall context, and having regard especially to the section 44(1)(b) backstop, it is assumed that most Single Scheme employers, as part of their normal financial management and budget-setting activity, including annual engagement with the relevant funders (e.g. Government Departments, HSE), would factor Single Scheme benefit payment estimates into funding demands.

For self-funding bodies, such as local authorities, any issues arising in relation to Single Scheme benefit payment financing should be raised with their parent department.

The report found that, while contributions deducted from staff on the Single Scheme are remitted to DPER in line with the legislation, there is no mechanism to recoup those contributions from either the Department or DPER to fund the actual retirement payment and lump sum when staff within this scheme retire. In line with the legislation, local authorities should engage with the Department through the local government funding process.

In some local authorities staff have already retired under the Single Scheme. Lump sum and pensions payments were required to be paid out of local authorities' own resources as a recoupment mechanism was not in place to recover their actual Single Scheme pension contributions remitted.

5.5 Year on year comparison

The exhibit below sets out the year on year increases in the amount of income deducted in relation to the Single Scheme. It was noted that there was a 99% increase in the income contributions to the Single Scheme in 2016 from 2015 and an increase of 117% from 2014.

This trend is expected to increase given rising staff numbers as new staff enter the local authority sector.

Exhibit 9: Year on Year Comparison							
	2016	2015	Increase from 2015	% Change	2014	Increase from 2014	% Change
Income From Single Pension Scheme (Amount Deducted From Staff)	2,389,922	1,211,374	1,178,548	97%	658,779	552,595	84%
Amount Refunded	184,508	108,892	75,616	69%	128,674	(19,782)	(15%)
Amounts Remitted to DPER	2,095,403	967,568	1,127,836	117%	475,908	491,660	103%
Average Deduction [deductions less refunds/No. in scheme]	681.10	576.31	104.79	18%	507.76	68.55	13.5%

Source: Local Authorities Survey Questionnaire

6. Staff Profile

6.1 Staff numbers

Our survey asked all local authorities to provide information on their staff numbers based on the HR returns submitted to the Department for quarter four for each of the three years to 2016. The total number of staff at the end of December 2016 was 29,143 with the number of pensioners paid for the same period at 19,931. The exhibit below sets out the overall staff numbers in local authorities for each of the three years to 2016.

	31 December 2016	31 December 2015	31 December 2014
No. staff (actual headcount)	29,143.00	28,907.00	28,990.00
No. Whole Time Equivalents	26,848.74	26,602.81	26,737.98
No. Pensioners (actual headcount)	19,931.00	19,703.00	19,335.00
Non Departmental staff	682.00	849.00	761.00

Source: Local Authorities Survey Questionnaire

It was noted that the total number of pensioners at 19,931 was equivalent to 74% of the current number of whole time equivalent staff in local authorities and Appendix 6 sets out the detailed breakdown by local authority.

6.2 Age profile of current staff

The report requested information on the age profile of staff currently working in local authorities as at 31 December 2016. While a small number of local authorities did provide information at this date, other local authorities found that their payroll system, Core pay, was unable to complete the extraction for a point in time retrospectively. It was decided that it would be appropriate to complete the process at the same period end, i.e. as at 30 November 2017, across all local authorities. The exhibit below shows the data extraction taken of the age profile of staff by all local authorities and a detailed breakdown by local authority is set out in Appendix 7.

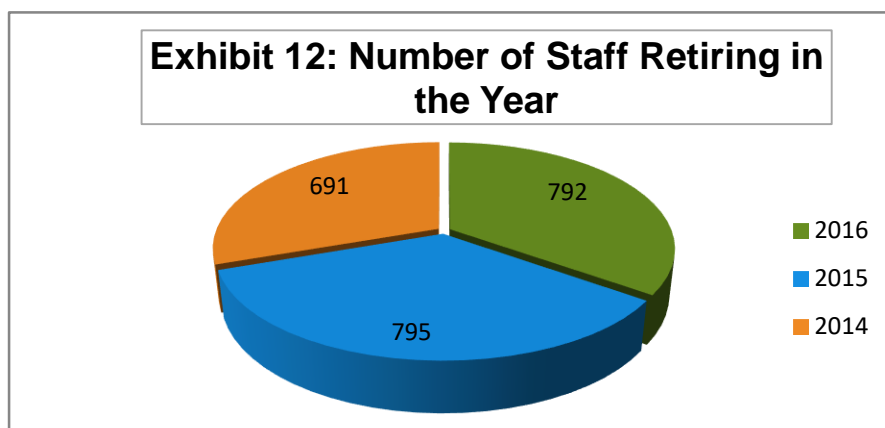
Exhibit 11: Age profile of Current Staff

Age group:	No. of Staff at 30/11/17 ^a	% Breakdown
^a Staff age profile data supplied by a small number of local authorities was at 31 Dec 2016		
<20	90	0%
21-30	887	3%
31-40	6,021	20%
41-50	9,525	32%
51-60	9,759	33%
60+	3,455	12%
Total	29,737	100%

Source: Local Authorities Survey Questionnaire

6.3 Retired staff in the year

The results of the report highlighted that there are just fewer than 800 staff retiring in each of the last two years in local authorities. In 2016 the number was 792 with an associated total gratuity payment of €48.91 million.



Source: Local Authorities Survey Questionnaire

The highest number of retirements in 2016 was in Dublin City County at 190 (2015:176, 2014:167) with a total gratuity cost of €11.77m. This represents 24% of the total gratuities for the year.

Using the survey information of retired staff in the year and the total gratuity paid, the estimated average gratuity paid was calculated as €61,751 in 2016. The figure is calculated for illustrative purposes only to show the potential future gratuity payment based on the staff age profile. It is not the actual average gratuity paid as the total gratuity paid in some local authorities includes other prior year gratuity payments such as preserved benefits, payments to part time fire fighters and other specific pension scheme payments. The amount of gratuities paid per annum may not relate solely to the number of staff retired in that year. The actual average gratuity in individual local authorities may be higher or lower as a result.

Exhibit 13: Average Gratuity Paid			
Year	Total Numbers retired in the year	Amount Of Gratuities paid in the year €	Average Gratuity Paid €
2016	792	48,906,646	61,750.82
2015	795	48,863,569	61,463.60

Source: Local Authorities Survey Questionnaire

Further breakdown of the 2016 gratuities paid by each local authority and the estimated average gratuity is set out in Appendices 1 and 10 respectively.

6.5 Potential gratuity cost

Using the estimated average gratuity paid in 2016 of €61,750.82 estimated in Section 6.4 and the staff age profile as set out in Exhibit 11, the report estimated the potential gratuity cost for those staff retiring within five years (estimated to be all staff aged 60 years +) and within 15 years (all staff aged 50 years +). The costs are set out in the exhibit below with a separate breakdown by local authority in Appendix 10.

Exhibit 14: Potential Gratuity Cost				
Time Period	Current age of staff	No of staff	Average Gratuity in 2016 €	Estimated Gratuity Cost €
Within five years	60 years +	3,455	61,750.82	213,349,083
Between ten and fifteen years	50 years +	9,759	61,750.82	602,626,252
Total within fifteen years		13,214	61,750.82	815,975,335

Source: Local Authorities Survey Questionnaire

6.6 Overall pensioners movement

The total number of pensioners being paid by local authorities at the end of 2016 was 19,931 (2015:19,703) at a pension cost of €252.73 million (2015: €244.61 million, 2014: €239.79 million). Pensioners are paid their annual pension and gratuities as part of pay costs under current expenditure. Gratuities are paid in the year of retirement, some of which was transferred from capital reserves.

Exhibit 15: Overall Pensioners Movement		
Pensioner Numbers	2016	2015
	No.	No.
Opening No. of Pensioners	19,703	19,335
Retired in the year	792	795
Deceased in the year	(565)	(427)
Closing No. of Pensioners	19,931	19,703

Source: Local Authorities Survey Questionnaire

6.7 Average pension paid

A similar calculation was completed for the annual pension paid. Using the data received during the review of the total number of pensioners paid by local authorities through their payroll system and the total pension cost (excluding gratuities and other redundancy payments) paid for each of the three years, the average annual pension paid in 2016 was €12,680, excluding any allowance for payments from the State Pension (Contributory). This was similar for each of the other two years as the payments and pensioner numbers were in line with the 2016 figures.

Exhibit 16: Average Pension Paid			
Year	Total Numbers of Pensioners	Amount Of Pensions paid in the year	Average Pension Calculated
		€	€
2016	19,931	252,729,288	12,680
2015	19,703	244,606,234	12,415
2014	19,335	239,788,739	12,402

Source: Local Authorities Survey Questionnaire

A further breakdown of the 2016 pensions paid by each local authority and the estimated average pension is set out in Appendices 1 and 11 respectively.

6.8 Potential pension cost

Similar to the process above, using the estimated average pension paid in 2016 of €12,680.21 and the staff age profile completed in Section 6.2, the estimated potential pension cost for those staff retiring within five years (all staff aged 60 years +) and within 15 years (all staff aged 50 years +) was calculated. The costs are set out in the exhibit below with a separate breakdown by local authority in Appendix 12.

Exhibit 17: Potential Pension Cost				
Time Period	Age of staff	No. of staff	Average Pension €	Annual Estimated Pension Cost €
Within five years	60 years +	3,455	12,680.21	43,810,126
Between ten and fifteen years	50 years +	9,759	12,680.21	123,746,169

Source: Local Authorities Survey Questionnaire

It should be noted that the above does not take into account changes in pensioner numbers due to deaths, which based on Exhibit 15 Overall Pensioners Movement was approximately 565 in 2016 and 427 in 2015.

It is more difficult to estimate the pension cost as this is a continuing annualised payments on the pensioner numbers at the time. The discount rate for the time value of money would have to be factored in as well as the other assumptions identified in the actuarial report completed by DPER. The above exhibit only calculates an estimated initial pension cost arising as the new group reaches retirement age. It also does not take into account the deceased pensioners for all of these years. The above is not a substitute for an actuarial valuation which would take into account all of the above factors. The actuarial review performed by DPER is discussed in Section 7 of this report.

6.9 Retirements as a % of overall staff

The report examined the number of retirements in the year as a percentage of the current staff in each local authority and found that while overall the percentage was 3% there were a number of variations from 2% in Cork County Council to 4% in Tipperary County Council and Dún-Laoghaire Rathdown County Council. In three of the Dublin local authorities, the percentage was in line with the national average of 3%.

Exhibit 18: Retirements as a % of Overall Staff

	Number of Staff Retired in 2016	Total Staff Numbers	Retired Staff as a % of Total Staff in 2016	Estimated to Retire in 5 years i.e currently aged 60+years	Future Retirements as a % of Total Current Staff
Overall Total	792	29,143	3%	3,455	12%
Local Authorities with Highest No. of Potential Retirements in the next 5 years					
Dublin City Council	190	5,618	3%	620	11%
Cork County Council	43	2,261	2%	220	10%
South Dublin County Council	41	1,214	3%	148	12%
Fingal County Council	38	1,401	3%	210	15%
Cork City Council	37	1,284	3%	124	10%
Kerry County Council	33	1,255	3%	209	17%
Dún Laoghaire-Rathdown County Council	40	987	4%	156	16%
Tipperary County Council	40	983	4%	120	12%

Source: Local Authorities Survey Questionnaire

Using the age profile of staff in the local authorities, the report identified those staff aged 60+ which may be potential retirements within the next five years. The report calculated that the overall potential retirements within the next five years as a percentage of current staff was 12%. The local authorities with the highest number of actual retirements in 2016 were examined for future potential retirements as a percentage of overall staff. The results are set out in the exhibit above and the percentages varied. In Kerry this percentage increased to 17% while both local authorities in Cork the percentage was at 10%. See exhibit below showing the percentage range for all local authorities.

All local authorities were then examined and the exhibit sets out a summary of the expected retirement percentages, the majority of which is between 11% and 15% with four local authorities having potential retirements making up over 15% of their total current staff within the next five years.

Exhibit 19: Expected Future Retirements as a % of Overall Staff		
% of Expected Future Retirements within five years	No. of Local Authorities	Estimated No. of Staff due to Retire in 5 years
10% and under	7	623
11% to 15%	20	2,190
Over 15%	4	642
Overall Total	31	3,455

Source: Local Authorities Survey Questionnaire

Obviously, as staff retire, new staff will be recruited so overall staff numbers are not expected to fall.

6.10 Pension Reserve - Provision for future pension costs

The pension costs in local authorities are funded from the current expenditure and in future years this will increase substantially based on the age profile of staff referred to this report. Our survey asked all local authorities to provide information on whether or not they have provided for future pensions by setting aside a pension reserve. Exhibit 20 below sets out the responses received.

Exhibit 20: Pension Reserve - Provision for future pension costs					
Year	Closing Year end Reserve Balance €	No. of LA with Pension Reserve	% of Total LAs	No. of LA Without Pension Reserve	% of Total LAs
2016	51,462,417	22	71%	9	29%
2015	47,158,846	21	68%	10	32%
2014	43,029,072	21	68%	10	32%

Source: Local Authorities Survey Questionnaire

The results showed that 22 local authorities (over 70%) had provided for a pension reserve in 2016 with similar numbers for 2015 and 2014. However, when these local authorities were reviewed further, the report found that the reserve was specific to provision for gratuities for council members and not for any local authority staff. There was no provision for a pension reserve in any local authority for current or past employees.

As outlined in Section 2.1, the Local Government Superannuation Scheme on page 10, the costs incurred in the payment of any superannuation benefits under the LGSS are financed on a “pay as you go” basis under the budgetary requirements of the employing authorities. There is no requirement to make a provision for future liabilities of current and past local authority staff in a pension reserve as the current policy under the scheme is that liabilities are met as they arise.

For those local authorities that have provided for a pension reserve, the report found that there was no basis or calculation of the amount provided for and in all cases the amount did not adequately cover the full pension costs for any of the years.

Of the 71% of local authorities with a pension reserve, some of them had just started to provide for a reserve in 2015 and 2016. The amount provided was based on the availability of funds and not on any specific calculation of future pension liabilities.

Exhibit 21: Pension Reserve Range			
Year	Total Pension Reserve Balance at year end €	Highest Pension Reserve in a LA - Balance at year end €	Lowest Pension Reserve in a LA - Balance at year end €
2016	51,462,417	10,806,134	(20,071)
2015	47,158,846	9,239,614	8,059
2014	43,029,072	7,941,543	88,533

Source: Local Authorities Survey Questionnaire

The report found that one local authority provided for a pension reserve of €88,533 in 2014. This amount was expected to provide for a specific gratuity, however the actual gratuity paid in 2016 was higher resulting in a credit of €20,071 in the Pension Reserve. Additional reserves were transferred in 2017 to offset this credit. However the case highlights that the current provision for pension reserve do not adequately cover future liabilities.

The value of the pension reserve in 2016 at €51.46 million would only provide for up to one year's gratuity payment i.e. the gratuity paid in 2016 was €48.91 million and this is not adequate with retirements set to increase based on the staff age profile.

In a follow up to this report and working with local authorities and the GAWG, all local authorities should review the need for a pension reserve for all staff using an appropriate basis.

7. Potential Future Cost of Pensions

7.1 Actuarial review of public service pension liabilities

Under EU Regulation 549 / 2013, there was a requirement by the Central Statistics Office to compile a supplementary table showing the accrued liabilities of all funded and unfunded Irish pension schemes as part of the National Accounts.

An actuarial review of the Accrued to Date liability in respect of current and former public service employees' occupational pension schemes was carried out on behalf of the Central Statistics Office by DPER and the report was published in November 2017.

It calculated that the value of the State's Accrued-to-Date² pension liability ("the ADL") in respect of current and former public service employees was estimated as €114.5 billion as at 31 December 2015. Local government was included in the sectors in the review and the calculated valuation of the pension liability for local authorities as at 31 December 2015 was estimated to be €9.3 billion.

In 2009, the Office of the Comptroller and Auditor General issued Report No.68 Public Service Pensions and stated that as at 31 December 2008 the estimated State's accrued liability in respect of pensions for serving staff, pensioners and preserved pensioners was €108.4 billion, with funding assets of €7.2 billion leaving a net liability of €101.2 billion. The local authorities were included as part of this report and their estimated liability as at 31 December 2008 was €7.5 billion with no associated funding assets.

Exhibit 22: Accrued Pension Liability as at 31 December 2015		
Accrued Pension Liability as at 31 December 2015	Local Authorities	Total Public Service
	€bn	€bn
Serving Staff	4.7	53.9
Pensioners	4.2	56.5
Deferred Members	0.4	4.1
Total Liability	9.3	114.5

Source: DPER Report – Actuarial Review of public service occupational pensions in Ireland-November 2017

² **Accrued- to-Date liability (ADL)** represents the present value of all future expected superannuation arising from accrued service to 31 Dec 2015, including contingent benefits payable to spouse and children of current and former public service employees. The valuation makes no allowance for future service benefits to be accrued by current members or new entrants to the public service.

7.2 Staff numbers used

The staff numbers used in the DPER report were made up of current employees, active on the HR system and current pensioners paid through payroll. The information was taken from returns submitted to the Department. In order to obtain full year end figures, Quarter 4 of 2015 was used for the report.

The report stated that the data provided for active staff and pensioners paid in local authorities was of good quality. While the quality was good; the quantity was low and needs to be improved for the next review year ending 31 December 2018. There was no information available on deferred pensioner numbers for the local government sector so you will see from Exhibit 22 that a small number was estimated for deferred members in local authorities for the calculation.

The report added that while improvements have been made to the data since the last review in 2012, further steps should be taken to continue to improve the quality of the data required for the valuation at a sectoral level and this includes local authorities.

Active Employees

The report stated that a sample of Full Time Equivalent (FTEs) in the data received were taken and compared with the total FTE public sector numbers employed in Quarter 4 of 2015 published by the Department returns. The results were then scaled up accordingly and the total number of active employees was 26,630; this is in line with total numbers relating to 2015 per our report questionnaire.

Exhibit 23: Active Employee Numbers in 2015		
Active Employees	Local Authorities	Total Public Service
Average Age	46.9 Yrs	43.8 Yrs
Gender	Male 66% Female 34%	Male 31% Female 69%
Average Service Years	17.4 Yrs	14.7 Yrs
Total FTE Numbers	26,630	298,199

Source: DPER Report –Actuarial Review of public service occupational pensions in Ireland-November 2017

Pensioners

The report stated that of the total number of 19,705 pensioners in payment, 68% were male and 32% were female. This is in line with data collected for pensioner numbers relating to 2015 for our report questionnaire.

The average yearly pension amount for 2015, as per the DPER report, was €12,909 which is in line with the amount calculated in Exhibit 16 on page 33 as part of this report, however it is lower than the national average public sector pension of €19,908.

Exhibit 24: Pensioner Numbers in 2015		
Pensions in Payment Data	Local Authorities	Total Public Service
Average Pension Amount	€12,909	€19,908
Average Age	70.7 Yrs	68.4 Yrs
Average Year of Retirement	2006	2006
Gender	Male 66% Female 34%	Male 31% Female 69%
Total Numbers in payment	19,705	154,680

Source: DPER Report –Actuarial Review of public service occupational pensions in Ireland-November 2017

7.3 Assumptions used in the calculation of the liability

A summary of all assumptions used in the DPER report, to determine the ADL calculation of public service occupational pension are set out below.

Exhibit 25: Assumptions used in the Calculation of the Liability	
Assumptions	Percentage Range
Discount Rate	5.00% p.a.
Inflation	2.00%p.a
Wages and Salary increases	Overall rate of 1.45% in the long term
Mortality (post retirement)	58% (for males) 62% (for females)
Mortality (post retirement) improvement factors	Yes

Other Assumptions used

The liability was calculated under the assumption that future pension increases will continue to be in line with pay parity, as has been the case historically. The value of the ADL was also estimated assuming pensions in payment increase in line with increases in the CPI.

Additionally, the cost of public service occupational pensions was estimated to increase from 1.2% of Gross Domestic Product (GDP) in 2016 to 1.5% of GDP by 2040, and to reduce thereafter with a cost of 0.9% of GDP expected by 2060. The reductions in projected public service occupational pension expenditure over the long term arise largely as a result of the integration of public service pensions with the State Pension Contributory for employees who joined the public service from 6 April 1995 onwards and the increase in the minimum retirement age for new entrants from 2004, as well as the introduction of the Single Public Service Pension Scheme in 2013.

7.4 Sensitivity analysis on the assumptions in the review

The report examined the impact on the pension liability if the various assumptions were increased or decreased by certain percentages as follows;

- (i) Discount rate movement decreased to 4% or increased to 6%
- (ii) Mortality rate decreased or increased by 1 year
- (iii) Salary or Wage fluctuations decreased by 1% or increased by 1%

The exhibit below sets out the financial impact of these changes to the overall pension liability for both local government and the public service as a whole.

Exhibit 26: Sensitivity Analysis on the Assumptions in the Review

Sensitivity Analysis	Local Authorities			Total Public Service		
	Decrease(-)	Actual	Increase(+)	Decrease(-)	Actual	Increase(+)
Discount Rate	4.0%p.a	ADL Results	6.0%	4.0%p.a	ADL Results	6.0%p.a
Calculated liability	€11.0bn	€9.3bn	€7.9bn	€136.5bn	€114.5bn	€97.5bn
Mortality	Life expectancy decrease by 1 year	ADL Results	Life expectancy increase by 1 year	Life expectancy decrease by 1 year	ADL Results	Life expectancy increase by 1 year
Calculated liability	€8.9bn	€9.3bn	€9.7bn	109.9bn	€114.5bn	€119.1bn
Salary/Wages increases	-1%p.a	ADL Results	+1%p.a	-1%p.a	ADL Results	+1%p.a
Calculated liability	€7.9bn	€9.3bn	€11.0bn	€97.8bn	€114.5bn	€136.3bn

Source: DPER Report – Actuarial Review of public service occupational pensions in Ireland-November 2017

7.5 Overall context of the potential liability

According to the report ‘The ADL figure represents a significant liability for the State as it represents the total of all future retirement benefits to be paid to serving and former public servants in respect of service to date. The ADL is based on the rules of the many existing pension schemes within the public service. However it should be considered in context in the sense that this liability will fall to be paid over the next 70 years and not in any single year. By comparison the total actual expenditure on public service pensions in 2015 was €3.3 billion.’

7.6 Actuarial reports of individual local authorities

The report found that only one local authority, Dublin City County, had carried out two actuarial reviews of its pension liabilities in 2007 and 2010. The 2010 report, which was based on 2009 data, calculated a pension liability of €2.3 billion at a discount rate of 3.3%. The pensions liabilities per this report will continue to increase until 2035 and will then reduce, as the numbers of pensioners reduce. The service cost in 2009 prices was €61m at a discount rate of 3.3%.

This accrued pension liability of €2.3 billion represented the present value of all expected future superannuation payments to current staff and their spouses in respect of service up to December 2009, plus the full liability of all future payments to current 2009 pensioners and to their spouses. The service cost of €61m is the estimated present value of the cost of future pension payments arising from service in 2009 in Dublin City Council.

8. Other Jurisdictions

8.1 Local government pensions in Northern Ireland

The Northern Ireland Local Government Officers' Superannuation Scheme (NILGOSC) was set up in April 1950 to operate a pension scheme for the local councils and other similar bodies in Northern Ireland. The pension scheme is known as the Local Government Pension Scheme (Northern Ireland), the 'Scheme', and is a defined benefit scheme, which will provide benefits on a career average revalued earnings basis from 1 April 2015. Prior to this date pension benefits were calculated on a final salary basis.

Terms of the Scheme

From 1 April 2015 a member will build up pension entitlements/benefits at a rate of 1/49th of their pensionable pay each year. Any membership during the period from 1 April 2009 to 31 March 2015 provides for a retirement pension calculated at the rate of 1/60th of pensionable pay for each year of membership.

Before 1 April 2009 a member of the Scheme accrued retirement benefits at the rate of 1/80th (pension) and 3/80ths (tax-free lump sum) of their pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The conversion rate is £12 additional lump sum for every £1 of pension given up.

The Scheme is funded by contributions made by both employees and employers who have been designated as employing authorities or admitted to the Scheme. Prior to 1 April 2009, employees' contribution rates were fixed at 6% of their pensionable remuneration (except for those who were entitled to contribute to the scheme at 5% before 1 February 2003 and have remained in continuous employment). Tiered employee contribution rates, determined by the whole-time equivalent rate of pay, were introduced from 1 April 2009.

Similar to the UK pension scheme, every three years a full actuarial valuation is performed by a qualified independent actuary, in order to determine employer contribution rates. In Northern Ireland local government employees are part of the NILGOSC funded pension scheme, the last actuarial valuation indicated that this scheme was over 90% funded.

Following the results of the 2016 actuarial valuation, the Committee agreed with its actuary the employer contributions and deficit recovery contributions for the following three years, effective from 1 April 2017. The next valuation is due as at 31 March 2019.

Year	Employer Contribution Rate
1 April 2017 – 31 March 2018	18%
1 April 2018 – 31 March 2019	19%
1 April 2019 – 31 March 2020	20%

Source: NILGOSC Annual Report 2016

Financial Reporting on pensions in Northern Ireland

The preparation of local government accounts in Northern Ireland follows the CIPFA Code of Practice for Local Authority Accounting UK, which itself reflects International Accounting Standards. However, there is an anomaly in the case of pensions which is allowed under the Accounts Direction and Code of Practice for Local Authority Accounting UK.

This effectively results in the annual accounts ultimately reflecting the amount to be levied for rates purposes. Hence while the pension liability is recognised, rather than this being a pressure and rates income having to be raised to fund this deficit, the pension liability is matched with a debit pension reserve i.e. a contra to the pension liability.

Financial Reporting of pensions in Derry City and Strabane

The audited financial statements of Derry City and Strabane were reviewed and the following was noted:

- Full IAS 19 accounting has been applied with the normal pension entries being charged to the Comprehensive Income and Expenditure Statement, for example current service cost
- However in order to recognise the actual pension funding requirement to be raised on rates the IAS 19 entries are reversed out via a note in the accounts (Note 3) and replaced with the actual employers NIC (National Insurance Contribution) cost.

- Note 3 in the accounts includes all amounts included in the Comprehensive Income and Expenditure Statement but which are required by statute to be excluded when determining the movement on the General Fund Balance for the year
- In the balance sheet the pension liability is matched by a debit pension reserve of same value, which effectively negates the liability.

In summary, Northern Ireland councils recognise their specific net pension liability as calculated by the actuaries. This liability is matched by a deferred pension asset, which is permitted by the Accounts Direction and also the Code of Practice for Local Authority Accounting UK. The key differences between Northern Ireland and the Republic of Ireland councils are as follows:-

- In Northern Ireland the local authority pension schemes are funded, at the last actuarial valuation the scheme was over 90% funded. In the Republic of Ireland there is no fund for local authority employees.
- In Northern Ireland, Councils pay employers contributions, of over 18%, to NILGOSC as well as the employee contributions. It is NILGOSC that pays over the pension payments. Hence the annual pension cost for Northern Ireland councils is usually only the employer contributions. In the Republic of Ireland the contributions for the year and the payments for the year are included in the Income and Expenditure Account.

Financial Reporting of pensions in Waterways Ireland

The financial statements of Waterways Ireland were reviewed as they include an unfunded pension scheme and under the accounting methodology used there is no impact on the net worth, i.e. the pension liability is matched with a pension asset. The accounting policy in relation to deferred pension funding sets out why the liability is matched with an asset as follows;

“In accordance with accounting practice for Non-Commercial State Bodies in the Republic of Ireland, Waterways Ireland recognises an asset representing resources to be made available by the UK and Irish Exchequers for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions in both jurisdictions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the funding bodies, Waterways Ireland has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice.”

This treatment is inconsistent with accounting practice for UK Non-Departmental Bodies, where, due to the absence of a formal guarantee, a funding liability is not recognised until the commitment falls due.”

In summary, there is no formal guarantee that supports the pension asset being recognised in the accounts but based on past events and past funding policy, Waterways Ireland has no evidence that the current funding policy will not continue and it is on this basis the asset is included.

The key difference between Waterways Ireland and local authorities is the assumption that the pension liability will ultimately be funded by the Exchequer.

8.2 Local Government Pensions in the UK

Governance of the LGPS

The Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK. It is a nationwide pension scheme for people working in local government or working for other types of employer participating in the scheme. The LGPS in England and Wales is administered locally through 90 local pension funds.

Terms of the scheme

The scheme regulations were made under the Superannuation Act 1972 and in the future will be made under the Public Service Pension Schemes Act 2013. Changes to scheme rules are discussed at national level by employee and employer representatives but can only be amended with the approval of Parliament.

Legislative basis

The LGPS is a registered public service pension scheme under Chapter 2 of Part 4 of the Finance Act 2004. It achieved automatic registration by virtue of Part 1 of Schedule 36 of that Act (because the scheme was, immediately before 6 April 2006, both a retirement benefits

scheme approved under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 and a relevant statutory scheme under section 611A of that Act).

This means, for example, that employees receive tax relief on their contributions. It complies with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004. The LGPS meets the government's standards under the automatic enrolment provisions of the Pensions Act 2008.

Governance

From April 2015, the administering authority must establish and operate a Local Pension Board. The Pension Board is responsible for assisting the administering authority in securing compliance with the LGPS regulations, overriding legislation and guidance from the Pensions Regulator. The Board is made up of equal representation from employer and member representatives.

Funding

Scheme members pay contributions to the LGPS. Their employer currently pays in the balance of the cost of providing benefits after taking into account investment returns.

Every three years, an independent actuary calculates how much the employer should contribute to the scheme. The amount will vary, but generally the present underlying assumption is that employees contribute approximately one third of the scheme's costs and the employer contributes the rest.

Future cost management of the LGPS

To ensure the long term sustainability of the scheme a cost management process is now in place in the LGPS in England and Wales, which will monitor the cost of the scheme to ensure it stays within agreed parameters as set by the Scheme Advisory Board and HM Treasury.

Should costs increase outside those parameters future changes to the scheme design may be required.

9. Acknowledgement

The LGAS would like to thank the following for their cooperation and advice during the course of this review of Pensions Income and Costs in local authorities;

- The local authorities - Finance and HR Sections
- Local Government Auditors in each local authority
- Department of Housing, Planning and Local Government, Local Government Finance Division and Local Government Superannuation consulted
- Department of Public Expenditure and Reform

References

Enacted Legislation

- Local Government (Superannuation) (Consolidation) Scheme, 1998
- The Single Public Service Pension Scheme (Single Scheme and Other Provisions) Act 2012

Department Circulars and Reports

- Relevant Pension Circulars
- DPER Actuarial Review of Public Service Pensions November 2017
- Annual Report on Local Government Superannuation Scheme 2016 as required under Pensions Act 1990

Relevant Websites www.cspensions.ie

Other Jurisdictions

- The Local Government Pension Scheme Regulations (Northern Ireland) 2014
- The UK Local Government Pension Scheme Regulations 2014
- Financial Statements of Waterways Ireland
- Financial Statements of Derry City and Strabane

Glossary – Public Service Pension Scheme Terms

The following table sets out a summary of the pension terms applying in the Local Government Superannuation Scheme.

Standard public service pension terms³	
Access	Automatic scheme membership for all permanent and most atypical employees.
Eligibility for benefits	2 years' service (no minimum for death-in-service).
Pensionable service	Whole time, temporary, part-time and work-sharing (pro rata), transferred, notional, and purchased service.
Maximum reckonable service	Limit of 40 years.
Retirement age and Pension Age	Age 65, optional from age 60 up to April 2004. New entrants from that date have no compulsory retirement age. Minimum Pension age - generally 60 if recruited before April 2004 and 65 after that date.
Pensionable remuneration	Final pay (averaged over final 3 years, if recently promoted) plus pensionable allowances (averaged best 3 years in final 10).
Retirement pension	1/80th of pensionable remuneration per year of pensionable service up to a maximum of ½ pensionable remuneration.
Retirement lump sum	3/80ths of pensionable remuneration per year up to a maximum of 1½ times pensionable remuneration.
Integration (if full PRSI)	1 /200th of pensionable remuneration below 3 1 /3 times OACP and 1/80th thereafter.
Part-time employees	Based on notional full-time salary and actual service [Pro-Rata].
Spouses' and Children's Scheme	Spouse receives ½ of member's pension (1/2 of potential pension to age 65 of death death in service or following ill health retirement); children's pensions.

³ It is assumed that this is a public service scheme where an explicit main scheme contribution applies, and that the individual concerned is a member of the relevant spouses' and children's contributory pension scheme.

Glossary – Public Service Pension Scheme Terms

Standard public service pension terms⁴Continued

Ill health benefits	Immediate benefits based on actual service plus generally up to 6 2 /3 added years.
Death-in-service – Public Service	<p>Gratuity of 1-1½ times pensionable remuneration, plus S&C pensions, if applicable, contributions 5% main scheme, 1½% S&C scheme (if full PRSI, contribution is based on remuneration less OACP offset). Early leaver (having 2 years' service). Benefits preserved and payable from age 60 (or 65 as the case may be), up-rated in line with salary increases.</p> <p>In the local government pension scheme Death in Service gratuity is a years salary or what they would have obtained had they retired on the grounds of permanent infirmity, whichever is the greater. Also the non-officers can have their gratuity calculated at 97.43% of the second point of the craftsman's scale if more beneficial for them.</p>
Transfer of service	Between participating public sector organisations/groups.
Early retirement	An option of actuarially reduced benefits if leaving within 10 years of the minimum pension age i.e. age 60 (or 65 for post- 2004 New Recruits).
Retention beyond age 65	Infrequent; no reckoning of service beyond age 65 except for post-2004.
New Entrants	Options to individual to enhance pension (i) Purchase of notional service at full actuarial cost; (ii) union-sponsored AVC schemes. Pension increases as provided in individual schemes; generally, broadly in line with increases paid to serving staff (pay parity).
More information:	http://www.cspensions.gov.ie
Financing of schemes	Pay-as-you-go. Cost met from annual revenues

⁴ It is assumed that this is a public service scheme where an explicit main scheme contribution applies, and that the individual concerned is a member of the relevant spouses' and children's contributory pension scheme.

Appendices

Appendix 1	Total Pension Expenditure 2016
Appendix 2	Income from Pension Contributions
Appendix 3	Income from Pension Related Deductions
Appendix 4	Pension Deductions Single Scheme 2016
Appendix 5	Pension Deficit (Excl PRD) for 2016
Appendix 6	Staff Numbers as at December 2016
Appendix 7	Staff Age Profile at 30 November 2017
Appendix 8	Number of Staff retiring in the years 2014-2016
Appendix 9	Calculated Average Gratuity paid 2016.
Appendix 10	Potential Gratuity Cost
Appendix 11	Calculated Average Pension paid 2016
Appendix 12	Potential Annual Pension Cost
Appendix 13	Gross Salary and Wages 2016

Appendix 1 – Total Pension Expenditure 2016*

City and County Councils	Amount of Pension Cost €	Amount of Gratuities €	Total Pension Expenditure €
Carlow County Council	2,069,287	293,921	2,363,208
Cavan County Council	3,049,876	413,648	3,463,524
Clare County Council	5,694,596	1,963,584	7,658,180
Cork City Council	14,546,815	2,296,295	16,843,110
Cork County Council	14,820,816	2,784,112	17,604,928
Donegal County Council	6,537,025	1,157,901	7,694,926
Dublin City Council	78,291,283	11,774,136	90,065,419
Dún Laoghaire-Rathdown County Council	10,244,330	1,726,185	11,970,515
Fingal County Council	11,220,746	1,953,905	13,174,651
Galway City Council	2,164,986	743,525	2,908,511
Galway County Council	7,135,443	1,582,187	8,717,630
Kerry County Council	6,595,626	1,958,437	8,554,063
Kildare County Council	4,570,877	1,118,230	5,689,107
Kilkenny County Council	3,744,156	504,157	4,248,313
Laois County Council	3,158,896	489,062	3,647,958
Leitrim County Council	2,293,654	216,467	2,510,121
Limerick City & County Council	10,922,961	1,459,334	12,382,295
Longford County Council	2,328,589	398,484	2,727,073
Louth County Council	4,573,773	1,296,445	5,870,218
Mayo County Council	5,054,363	928,933	5,983,296
Meath County Council	3,862,827	847,347	4,710,174
Monaghan County Council	2,870,061	876,303	3,746,364
Offaly County Council	2,744,182	568,748	3,312,930
Roscommon County Council	3,379,499	1,087,133	4,466,632
Sligo County Council	3,769,552	825,512	4,595,064
South Dublin County Council	10,132,803	2,387,960	12,520,763
Tipperary County Council	8,205,758	2,646,726	10,852,484
Waterford City & County Council	6,445,643	1,844,815	8,290,458
Westmeath County Council	2,926,331	761,087	3,687,418
Wexford County Council	5,082,085	790,697	5,872,782
Wicklow County Council	4,292,449	1,211,370	5,503,819
Total	252,729,288	48,906,646	301,635,934

Source: Survey Questionnaire of all Local Authorities *Excludes amounts transferred to/from Capital

Appendix 2 - Income from Pension Contributions

City and County Councils	2016 €	2015 €	2014 €
Carlow County Council	538,675	538,356	546,932
Cavan County Council	689,184	735,751	730,512
Clare County Council	1,408,895	1,363,593	1,370,122
Cork City Council	2,707,095	2,267,487	2,331,915
Cork County Council	3,475,980	4,007,945	3,966,285
Donegal County Council	1,996,891	2,030,363	2,324,987
Dublin City Council	11,075,221	12,269,785	12,464,033
Dún Laoghaire-Rathdown County Council	1,929,783	2,139,065	2,218,059
Fingal County Council	2,269,776	2,274,716	2,367,273
Galway City Council	680,452	684,657	696,130
Galway County Council	1,525,771	1,506,547	1,522,784
Kerry County Council	2,449,634	2,382,560	2,332,141
Kildare County Council	1,635,031	1,540,168	1,539,035
Kilkenny County Council	886,126	875,828	918,736
Laois County Council	722,598	714,185	720,433
Leitrim County Council	531,797	508,502	520,407
Limerick City & County Council	2,103,534	2,135,350	2,190,888
Longford County Council	661,559	644,594	651,681
Louth County Council	1,158,171	1,178,469	1,250,055
Mayo County Council	1,620,033	1,599,949	1,588,534
Meath County Council	1,260,639	1,321,492	1,304,561
Monaghan County Council	759,532	728,268	732,281
Offaly County Council	744,705	743,007	737,255
Roscommon County Council	772,588	813,874	811,962
Sligo County Council	823,386	1,089,648	903,203
South Dublin County Council	2,258,538	2,331,070	2,259,468
Tipperary County Council	1,934,801	2,125,092	2,104,889
Waterford City & County Council	1,584,979	1,667,204	1,691,588
Westmeath County Council	867,642	863,798	855,822
Wexford County Council	1,087,290	1,183,901	1,238,988
Wicklow County Council	1,053,522	1,245,255	1,583,261
Total	53,213,828	55,510,479	56,474,220

Source: Survey Questionnaire of all Local Authorities

Appendix 3 - Income from Pension Related Deductions

City and County Councils	2016 €	2015 €	2014 €
Carlow County Council	591,063	762,090	786,188
Cavan County Council	752,391	988,545	1,022,086
Clare County Council	1,280,722	1,699,957	1,789,099
Cork City Council	2,455,541	3,233,239	3,364,240
Cork County Council	3,887,614	5,078,538	5,451,323
Donegal County Council	1,807,207	2,390,307	2,399,090
Dublin City Council	12,291,085	16,249,294	16,428,262
Dún Laoghaire-Rathdown County Council	1,764,920	2,381,175	2,546,340
Fingal County Council	2,315,909	3,013,910	3,244,561
Galway City Council	684,933	933,329	973,294
Galway County Council	1,418,506	1,985,695	2,011,509
Kerry County Council	1,872,434	2,553,300	2,670,557
Kildare County Council	1,529,668	2,072,326	2,068,866
Kilkenny County Council	942,095	1,239,693	1,317,894
Laois County Council	721,551	967,698	927,553
Leitrim County Council	465,677	637,334	673,996
Limerick City & County Council	2,053,048	2,760,686	2,929,305
Longford County Council	569,289	738,488	787,155
Louth County Council	1,131,640	1,561,064	1,622,363
Mayo County Council	1,577,802	2,106,427	2,319,750
Meath County Council	1,308,113	1,726,266	1,736,770
Monaghan County Council	712,882	935,693	990,690
Offaly County Council	725,425	978,460	992,646
Roscommon County Council	783,596	1,041,279	1,108,793
Sligo County Council	839,649	1,194,041	1,209,275
South Dublin County Council	2,023,803	2,749,666	2,932,356
Tipperary County Council	1,672,120	2,480,936	2,631,492
Waterford City & County Council	1,576,983	1,990,802	2,154,540
Westmeath County Council	805,907	1,092,536	1,090,028
Wexford County Council	1,115,653	1,503,343	1,658,940
Wicklow County Council	1,153,391	1,571,898	1,700,937
Total	52,830,617	70,618,015	73,539,898

Source: Survey Questionnaire of all Local Authorities

Appendix 4 - Pension Deductions Single Scheme 2016

City and County Councils	Staff Deductions €	Amount Refunded €	Amount Remitted to DPER €	No. of Staff
Carlow County Council	24,409	1,699	37,427	33.00
Cavan County Council	36,096	1,663	54,958	55.00
Clare County Council	84,495	0	84,495	82.00
Cork City Council	91,033	18,694	72,340	126.00
Cork County Council	162,878	24,046	-	-
Donegal County Council	105,927	-	104,745	210.00
Dublin City Council	335,126	11,562	323,564	474.00
Dún Laoghaire-Rathdown County Council	51,003	5,441	12,908	8.00
Fingal County Council	98,309	12,481	85,827	222.00
Galway City Council	42,768	10,588	32,180	57.00
Galway County Council	116,128	15,438	100,690	133.00
Kerry County Council	89,427	13,606	75,821	85.00
Kildare County Council	104,419	2,373	102,046	131.00
Kilkenny County Council	60,960	8,880	67,723	119.00
Laois County Council	53,867	8,409	62,277	89.00
Leitrim County Council	42,051	-	45,129	51.00
Limerick City & County Council	95,017	5,356	100,373	233.00
Longford County Council	26,425	-	26,425	40.00
Louth County Council	34,506	1,020	15,365	60.00
Mayo County Council	54,652	3,108	50,096	64.00
Meath County Council	67,319	3,204	72,999	100.00
Monaghan County Council	56,454	252	56,202	56.00
Offaly County Council	21,837	1,775	20,547	33.00
Roscommon County Council	30,275	6,868	24,472	30.00
Sligo County Council	38,536	-	21,167	22.00
South Dublin County Council	72,581	1,797	70,783	185.00
Tipperary County Council	117,556	15,926	101,630	208.00
Waterford City & County Council	93,265	-	101,033	105.00
Westmeath County Council	42,688	2,805	39,883	57.00
Wexford County Council	78,478	4,642	73,736	97.00
Wicklow County Council	61,437	2,875	58,562	73.00
Total	2,389,922	184,508	2,095,403	3,238

Source: Survey Questionnaire of all Local Authorities

Appendix 5 - Pension Deficit (Excl PRD) for 2016

City and County Councils	Annual Pension + Gratuities (Expenditure) €	Pension Staff Contributions (Income) €	Pension PRD Contributions (Income) €	Pension Deficit (Excluding PRD) €
Carlow County Council	2,363,208	538,675	591,063	-1,824,533
Cavan County Council	3,463,524	689,184	752,391	-2,774,340
Clare County Council	7,658,180	1,408,895	1,280,722	-6,249,285
Cork City Council	16,843,110	2,707,095	2,455,541	-14,136,015
Cork County Council	17,604,928	3,475,980	3,887,614	-14,128,948
Donegal County Council	7,694,926	1,996,891	1,807,207	-5,698,035
Dublin City Council	90,065,419	11,075,221	12,291,085	-78,990,198
Dún Laoghaire-Rathdown County Council	11,970,515	1,929,783	1,764,920	-10,040,732
Fingal County Council	13,174,651	2,269,776	2,315,909	-10,904,875
Galway City Council	2,807,451	680,452	684,933	-2,126,999
Galway County Council	8,583,454	1,525,771	1,418,506	-7,057,683
Kerry County Council	8,554,483	2,449,634	1,872,434	-6,104,849
Kildare County Council	5,689,107	1,635,031	1,529,668	-4,054,076
Kilkenny County Council	4,248,313	886,126	942,095	-3,362,187
Laois County Council	3,647,958	722,598	721,551	-2,925,360
Leitrim County Council	2,510,121	531,797	465,677	-1,978,324
Limerick City & County Council	12,382,295	2,103,534	2,053,048	-10,278,761
Longford County Council	2,727,073	661,559	569,289	-2,065,514
Louth County Council	5,870,218	1,158,171	1,131,640	-4,712,047
Mayo County Council	5,983,296	1,620,033	1,577,802	-4,363,263
Meath County Council	4,710,174	1,260,639	1,308,113	-3,449,535
Monaghan County Council	3,746,364	759,532	712,882	-2,986,832
Offaly County Council	3,312,930	744,705	725,425	-2,568,225
Roscommon County Council	4,466,632	772,588	783,596	-3,694,044
Sligo County Council	4,595,064	823,386	839,649	-3,771,678
South Dublin County Council	12,520,763	2,258,538	2,023,803	-10,262,225
Tipperary County Council	10,852,484	1,934,801	1,672,120	-8,917,683
Waterford City & County Council	8,290,458	1,584,979	1,576,983	-6,705,479
Westmeath County Council	3,687,418	867,642	805,907	-2,819,776
Wexford County Council	5,850,911	1,087,290	1,115,653	-4,763,621
Wicklow County Council	5,417,050	1,053,522	1,153,391	-4,363,528
Total	301,292,478	53,213,828	52,830,617	-248,078,650

Source: Survey Questionnaire of all Local Authorities

Appendix 6 - Staff Numbers as at December 2016

City and County Councils	No. of Staff (Headcount)	No. of WTE	No. of Pensioners (actual headcount)	Non Departmental Staff
Carlow County Council	300	264.19	204	3
Cavan County Council	398	372.30	285	8
Clare County Council	761	719.34	585	37
Cork City Council	1,284	1,241.21	998	18
Cork County Council	2,261	1,933.31	1,372	60
Donegal County Council	920	893.11	633	17
Dublin City Council	5,618	5,290.15	4,489	3
Dún Laoghaire-Rathdown County Council	987	908.10	726	5
Fingal County Council	1,401	1,257.05	842	4
Galway City Council	448	421.40	200	-
Galway County Council	777	732.88	676	92
Kerry County Council	1,255	1,080.88	608	33
Kildare County Council	957	848.50	469	15
Kilkenny County Council	545	501.63	354	30
Laois County Council	413	390.89	261	6
Leitrim County Council	269	255.69	223	6
Limerick City & County Council	1,142	1,068.00	910	19
Longford County Council	292	281.00	195	9
Louth County Council	652	596.81	394	3
Mayo County Council	1,113*	923.81	548	11
Meath County Council	695	645.91	371	7
Monaghan County Council	409	386.57	254	12
Offaly County Council	393	378.40	255	45
Roscommon County Council	403	384.75	354	6
Sligo County Council	400	380.71	342	11
South Dublin County Council	1,214	1,102.47	739	2
Tipperary County Council	983	918.21	863	10
Waterford City & County Council	785	747.98	577	76
Westmeath County Council	467	438.39	281	5
Wexford County Council	797	724.25	477	84
Wicklow County Council	804	760.85	446	45
Total	29,143.00	26,848.74	19,931.00	682.00

*Burial Caretaker staff not included in age profile listing (App.7) Source: Department of Housing Planning and Local Government Quarterly HR Returns /Survey Questionnaire

Appendix 7 – Staff Age Profile at 30 November 2017

City and County Councils	<20	21-30	31-40	41-50	51-60	60+	Total
Carlow County Council	0	6	42	120	105	27	300
Cavan County Council	3	8	85	133	144	54	427
Clare County Council	4	24	168	289	279	81	845
Cork City Council ^a	0	57	254	396	443	124	1,274
Cork County Council ^a	20	95	530	688	708	220	2,261
Donegal County Council	0	17	186	361	279	77	920
Dublin City Council	18	207	1,264	1,688	1,821	620	5,618
Dún Laoghaire-Rathdown County Council	0	32	200	307	367	156	1,062
Fingal County Council	0	46	252	418	509	210	1,435
Galway City Council	0	19	92	145	134	58	448
Galway County Council	0	13	175	253	242	94	777
Kerry County Council	0	18	213	383	432	209	1,255
Kildare County Council	0	50	217	359	302	149	1,077
Kilkenny County Council	0	9	95	210	190	58	562
Laois County Council ^a	0	15	98	135	135	36	419
Leitrim County Council ^a	0	4	50	98	92	31	275
Limerick City & County Council	0	44	291	379	384	104	1,202
Longford County Council ^a	0	4	54	102	96	36	292
Louth County Council ^a	0	12	123	251	216	79	681
Mayo County Council	2	20	159	322	354	125	982
Meath County Council	0	18	170	251	182	74	695
Monaghan County Council	0	7	98	140	129	35	409
Offaly County Council	0	7	84	130	121	51	393
Roscommon County Council	0	3	64	152	148	46	413
Sligo County Council	0	3	65	157	139	47	411
South Dublin County Council	2	56	275	354	381	148	1,216
Tipperary County Council	3	35	224	379	403	120	1,164
Waterford City & County Council	0	8	136	257	293	91	785
Westmeath County Council	1	10	84	151	159	62	467
Wexford County Council	36	23	134	295	275	105	868
Wicklow County Council ^a	1	17	139	222	297	128	804
Total	90	887	6,021	9,525	9,759	3,455	29,737

Source: Survey Questionnaire of all Local Authorities

^a Staff age profile data supplied by some local authorities was at 31 Dec 2016

Appendix 8 – Number of staff retiring in the years 2014 – 2016

City and County Councils	2016	2015	2014
Carlow County Council	4	8	2
Cavan County Council	5	7	8
Clare County Council	24	23	24
Cork City Council	37	35	33
Cork County Council	43	55	46
Donegal County Council	19	33	23
Dublin City Council	190	176	167
Dún Laoghaire-Rathdown County Council	40	29	30
Fingal County Council	38	53	36
Galway City Council	9	8	3
Galway County Council	25	26	20
Kerry County Council	33	26	30
Kildare County Council	21	19	25
Kilkenny County Council	10	13	14
Laois County Council	7	7	10
Leitrim County Council	5	9	8
Limerick City & County Council	25	35	18
Longford County Council	6	9	6
Louth County Council	17	15	12
Mayo County Council	21	16	8
Meath County Council	16	12	6
Monaghan County Council	9	9	8
Offaly County Council	8	6	5
Roscommon County Council	8	11	5
Sligo County Council	10	13	12
South Dublin County Council	41	47	36
Tipperary County Council	40	28	25
Waterford City & County Council	27	19	16
Westmeath County Council	5	8	13
Wexford County Council	17	14	18
Wicklow County Council	32	26	24
Total	792	795	691

Source: Survey Questionnaire of all Local Authorities

Appendix 9 – Calculated Average Gratuity paid 2016

City and County Councils	No. of Staff Retired in 2016	Total Gratuity paid in 2016 €	Estimated Average Gratuity ^a €
Carlow County Council ^a	4	170,637	42,659.25
Cavan County Council	5	413,648	82,729.60
Clare County Council	24	1,963,584	81,816.00
Cork City Council	37	2,296,295	62,062.03
Cork County Council	43	2,784,112	64,746.79
Donegal County Council	19	1,157,901	60,942.16
Dublin City Council	190	11,774,136	61,969.14
Dún Laoghaire-Rathdown County Council	40	1,726,185	43,154.63
Fingal County Council	38	1,953,905	51,418.55
Galway City Council	9	743,525	82,613.89
Galway County Council	25	1,582,187	63,287.48
Kerry County Council	33	1,958,437	59,346.58
Kildare County Council	21	1,118,230	53,249.05
Kilkenny County Council	10	504,157	50,415.70
Laois County Council ^a	7	208,941	29,848.71
Leitrim County Council	5	216,467	43,293.40
Limerick City & County Council	25	1,459,334	58,373.36
Longford County Council	6	398,484	66,414.00
Louth County Council	17	1,296,445	76,261.47
Mayo County Council	21	928,933	44,234.90
Meath County Council	16	847,347	52,959.19
Monaghan County Council	9	876,303	97,367.00
Offaly County Council	8	568,748	71,093.50
Roscommon County Council	8	1,087,133	135,891.63
Sligo County Council	10	825,512	82,551.20
South Dublin County Council	41	2,387,960	58,242.93
Tipperary County Council	40	2,646,726	66,168.15
Waterford City & County Council	27	1,844,815	68,326.48
Westmeath County Council ^a	5	227,180	45,436
Wexford County Council	17	790,697	46,511.59
Wicklow County Council	32	1,211,370	37,855.31

Source: Survey Questionnaire of all Local Authorities

^a The estimated average gratuity is a calculated figure for illustrative purposes only. As the total gratuity paid in some local authorities includes other prior year payments and may not all relate to the no. of staff retired in the year and therefore their actual average gratuity may be higher or lower as a result.

Appendix 10 – Potential Gratuity Cost

City and County Councils	No. of current Staff over Sixty	Potential Gratuity Cost within next five years ^a €	No of current Staff over Fifty	Potential Gratuity Cost within next 10-15 years ^a €
^a Potential Gratuity cost is calculated using the overall average gratuity of €61,750.82 per Exhibit 13				
Carlow County Council	27	1,667,272.14	105	6,483,836.10
Cavan County Council	54	3,334,544.28	144	8,892,118.08
Clare County Council	81	5,001,816.42	279	17,228,478.78
Cork City Council	124	7,657,101.68	443	27,355,613.26
Cork County Council	220	13,585,180.40	708	43,719,580.56
Donegal County Council	77	4,754,813.14	279	17,228,478.78
Dublin City Council	620	38,285,508.40	1821	112,448,243.22
Dún Laoghaire-Rathdown County Council	156	9,633,127.92	367	22,662,550.94
Fingal County Council	210	12,967,672.20	509	31,431,167.38
Galway City Council	58	3,581,547.56	134	8,274,609.88
Galway County Council	94	5,804,577.08	242	14,943,698.44
Kerry County Council	209	12,905,921.38	432	26,676,354.24
Kildare County Council	149	9,200,872.18	302	18,648,747.64
Kilkenny County Council	58	3,581,547.56	190	11,732,655.80
Laois County Council	36	2,223,029.52	135	8,336,360.70
Leitrim County Council	31	1,914,275.42	92	5,681,075.44
Limerick City & County Council	104	6,422,085.28	384	23,712,314.88
Longford County Council	36	2,223,029.52	96	5,928,078.72
Louth County Council	79	4,878,314.78	216	13,338,177.12
Mayo County Council	125	7,718,852.50	354	21,859,790.28
Meath County Council	74	4,569,560.68	182	11,238,649.24
Monaghan County Council	35	2,161,278.70	129	7,965,855.78
Offaly County Council	51	3,149,291.82	121	7,471,849.22
Roscommon County Council	46	2,840,537.72	148	9,139,121.36
Sligo County Council	47	2,902,288.54	139	8,583,363.98
South Dublin County Council	148	9,139,121.36	381	23,527,062.42
Tipperary County Council	120	7,410,098.40	403	24,885,580.46
Waterford City & County Council	91	5,619,324.62	293	18,092,990.26
Westmeath County Council	62	3,828,550.84	159	9,818,380.38
Wexford County Council	105	6,483,836.10	275	16,981,475.50
Wicklow County Council	128	7,904,104.96	297	18,339,993.54
Total	3,455	213,349,083	9,759	602,626,252

Source: Survey Questionnaire of all Local Authorities

Appendix 11 – Calculated Average Pension paid 2016

City and County Councils	No of Pensioners	Amount of Pension paid in 2016 €	Calculated Average Pension €
Carlow County Council	204	2,069,287	10,143.56
Cavan County Council	285	3,049,876	10,701.32
Clare County Council	585	5,694,596	9,734.35
Cork City Council	998	14,546,815	14,575.97
Cork County Council	1372	14,820,816	10,802.34
Donegal County Council	633	6,537,025	10,327.05
Dublin City Council	4,489	78,291,283	17,440.70
Dún Laoghaire-Rathdown County Council	726	10,244,330	14,110.65
Fingal County Council	842	11,220,746	13,326.30
Galway City Council	200	2,164,986	10,824.93
Galway County Council	676	7,135,443	10,555.39
Kerry County Council	608	6,595,626	10,848.07
Kildare County Council	469	4,570,877	9,746.01
Kilkenny County Council	354	3,744,156	10,576.71
Laois County Council	261	3,158,896	12,103.05
Leitrim County Council	223	2,293,654	10,285.44
Limerick City & County Council	910	10,922,961	12,003.25
Longford County Council	195	2,328,589	11,941.48
Louth County Council	394	4,573,773	11,608.56
Mayo County Council	548	5,054,363	9,223.29
Meath County Council	371	3,862,827	10,411.93
Monaghan County Council	254	2,870,061	11,299.45
Offaly County Council	255	2,744,182	10,761.50
Roscommon County Council	354	3,379,499	9,546.61
Sligo County Council	342	3,769,552	11,022.08
South Dublin County Council	739	10,132,803	13,711.51
Tipperary County Council	863	8,205,758	9,508.41
Waterford City & County Council	577	6,445,643	11,170.96
Westmeath County Council	281	2,926,331	10,413.99
Wexford County Council	477	5,082,085	10,654.27
Wicklow County Council	446	4,292,449	9,624.33
Total	19,931	252,729,288	12,680.21

Source: Survey Questionnaire of all Local Authorities

Appendix 12 – Potential Annual Pension Cost

City and County Councils	Current Staff over Sixty	Potential Pension Cost per year within next five years ^a	Current Staff over Fifty	Potential Pension Cost per year within next 10-15 years ^a
^a Potential Pension cost is calculated using the overall average Pension of €12,680.21 per Appendix 12				
Carlow County Council	27	342,366	105	1,331,422
Cavan County Council	54	684,731	144	1,825,950
Clare County Council	81	1,027,097	279	3,537,779
Cork City Council	124	1,572,346	443	5,617,333
Cork County Council	220	2,789,646	708	8,977,589
Donegal County Council	77	976,376	279	3,537,779
Dublin City Council	620	7,861,730	1821	23,090,662
Dún Laoghaire-Rathdown County Council	156	1,978,113	367	4,653,637
Fingal County Council	210	2,662,844	509	6,454,227
Galway City Council	58	735,452	134	1,699,148
Galway County Council	94	1,191,940	242	3,068,611
Kerry County Council	209	2,650,164	432	5,477,851
Kildare County Council	149	1,889,351	302	3,829,423
Kilkenny County Council	58	735,452	190	2,409,240
Laois County Council	36	456,488	135	1,711,828
Leitrim County Council	31	393,087	92	1,166,579
Limerick City & County Council	104	1,318,742	384	4,869,201
Longford County Council	36	456,488	96	1,217,300
Louth County Council	79	1,001,737	216	2,738,925
Mayo County Council	125	1,585,026	354	4,488,794
Meath County Council	74	938,336	182	2,307,798
Monaghan County Council	35	443,807	129	1,635,747
Offaly County Council	51	646,691	121	1,534,305
Roscommon County Council	46	583,290	148	1,876,671
Sligo County Council	47	595,970	139	1,762,549
South Dublin County Council	148	1,876,671	381	4,831,160
Tipperary County Council	120	1,521,625	403	5,110,125
Waterford City & County Council	91	1,153,899	293	3,715,302
Westmeath County Council	62	786,173	159	2,016,153
Wexford County Council	105	1,331,422	275	3,487,058
Wicklow County Council	128	1,623,067	297	3,766,022
Total	3,455	43,810,126	9,759	123,746,169

Source: Survey Questionnaire of all Local Authorities

Appendix 13 - Gross Salary and Wages 2016

City and County Councils	Charged to Revenue (I/E as per Appendix 1) €	Charged to Capital €	Members representational allowance included €	Gross salary & wages €
Carlow County Council	12,107,033	1,376,175	-	13,483,208
Cavan County Council	18,110,318	746,183	320,266	18,856,501
Clare County Council	33,364,651	1,194,621	731,329	34,559,272
Cork City Council	54,812,932	2,556,059	511,012	57,368,991
Cork County Council	100,906,458	3,678,825		104,585,283
Donegal County Council	43,060,572	2,837,785	633,881	45,898,357
Dublin City Council	260,106,069	4,803,052	1,087,297	264,909,121
Dún Laoghaire-Rathdown County Council	44,817,501	758,993	672,692	45,576,494
Fingal County Council	62,027,162	405,103	-	62,432,265
Galway City Council	19,358,585	549,539	293,592	19,908,124
Galway County Council	34,495,021	2,197,614	-	36,692,635
Kerry County Council	45,627,712	7,031,726	611,211	52,659,438
Kildare County Council	38,077,880	2,454,046	648,561	40,531,926
Kilkenny County Council	25,007,791	1,422,656	410,437	26,430,447
Laois County Council	18,452,351	605,389	320,544	19,057,740
Leitrim County Council	17,015,457	518,575	290,820	17,534,032
Limerick City & County Council	50,644,840	2,657,841	648,670	53,302,681
Longford County Council	14,370,730	121,357	298,731	14,492,087
Louth County Council	29,993,842	94,711	468,911	30,088,553
Mayo County Council	40,460,804	2,468,926	493,697	42,929,730
Meath County Council	32,563,206	544,299	677,665	33,107,505
Monaghan County Council	18,765,181	224,046	333,695	18,989,227
Offaly County Council	19,119,031	497,736	329,080	19,616,767
Roscommon County Council	18,599,103	1,725,077	315,426	20,324,180
Sligo County Council	17,966,768	2,137,126	298,170	20,103,894
South Dublin County Council	53,797,721	722,231	711,819	54,519,952
Tipperary County Council	45,617,127	1,324,023	658,486	46,941,150
Waterford City & County Council	37,750,039	1,689,598	-	39,439,637
Westmeath County Council	19,418,882	2,356,794	326,095	21,775,676
Wexford County Council	36,220,989	561,907	646,624	36,782,896
Wicklow County Council	27,967,829	2,383,844	746,900	30,351,673
Total	1,290,603,585	52,645,857	13,485,611	1,343,249,442

Source: Survey Questionnaire of all Local Authorities

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