

18 Salary Overpayments to Teachers

- 18.1** In 2010 and earlier years, newly appointed qualified teachers were placed on either the second or third point of the teachers' common basic scale and received allowances related to the level of qualifications attained.¹ Retired teachers returning to teaching were placed on the salary scale incremental point reached prior to retirement, plus relevant allowances. Unqualified teachers in second level schools were placed on the first point of the teachers' common basic scale and those in primary schools were placed on an 'untrained' scale.
- 18.2** As part of Budget 2011, a reduction of 10% was applied to the pay of new entrants to the public service and all new appointees to entry grades commence at the first point of the relevant pay scale. On 21 December 2010, the Department of Finance issued guidance on the application of the 10% reduction in pay rates to entry grades to the public service.²
- 18.3** It took some months for the Department of Education and Skills to determine the terms and conditions relevant to new teacher appointees and to retired personnel returning to teaching positions. The relevant circular setting out the pay scales for new appointees to teaching with effect from 1 January 2011 is dated June 2011. The circular specifies that
- the 10% reduction applies to basic pay and all allowances with the exception of promotional allowances³
 - the new rates apply to all teachers who are new entrants to teaching in the public service and who are appointed to a full time or part time teaching post on or after 1 January 2011
 - a teacher who is retired and in receipt of a pension, and who returns to teaching on or after 1 January 2011, will start on the first point of the new (2011) incremental salary scale (i.e. no incremental credit is awarded for previous experience).
- 18.4** Persons other than pensioned staff who had previously held teaching posts prior to 1 January 2011 continue to be paid at the 2010 rates and are not impacted by the reduced rates applicable to new entrants.
- 18.5** To illustrate the differences in the salary rates, a teacher first appointed in 2010 with an honours primary degree and an honours higher diploma in education commenced on an annual salary of €39,195 consisting of a basic salary of €33,041 (third point of scale) plus qualification allowances of €6,154. A teacher first appointed in 2011 with similar qualifications commenced on an annual salary of €33,352 consisting of a basic salary of €27,814 (first point of reduced scale) and qualification allowances of €5,538. The reduction is of the order of 15%.
- 18.6** All teaching staff entered on the Department's payrolls in the first six months of 2011 were paid at the pay rates applicable in 2010. No distinction was made between staff who had previously worked in teaching and those coming within the definition of a new entrant. The higher rates continued to be paid until the end of August 2011.

1 Other allowances such as for supervision duties and for teaching in Gaeltacht areas were also payable, where applicable.

2 Responsibility for pay policy and guidelines has since then transferred to the Department of Public Expenditure and Reform.

3 Promotional allowances include special duties, assistant and deputy principal, and principal allowances.

- 18.7** From September 2011, all contracted new appointees were placed on the correct salary scale. Casual employees were placed on the correct salary scale from October 2011. No systems or procedures were operating at that time to identify appointees who had been employed in the preceding months and paid incorrect salary amounts.
- 18.8** Pay for teachers employed by Vocational Education Committees is not processed by the Department. The Committees rely on the circulars issued by the Department to determine pay rates. Consequently, overpayments of some teachers by Committees is also likely to have occurred.
- 18.9** The following questions were put to the Accounting Officer of the Department of Education and Skills
- Why did it take seven months to determine the salary scale and allowances payable to new entrants taking up teaching posts in 2011?
 - What is the current estimate of the number of teachers and those taking up teaching posts following retirement that were placed on the incorrect salary scale in 2011 and what is the estimated value of the overpayments?
 - What steps have been taken since September 2011 to recover salary overpayments?
 - What is the estimate of the value of the overpayments that have yet to be recovered and when will the recovery process be completed?

Accounting Officer's Response

- 18.10** The Accounting Officer stated that the overall approach of the Department was to ensure that the implementation measures that it was taking were consistent with other such implementation measures in the public sector with a focus on ensuring that the new arrangements for pay were introduced for future payments as early as possible while, at the same time, ensuring that no one was penalised given the industrial relations sensitivities, and that any overpayments could then be recovered.
- 18.11** It was necessary to engage with the Department of Public Expenditure and Reform to resolve and clarify various queries and issues. It was also necessary to consult with the partners in education. It was important that the proposed changes in rates of pay and the terms and conditions of service were fully clarified before the reductions in pay to new appointees were applied.
- 18.12** The policy of the Department is to issue circulars which define changes in terms and conditions of service, budget decisions and revised operational procedures and to publish them on the Department's website. This ensures that all affected parties have access to the circulars and can implement changes and new policies in a consistent manner.
- 18.13** The complex nature of the Department's payroll is also relevant. As well as full-time staff in primary, secondary, community and comprehensive schools, it also includes part-time staff and temporary staff, such as those employed for substitution. The fact that teachers and non-teaching staff can be substituted for approved absences means that there is huge movement of personnel on the payrolls. The first step to implement the budget decision was to develop IT programmes to ensure that those appointed in 2011 were identified as new appointees and their pay scales revised to the new reduced scales and that new contracted appointees in the 2011/2012 school year were placed on the correct scales from the date of appointment. The second step was to identify the potential overpayments and to calculate the amounts involved.

Delay in Determination of New Salary Scale and Allowances

- 18.14** All system changes have to be introduced to the live payrolls without causing any disruption to the 94,000 payments issued each fortnight and without impacting on the integrity of the human resources and payroll systems. It is essential that all changes to systems are fully specified, developed and comprehensively tested to ensure that the complex systems operated are not negatively impacted.
- 18.15** It was important, particularly at a time of heightened industrial relations difficulties with teachers and non-teaching staff, that proposed changes in rates of pay and terms and conditions of service were fully clarified before reductions in pay for new appointees were applied.
- 18.16** When all aspects of the Budget decision regarding the reduction in the pay for new appointees from 1 January 2011 were clarified, the terms of the decision, the revised salary scales and a 'frequently asked questions' document were incorporated into a circular (40/2011). When the circular issued, the system changes to ensure that new appointees for the 2011/2012 school year were paid the correct amount were developed in the shortest possible timeframe. These changes were implemented during September and October 2011 on all the payrolls.

Estimated value of the overpayments

- 18.17** The teachers employed in secondary and community/comprehensive schools in the period January to June 2011 as new appointees were employed in a substitute and part-time non-permanent capacity. The Department's best estimate of the situation is that approximately 1,600 staff may have been incorrectly paid at the pre-2011 pay scales during the first half of 2011. It is expected that this number will reduce as additional information is received from individual teachers regarding their career history. The value of the overpayments is estimated at €560,000 (an average of €350 per teacher). The Department does not have an estimate of overpayment of salaries by Vocational Education Committees.
- 18.18** The post primary payroll had the system changes applied and tested first and the output was fully analysed to ensure that the outcomes were as expected. There are significant differences in the primary and post primary systems and further development and testing had to be done before the changes could go live on the primary system.
- 18.19** At this stage, the Department estimates that the number of overpaid teachers in the primary sector is 1,400. As additional information is received regarding previous service and contracts, this figure may reduce. The average value of the overpayments is expected to be similar to the post primary sector.
- 18.20** The number of non-teaching staff placed on incorrect pay scales was 1,700. The estimated value of overpayments in those cases was €148,000.

Recovery of Overpayments

- 18.21** The current estimated value of the overpayments to be recovered is of the order of €1.18 million.⁴ The policy of the Department is to recover all overpayments.
- 18.22** The large numbers of substitute and part-time staff involved necessitated the development by the Department of a system to automate the recovery of potential overpayments arising from the changes to pay rates.
- 18.23** The review of post primary and non-teaching staff cases has been progressed and repayment arrangements will be put in place by September 2012. On foot of the review, the Department will be contacting affected staff to outline details of individual overpayments. When the letters issue, it is expected that further clarification will be received regarding contracts and previous service so that a final determination relating to individual overpayments can be made. It is expected that, as teachers and non-teaching staff supply details of contracts and past service, the level of overpayments will reduce.
- 18.24** The arrangements for post primary and non-teaching staff will also be extended to the primary sector. Deductions will be made from the salaries of contracted, substitute or part-time teachers and from pensions until the overpayments are recovered and it is expected that the vast majority of the arrangements will be in place before the end of 2012.

Views of the Department of Public Expenditure and Reform

- 18.25** The views of the Secretary General of the Department of Public Expenditure and Reform were sought on the delayed application of the reduced salary rates for new entrants to teaching positions in 2011. He was also asked if there were any other instances where there were delays in the implementation of the Government decision to reduce the pay rates of new entrants to the public service from 1 January 2011.
- 18.26** In response, the Department stated that while it was aware that there was a delay on the part of the Department of Education and Skills in issuing their circular letters in relation to the new entrant salary scales for teachers and other education sector grades, it was understood that the 10% reduction was in fact being applied, retrospectively where appropriate, from the operative date of 1 January 2011. The Department of Public Expenditure and Reform is of the view that there is an obligation on the part of the Department of Education and Skills to recover any overpayment made to individual teachers and any other relevant grade as a matter of urgency.
- 18.27** It is the responsibility of the management in each of the public service sectors concerned to ensure the implementation of the Government decision in respect of the pay reductions in question. The Department does not have a direct role in overseeing such implementation arrangements in the public service, other than in the civil service, and is not in a position to say whether there were similar instances in the wider public service of delays in the implementation of the Government decision to reduce the pay rates of entry grades by 10% from 1 January 2011.

⁴ Overpayments also arise in the normal administration of the teacher salary payments, for example because of the late notification of reductions in contract hours. The aggregate value of such overpayments was €1.97 million at 31 December 2011.

Conclusions

- 18.28** Following the budget decision on 7 December 2010, pay rates for new entrant teachers fell with effect from 1 January 2011. The Department of Education and Skills took seven months from budget day to prepare and issue the circular containing the revised pay scales and nine months to implement the required changes to its payrolls. The Department estimates the value of overpayments resulting from the delay in implementing the reduction to the pay of new entrants in 2011 is likely to be of the order of €1.18 million.
- 18.29** One year after implementation of the pay rate changes, the Department has not yet contacted the individuals overpaid in the first part of 2011 or put in place repayment arrangements. The Department expects the repayment arrangements for the post-primary and non-teaching staff to be put in place by September 2012 and to commence for the primary sector in November 2012.
- 18.30** While accepting that time would routinely be required to implement budget and other changes in large payrolls, it would have been more efficient had the Department regarded all staff added to the payrolls in 2011 as new entrants and applied the budget reductions to the salaries paid from the beginning of the year. Subsequently, pay rates could have been adjusted to pre-2011 rates as evidence was supplied of relevant previous employment in the public service. Because employees would have had a financial incentive to provide the information, this is likely to have been a more efficient approach to the challenge faced by the Department in implementing the new salary arrangements.