

# Framework for future delivery of water services

## Contents

1.	Introduction and Policy Context .....	2
1.1	Introduction .....	2
1.2	Water Sector Transformation Policy Paper.....	2
1.3	Ireland’s National Water Services Authority .....	3
1.4	Irish Water – Operating Model & Approach .....	3
1.5	Framework for the Future of Water Services.....	4
2.	Transition to a new National Water Services Authority .....	4
3.	Local authority water services staff who transfer to Irish Water.....	5
3.1	General .....	5
3.2	Pay Proposal.....	6
3.3	Pensions.....	7
3.4	Non-Pay Benefits .....	8
3.5	Apprenticeship and graduate schemes .....	8
3.6	Incentive Payment .....	8
4.	Existing water services staff seeking to remain as local authority employees .....	9
5.	Voluntary Redundancy Schemes .....	9
6.	Implementation, Data Gathering, Communications and Dispute Resolution.....	10
6.1	Implementation.....	10
6.2	Data gathering .....	10
6.3	Communications.....	11
6.4	Dispute resolution .....	11

# **1. Introduction and Policy Context**

## **1.1 Introduction**

This Framework for the future delivery of water services was developed through an engagement process facilitated by the Workplace Relations Commission between the Department of Housing, Local Government & Heritage, Irish Water, the CCMA, the LGMA, and union representatives.

This Framework will assist in ensuring a stable operational environment is maintained as the water sector completes the transition to a national water services authority.

## **1.2 Water Sector Transformation Policy Paper**

The Government policy paper “Irish Water - Towards a national, publicly-owned, regulated, water services utility” (February 2021) charts the way forward for the completion of the transformation of the water sector in Ireland based on the integration of water services within the organisational structure of Irish Water.

The transition to a national water services authority will necessarily involve the following step changes in current arrangements:

- Irish Water will separate from the Ervia Group during 2023.
- A stable operational Framework for the future delivery of water services, identified by the parties to the transformation process, facilitated by the Workplace Relations Commission (WRC), will enable the water sector transformation programme to advance by:
  - Providing Irish Water with the necessary control of water services operations and staff, and full accountability for same;
  - Addressing the concerns of staff in relation to the future deployment of current local authority water services staff; and
  - Ensuring that Irish Water is not left without an appropriately skilled workforce to carry out its statutory functions.
- Irish Water, working with local authorities and current water services staff, will plan for the integration of water services into its organisational structure, in place of the current Service Level Agreements; and
- The local government system will prepare for the gradual phasing out of the direct involvement of local authorities in the delivery of public water services.

The Government has given its commitment to collaborate with and support all key stakeholders in taking the necessary steps to ensure that this transition is carefully executed.

In the context of a stable, operational Framework for the future delivery of water services being identified and implemented, the Government recognises the following key stakeholder concerns that must be accommodated:

- a. The need to ensure Irish Water is given direct control of water services to provide for the safe and effective delivery of water services for citizens and to provide water services that meet the needs of a modern society and economy;
- b. The union position that there is no forced transfer of the workforce; and
- c. The need for local authorities to cease their involvement in public water services while also ensuring that they retain their capacity to continue to deliver on the full range of their vital statutory local government services and to fulfil social and economic development roles.

### **1.3 Ireland's National Water Services Authority**

The Government's vision for water services is based on the establishment of a national water services authority in public ownership.

The Government's objective is to deliver a world class public water services utility which will deliver best practice, cost effective water services focused on customer needs, and support economic development and job creation in local communities.

This will be achieved through the full integration of water services within the organisational structure of Irish Water.

### **1.4 Irish Water – Operating Model & Approach**

In line with Government policy, Irish Water will become a fully integrated, direct-labour, national utility in public ownership within which water services staff will work together within a single organisation as a unified team.

Irish Water is committed to an insourced direct labour operating model for day-to-day activity, with its core services continuing to be delivered by its own workforce. This will be supported by supply chain expertise predominantly delivering specialised services and capital programmes.

Irish Water will be investing approximately €8.8 billion of public monies over the next number of years in upgrading and building new water infrastructure and needs the expertise of water services staff to deliver the benefits of this work for the Irish economy. This investment will allow for an efficient and effective water utility and will provide secure and job enriching careers for staff. Irish Water, operating as a fully integrated water utility, will provide:

- Secure and pensionable employment;
- Rewarding and great career prospects;
- Competitive pay and conditions;
- Specialist roles in water services;

- Extensive training and development;
- Apprentice and Graduate Schemes;
- Modern Technology and equipment;
- Locally based customer service delivery;
- Major Capital Investment opportunities; and
- Support to local communities and economic growth.

### **1.5 Framework for the Future of Water Services**

To facilitate the transition to a national water services authority, this Framework for future water services delivery provides for:

1. The voluntary transfer, of existing local authority water services staff to Irish Water as permanent employees at any stage over the transition period, in accordance with the terms set out in this document;
2. The identification of opportunities for water services staff not transferring to Irish Water to avail of opportunities to re-deploy to other areas within local authorities;
3. The commencement of water services staff recruitment directly by Irish Water to fill vacancies arising in water services;
4. A voluntary redundancy scheme to be introduced in accordance with the terms set out in this document; and
5. A new Irish Water-local authority agreement, replacing the existing SLA arrangements, to ensure that Irish Water has full accountability for the delivery of water services and direct management of the water services staff who choose to remain employed by their local authority under contract to Irish Water for the transitional period to the end of 2026.

## **2. Transition to a new National Water Services Authority**

The transition to the fully integrated national water services authority will take place between the date of this Framework and 31 December 2026.

The Government ambition is that local authorities will no longer have staff working in water services beyond the end of 2026.

Irish Water will begin to assume direct management of all water services staff from 1 January 2023. This will be done in co-operation with each individual local authority to transfer responsibilities in an agreed manner. The intention is to complete this process in the early part of 2023.

A new Irish Water-local authority agreement will replace the existing Service Level Agreement arrangements, to ensure that Irish Water has direct management and oversight of all water services staff, including those who choose to remain employed by their local authority during the period of transition up to 31 December 2026. This will be in place by 1 January 2023.

Irish Water will immediately start direct recruitment to fill current and future envisaged vacancies. Initial recruitment will be managed in co-operation with local authorities to ensure operational continuity. In effect, Irish Water will be accountable for the delivery of public water services, and employees of Irish Water and employees of local authorities will work side by side, under the direct management and oversight of Irish Water to deliver public water services. All persons working in water services, including local authority employees, will report to Irish Water management structures.

In terms of filling Irish Water roles, it is intended to fully use the skills, knowledge, and experience of all water services staff, and to do this in a fair, equitable and transparent manner. There will be specific roles in the new Irish Water operating model for all who currently work in water services staff.<sup>1</sup>

Irish Water is committed to continuing to provide water services locally. Staff will not be required to move locality unless they apply for promotion or are happy to re-locate should they be requested to do so. Locality will remain the same for most staff and any requirement to change will be in line with current arrangements for public service employees.

Minimum changes to ways of working will be introduced as Irish Water assume direct management of all water services staff. In line with the move to service standardisation, staff will be further supported with ongoing training, improved technology, and the sharing of best practice from across the country.

An Integration and Management Team will be recruited by Irish Water immediately and will be comprised of a mixture of existing Irish Water and local authority water services staff. This team will be put in place to facilitate operational continuity and to manage and enable the move towards service standardisation including, for example, operational areas and crew resourcing, systems and technology use, fleet and equipment available to staff, etc. Roles will be locally based and recruited from local authorities and Irish Water to ensure minimal changes to existing line management arrangements. It is estimated that this will comprise 90 roles at the levels of Senior Engineer and Senior Executive Officer or equivalents. It will provide the link between current water services mid management and outdoor staff, and appropriate Irish Water regional and national personnel.

The implementation of this Framework will be reviewed by all parties, including unions, in 2024 and 2026 to determine whether sufficient progress is being made in line with Government's policy objectives and identify further actions, if any, which may be required.

### **3. Local authority water services staff who transfer to Irish Water**

#### **3.1 General**

All parties understand the importance of an attractive staff proposition having regard to both the pay and non-pay benefits being offered.

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<sup>1</sup> At present under the Service Level Agreements those local authority staff who spend more than 50% of their time working in water services are considered to be working in the water services area. This Framework applies to that cohort of staff within the local government system.

Local authority staff who volunteer to transfer to Irish Water are guaranteed:

1. Security of tenure i.e. there is a job for everyone who wishes to transfer with security of tenure as Irish Water expands its investment to become a world-class national water utility. There will be minimal change to roles following transition.
2. That their service with the local authority is reckonable for pensions purposes, and for accessing the Voluntary Severance Scheme;
3. Statutory protection of their existing pension benefits;
4. Collective bargaining, and
5. An attractive pay model.

### **3.2 Pay Proposal**

Irish Water will offer 2 pay model options for local authority staff who transfer to become Irish Water employees:

#### *Pay Model A (Irish Water Pay Model)*

Staff will move to the Irish Water pay model with the same rate of pay and allowances as they currently have with their local authority. Pay progression will be negotiated in the established way with the Irish Water Group of Unions.

Under this model staff will benefit from annual Performance Related Awards (PRAs) with performance targets being set as follows:

- Individualised performance targets for engineering, technical and managerial employee categories; and
- Collective measures (based for example on health and safety, leakage reduction, outage duration, etc.) for the outdoor staff categories of general operatives, craft, and caretakers.

PRAs for staff who transfer and opt for the Irish Water Pay Model will accrue for periods from the start of when an individual becomes an Irish Water employee i.e., employees will not have to wait to assimilate onto the Irish Water pay model before they benefit from PRAs.

The annual PRA component of Irish Water pay is not pensionable.

Irish Water will be conducting an assimilation process from the local authority pay structure to the Irish Water pay model. This will involve assimilating staff onto the appropriate grade within the Irish Water pay model based on their base pay. Allowances are not considered part of base pay. As there is considerable preparatory work involved in this, it is expected that staff would be placed within the pay range of the grade appropriate for their role and integrate into the Irish Water pay model around one year after becoming an Irish Water employee. Irish Water will operate the existing local authority pay model structures and agreements in the interim period.

No staff member will be adversely affected in terms of his/her current or expected future earnings.

Staff who apply for Irish Water posts, including on promotion, will be included on the Irish Water pay model.

Or;

*Pay Model B (Mirrored local authority pay model)*

This option will apply to staff who, while willing to become Irish Water employees, do not want to join the Irish Water pay model.

Under this option, staff would join as Irish Water employees with Irish Water “mirroring” the local authority pay model structures and agreements. Staff would stay on local authority pay model mirrored payment to retirement unless they choose to join the Irish Water pay model.

Staff would benefit from the once-off incentive related payment but not from the Performance Related Awards.

*Current Allowances and Pensionable Overtime*

All negotiated allowances currently held by water services staff who choose to transfer to Irish Water will remain unchanged on transfer to Irish Water.

### **3.3 Pensions**

Local authority water services staff that become Irish Water employees will continue to hold their retirement benefits as guaranteed by the existing legislative provisions of the Water Services (No. 2) Act 2013. This legislation outlines terms and conditions for superannuation benefits that are no more or no less favourable for staff who transfer to Irish Water from the local authorities. Specifically, section 28(7) (a) provides that local authority employees transferring to Irish Water shall be granted “superannuation benefits upon and subject to such terms and conditions as are not less favourable and not more favourable to him or her” than the terms and conditions in relation to the grant of such benefits that would have applied to him or her if that person continued to be employed by the local authority or Department. The rate of pension contribution to be paid by a local authority staff member transferring to Irish Water requires further clarification and will be resolved before Irish Water seek the agreement of any staff member to transfer to it. In any case this will not be higher than current contribution rates, inclusive of ASC.

In line with public pension policy, Irish Water will be providing an Irish Water funded Defined Benefit pension scheme for staff who transfer to become Irish Water employees. From an individual staff member’s perspective:

- pension benefits are protected as outlined above; and
- pension benefit will be calculated as follows:

Pension Benefits = Deferred Benefits in local authority Scheme + Benefits from Irish Water Funded Scheme.

Irish Water recognises and is prepared to fund any “wrap around” element needed to preserve existing benefits.

In summary, pension arrangements will apply as follows:

- Staff will transfer from their existing local authority Scheme to the Irish Water Defined Benefit Scheme. This applies to all staff who become Irish Water employees irrespective of whether an individual opts for Pay Model A or Pay Model B, or takes promotion;
- There will be no change to pension benefits for current local authority staff who transfer to Irish Water;;
- Section 28(7) of the Water Services (No. 2) Act 2013 already provides that superannuation terms and conditions granted to a water sector staff member transferring to Irish Water shall be not less and not more favourable, noting as referred to above that further clarification will be given in relation to ASC; and
- Irish Water staff will be dealt with under either an Irish Water Defined Benefit Scheme or an Irish Water Defined Contribution Scheme. Local authority staff who transfer to become Irish Water employees join the Irish Water Defined Benefit Scheme. Newly hired staff will go into the Irish Water Defined Contribution Scheme in line with normal arrangements.

### **3.4 Non-Pay Benefits**

All Irish Water employees will benefit from the following:

- Sick Leave Arrangements: 6 months full paid sick leave plus a further 6 months on half pay;
- Income Protection Scheme;
- Death in Service benefits;
- Employee Assistance Programme;
- Digital Doctor;
- Access to Group Health Care Schemes; and
- Further Education Assistance.

### **3.5 Apprenticeship and graduate schemes**

Irish Water will introduce new apprentice and graduate schemes which will be unique to the water services industry and offer candidates a mix of on-the-job training and formal training courses within a recognised college.

### **3.6 Incentive Payment**

In recognition of the good will of local authority staff in moving across to become Irish Water employees, a once-off incentive payment of €3,000 (gross) per person will be made to each local authority staff member who becomes an Irish Water employee before the end of 2026.



This is an additional incentive to those staff that volunteer to become Irish Water employees, made in recognition of their change of employer and agreement to join what will become a fully integrated national water services authority.

#### **4. Existing water services staff seeking to remain as local authority employees**

Water services staff who choose not to transfer to Irish Water will remain in the direct employment of their current local authority maintaining their current terms and conditions of employment.

For those staff that remain working in water services, Irish Water will have responsibility for the management and direction of these staff through a new Irish Water – local authority agreement. These water services staff will co-operate with service standardisation as this is rolled out across the country.

During the transition period, water services staff will continue to have the option to transfer to Irish Water.

For those staff that wish to remain as local authority employees but working outside of water services, local authorities will work to re-assign staff to suitable vacancies within grade and competence to other local authority service areas. This will commence immediately, and staff will be facilitated to the maximum extent possible by each local authority and will be subject to an agreed knowledge transfer period where necessary, and in accordance with the internal mobility policy of each local authority.

At the end of the transition period in 2026 local authorities will cease to be involved in the public water system. There will be opportunities for staff during that transition period to either transfer to Irish Water or avail of a range of other options.

The Department will support Irish Water, local authorities, and unions in identifying and accommodating the various expectations of staff to the extent that it is reasonable and feasible to do so. This includes seeking to accommodate staff through reassignment, redeployment (within the wider public service where feasible), upskilling and training programmes. The management parties are happy to work with Unions and staff members in good faith in this regard as a vital and necessary component of this framework.

#### **5. Voluntary Redundancy Schemes**

A Voluntary Redundancy (VR) scheme will be available to local authority water services staff who are otherwise eligible for transfer to Irish Water yet do not see such transfer or re-assignment to other local authority service areas, as realistic options.

The VR scheme will apply to those who are under preserved pension age at 30 June 2024, and who have already accrued entitlement to preserved superannuation benefits under a local government scheme (2 calendar years' reckonable service) at that date.

The VR scheme terms provides for the payment of:

- a) A severance payment of 3 weeks' pay per year of actual service plus statutory entitlement under the Redundancy Payments Acts, or the equivalent, subject to an overall limit of:
  - (i) 2 years pay; or, if less,
  - (ii) one-half of the salary payable to preserved pension age.
- b) Preserved pension and lump sum payable on attaining preserved pension age (60 or 65, as appropriate).

Employees who pay modified PRSI rates (Class D) will receive the equivalent terms to those with statutory entitlements.

It is intended that the scheme will be open to applications for a four month period from 1 March 2024 to 30 June 2024, with departure dates to be arranged to take place by 30 September 2024. In exceptional circumstances, and only where an early departure may prove incompatible with the safe operation of services, the departure date of the individual concerned may be necessarily delayed by three months.

Persons availing of the VR scheme will be prohibited for a period of 2 years from re-employment in the local government sector or in the wider public service or in a body wholly or mainly funded from public moneys, including Irish Water, after which time any re-employment will require the approval of the Minister for Public Expenditure and Reform. These provisions also apply in the case of reengagement on a contract for service.

## **6. Implementation, Data Gathering, Communications and Dispute Resolution**

### **6.1 Implementation**

Implementation will require ongoing partnership and collaboration between the parties at local, regional, and national level. The continued safe delivery of water services by Irish Water and local authorities must be maintained through the transition period.

The Irish Water Consultative Group will play a key role in monitoring and advancing implementation of this Framework together with any further governance structures that may be agreed between the parties.

### **6.2 Data gathering**

To ensure an effective and safe service transition, Irish Water will gather relevant data & information from all local authorities. This data exchange is required to allow Irish Water to fulfil its duty of care to ensure it has a full understanding of how the local authorities carry out their responsibilities under the SLA. This will ensure that when these responsibilities transition to Irish Water, that there will be no gaps in service provision. Any personal data requested re

employees will be dealt with by the relevant Data Controllers in accordance with GDPR legislation.

### **6.3 Communications**

A comprehensive engagement exercise will be carried out with local authority water services staff to communicate the details of this Framework. The purpose of the exercise will be to:

- Explain the Irish Water vision, including that working in a fully integrated water utility offers the opportunity to be part of a dynamic and innovative sector, one in which planned levels of investment of over €1bn per annum will deliver projects of scale to address national challenges while providing a stronger legacy for our communities;
- Reassure staff that there will be no compulsory redundancies, terms and conditions are protected, Irish Water needs all the staff currently working in water services to create the fully integrated water utility and staff will not be expected to move from their current locality; and
- Inform staff about what's involved in transferring to Irish Water, details of the pay model and benefits for individuals, overview on Irish Water's organisational structures and Ways of Working (as referenced in Irish Water's '*Overview of Ways of Working Changes*'), Next Steps & Phases to Transition.

Undertaking this exercise will provide staff with the best possible information upon which they can decide whether they wish to become Irish Water employees or not.

### **6.4 Dispute resolution**

Given the scale of the organisational and service changes envisaged in implementing the national water services authority, robust consultation, and the assistance of the Workplace Relations Commission (WRC) will be required to support the parties. There will be matters that need further negotiations, and the parties commit to addressing these in a positive, timely and committed manner.

Water services are an essential service which the public and business community cannot obtain from alternative sources. The parties to this Framework have a special responsibility to ensure they have well developed communication channels and to seek to resolve problems before they escalate into industrial disputes. If a problem cannot be resolved, then all parties need to take up all available dispute resolution mechanisms (both statutory and non-statutory). While issues are being dealt with through the dispute resolution mechanisms, the current business as usual activities will continue without any form of industrial action, and it is recognised that there is a continuing requirement for cooperation with the current transformation agenda. All existing transformation programmes will continue under the Irish Water Consultative Group structure unless otherwise agreed. The remit of the Irish Water Consultative Group will be reviewed in order to reflect this Framework.