Press release

NSSO Statement by Minister Chambers

- From: Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation
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Today I have updated Cabinet on a number of serious and systemic operational issues in the National Shared Services Office (NSSO) which have recently been brought to my attention.

At this point, the NSSO has not yet been able to establish the full scale of the issues, or the number of individuals impacted.

My department is in ongoing engagement with the NSSO to establish the full scale of the issues and their impact on payroll and pension matters. The NSSO is today publishing an information note on its website with detail on the issues identified so far.

I will outline the series of actions I have already undertaken or will be undertaking shortly to address these issues, but first I will outline the nature of the issues identified.

By way of background, the NSSO provides services to public service bodies including all Government departments. Services provided include human resources, payroll, pension, and finance management services.

Certain initial issues within the NSSO were first brought to my attention in late March, and while the full facts and scale of the problems were still being established during this time further errors and issues were identified.

An update was provided to me Wednesday, June 4th and I have this morning advised Cabinet of these matters.

There are three cohorts impacted by these errors: civil service retirees with work-sharing patterns, current and former ministers and office holders, and retired senior civil servants. The errors span different time periods and have been detected in various ways.

These issues have arisen from administrative errors in the NSSO and were not the fault of any of the individuals impacted.

One issue relates to the miscalculation and under-payment of pensions for some work-sharing civil service retirees who were in receipt of allowances prior to retirement in the last 20 years or so.

A scoping exercise is currently underway by the NSSO to establish the scale of the problem. A pool of 13,000 retirees will have to be checked although the number affected is likely to be much smaller.

To be clear, this does not imply that all 13,000 will have anomalies, but all 13,000 will be checked.

Anyone with queries relating to Works Sharing pensions can contact the NSSO Customer Contact Centre via email payrollcontact@nsso.gov.ie or the phone line 0818 107 100.

These details are also available on the NSSO website.

Another issue relates to the incorrect application of pension deductions for most members of the current Government, Ministers of State, some members of previous Governments and recent office holders.

This relates to superannuation deductions and Additional Superannuation Contributions (ASC) with respect to salaries, allowances, and gifted income.

In short, due to administrative errors, members of the current Government, some members of previous Governments and a number of office holders have had incorrect application of pension deductions.

The NSSO is commencing a process today to contact Ministers to outline the issue to them and to make arrangements for the recoupment of monies owed or to issue refunds as appropriate.

As these are personal matters relating to individual workers' pay, I am not in a position to disclose individual amounts. However, the amounts range from hundreds of euros to the low €30,000s in terms of monies to be recouped. A number of ministers are due refunds ranging from hundreds of euros up to the low €20,000s. Some are unaffected.

The third issue relates to the administration of Chargeable Excess Tax (CT) and Withholding Tax (WHT) in respect of senior grade civil service pensioners.

Chargeable Excess Tax is a tax on pension funds at retirement which exceed the Standard Fund Threshold, which is currently €2 million. In a small number of cases, this tax was not correctly applied by the NSSO.

Similar to the CET issue, withholding tax is deducted from retirement lump sums over €200,000 and most likely applies to those from Principal Officer level upwards.

In total between CET and WHT, NSSO has identified 30 cases. The liabilities for this cohort range from a few hundred euros to €280,000.

The issues that have been brought to my attention by the NSSO are completely unacceptable.

The NSSO has responsibility for the essential function of the provision of pay and pensions to public and civil servants and it has failed in this fundamental duty.

I have instructed the CEO of the NSSO that the multiple errors must be corrected by the NSSO as a matter of urgency, particularly regarding the treatment of retirees who had been on a work-sharing pattern in the civil service.

I am committed to fully and comprehensively addressing this matter. In my approach to this I am firmly focused at all times on two core objectives:

1. Ensuring all monies owed to the State are fully recouped and monies owed to individuals are refunded

2. Restoring trust in the NSSO

I have already taken a series of actions to address the issues raised and will be undertaking further actions in the period ahead:

1. I have appointed former Secretary General of the Department of Finance Derek Moran as chair of the NSSO advisory board.

2. I have requested that he immediately commission an external, forensic audit for the Board and the Department into the NSSO's systems and processes. Terms of reference for this audit will shortly be finalised and this review will report back to my department in the coming months.

3. Separately I am requesting a broad external review of the NSSO's capacity and structures be immediately commissioned to ensure that NSSO is configured and equipped to fulfil its responsibilities in the future. This review will look at its structures, organisation, operations, governance and culture.

4. Legislation underpinning the NSSO and its governance will be amended to ensure greater accountability and oversight. This legislation is currently being drafted and heads are in preparation.

The NSSO has advised me it is not aware of any further issues at this time. Any further actions that are required, in addition to the actions I have already taken and outlined, will be implemented without delay to restore trust in this critical area of responsibility.