

**Restricting exit payments in the public sector - Consultation on
implementation of regulations
Colchester Borough Council
June 2019**

Question 1

Does draft schedule 1 to the regulations capture the bodies intended (described in section 2.1 above)? If not, please provide details.

Colchester Borough Council alongside all local authorities has undergone significant change and an efficiency drive which has necessitated a programme of voluntary and compulsory redundancies to balance our budget. We have exercised sound financial judgement throughout this transformation period and believe the exit cap will restrict the Council's flexibility to manage change and particularly exiting employees through voluntary redundancy.

Question 2

Do you agree with the current list of bodies in scope, for the first round of implementation? If not, please provide reasons.

We believe the Exit Cap should apply across the whole of the public sector without exception. Although public sector organisations not within scope of the legislation are expected to apply commensurate arrangements voluntarily we would question why they are not within the scope of the legislation now.

Question 3

Do you agree with the exemptions outlined? If not, please provide evidence.

We would question the exemptions for the armed forces and particularly the security service and GCHQ.

With regards to payments in scope, we firmly believe payments should be limited to exit payments payable to the employee. Pension strain costs should not be included as these are not payments to the individual.

The inclusion of pension strain costs will affect not only senior managers but also team leaders and professional mid-level staff with long service e.g. the exit cap would have impacted on the exit payment of a senior planner and a Community Zone Manager (Tier 6) if applied.

We believe the Local Government Pension Scheme Regulations and guidance will need to be amended to take into account exit cap legislation. Policies and guidance will also need updating and staff communications developed and a lead in time would be appreciated before the legislation comes into force.

Question 4

Does the guidance adequately support employers and individuals to apply the draft regulations as they stand? If not, please provide information on how the guidance could be enhanced.

It would be useful to have greater clarity on the order of priority for the various exit payments. Will these be prescribed, or will the employee be able to choose how they wish to make up their exit payment with the various elements depending on their circumstances? We feel the guidance is not explicit. This legislation would be more acceptable if employees are allowed the flexibility to choose how they wish to take their exit payment.

Question 5

Is the guidance sufficiently clear on how to apply the mandatory and discretionary relaxation of the regulations, especially in the case of whistle-blowers?

We believe this is sufficiently clear.

Question 6

Is there further information or explanation of how the regulations should be applied which you consider should be included in the guidance? If so, please provide details.

It would be useful if guidance could provide clear examples and variables of how the exit cap would apply in different circumstances.

Question 7

Are there other impacts not covered above which you would highlight in relation to the proposals in this consultation document?

If the pension strain costs are to be included, then there is an argument to alter the LGPS regulations to allow employees the option of not taking their pension post 55 years. Individuals could then choose to take their redundancy payment below the £95k cap rather than taking their pension and having the pension strain costs taken into account in their exit payment.

Will the £95k be index linked in the future or periodically reviewed. The cap needs to reflect rising living costs and salaries.

Question 8

Are you able to provide information and data in relation to the impacts set out above?

As alluded to in answer 3, the £95k exit cap will not only impact senior managers and higher earners. We have examples of lower level staff who will be impacted by the cap, due to the inclusion of the pension strain. These individuals have spent

their whole career in public service but have been made redundant through no fault of their own. These staff will not necessarily have the financial resources, compared to higher earners, to be able to retire comfortably and may suffer hardship. They would have anticipated working until their state pension age and may not have planned for their redundancy. We suggest that a salary threshold for the exit cap to apply is set - i.e. higher tax earners.