Consultation on a Public Sector Exit Payment Cap **Appendix 1**

Question 1 What other forms of exit costs do you think are relevant in this context?

We do not support the introduction of a cap. If one is introduced, it is our view that this should only be for genuine exit payments (see response to Q3) ie redundancy payments

Question 2 Do you agree that the Government should introduce a cap on the value of public sector exit payments on the basis set out above [see page 10 of consultation document].

Whilst recognising that exit payments need to be proportionate, it is important to recognise that these are important tools in enabling local authorities to achieve workforce reductions. This is of particular relevance currently as we, in common with most other Councils, are developing proposals to transform and reduce the services delivered in order to meet the significant financial challenges we are facing over the next 3 years and beyond. The introduction of a cap will significantly reduce our ability to achieve the necessary workforce reductions through voluntary means and will therefore lead to more contentious negotiations with the attendant increase in costs associated with that, as well as the likely negative impact on the workforce in terms of morale and motivation.

We are confident that we are proportionate in our approach and that legislation of the kind proposed would remove the County's freedom to operate without clarity as to why the Government feels that it needs this legislation for local authorities. This seems at odds with the Devolution agenda, which we welcome, which seeks to further devolve powers and funding to Local Authorities. Publication of such data is welcomed with regards to public trust and transparency; electors should be able to hold local politicians to account for these payments, unfettered by imposed national limits.

Question 3 Do you agree that the payments listed above should be subject to a cap on exit payments under the terms set out above? If you believe certain payment types should be excluded please provide a rationale and examples.

No – we believe the following should not be included:

- Payment for untaken annual leave – this is effectively pay for work they have carried out
- Pay in lieu of notice – a PILON payment is effectively damages and therefore not appropriate to include in a cap
- Special severance payments – given the circumstance in which these are used, inclusion would significantly reduce and in some cases remove our ability to settle any litigation. Inclusion of this would therefore likely increase costs to the tax payer as the full legal process would then ensue. Severance Payments are subject to a robust business case, including the inclusion of a full cost benefits analysis and demonstrate that entering into them is a cheaper option for the public purse than litigation.

Question 4 Are there further payments the Government should include?

No

Question 5 Do you agree that a cap on exit payments should be set at £95,000? If you think an alternative level would be more appropriate, please provide evidence and analysis to support your proposal.

No, we disagree with the concept of the national cap – please see responses to Q1 and Q2.

Question 6 Are there other ways to ensure such arrangements are consistent with the cap on lump sum payments?

Please see responses to Q1 and Q2; the elected Council Members are able and do ensure all arrangements are appropriate.

Question 7 Do you agree with the proposed approach of limiting early retirement benefits with reference to the cost for the employer? What alternative approaches would you suggest and why?

Increasingly the public sector is operating in a commercial environment. Limiting benefits in the way proposed will inevitably limit the flexibility of public sector employers and reduce their ability to compete in the same way as private sector employers. Additionally, if local Council Members felt that this blanket approach was of value, it would be in place already. The assumption is that Members are not able to exercise judgement and balance in this at a local level.

In addition, it is our view that 'pension strain costs' should not be included in any type of cap as these are not exit payments. The Pension strain costs are calculated based on the performance of individual pension funds and as such, inclusion of these would be inequitable. Further, the ability for an individual to access an unreduced pension at age 55 if made redundant is a feature of the statutory LGPS .

Question 8 Do you agree that the Government has established the correct scope for the implementation of this policy?

No – please see responses to Q1 and Q2.

Question 9 How do you think the Government should approach the question of employees who are subject to different capping and recovery provisions under TUPE rules following a transfer to (or from) the private sector and whether there should be consistency with public sector employees in general.

We do not support the introduction of a cap. However, in the event one was introduced, where individuals are outsourced to the private sector, comparability should then be with the private sector and the freedoms operated, rather than the public sector. By the same token, it is logical that where individuals are transferred into the public sector, they should be subject to the same provisions as their public sector comparators.

Question 10 Do you agree with the proposed approach for waivers to the cap on exit payments?

Please see responses to Q1 and Q2.

Question 11 Are there other impacts not covered above which you would highlight in relation to the proposals in this consultation document?

Please see response to Q2.

Question 12 Are you able to provide information and data in relation to the impacts set out above?

n/a