UNISON Local Government

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To: Secretaries of Local Government Branches in England, Wales and Scotland (Northern Ireland for information)
Regional Heads of Local Government

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The £95k cap on exit payments

This circular advises branches of the final vote in parliament on the £95k cap on exit payments, and asks them to contact parliamentarians to vote against it.

The Westminster Government has tabled, at short notice, the final votes on the regulations that will impose a £95,000 cap on all exit payments in the public sector.

As branches know, this has been a Government plan for several years. The draft regulations on an absolute cap of £95,000 on all public sector exit payments, including pension elements, were consulted on last year and, as with previous consultation rounds on this topic, UNISON responded robustly on the many concerns this punitive measure raises.

Despite this and, despite many of you raising this issue with your MPs, alongside many employer organisations, to highlight the very real concerns affecting our members, none of the concerns were taken on board.

The final vote in Parliament will be next week – probably on 30 September.

Although the Government has a large majority, it is vital that we put as much pressure as we can, to encourage MPs to vote against the regulations. From the centre we have been working hard through Labour Link and other channels on this. **Branches are also asked to contact their MPs to urge them to vote against this measure. A briefing for politicians is attached, along with UNISON's full response to the 2019 consultation this issue.**

As the briefing makes clear, the £95k cap would be particularly punitive in local government, because Local Government Pension Strain costs are included as part of the £95k (except in Scotland) – even though this is money the individual does not receive. The result is that many members on very moderate salaries could be affected, if they have long service.

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Branches should also be aware that based on initial informal advice from the Treasury, if these regulations are passed, there will be a window of just 21 days for redundancies to be finalised, before the cap comes into force. If an individual's leaving date is after the regulations are agreed, but within 21 days of it, then the cap would not apply. From 21 days after the regulations are agreed, the cap would apply, even if discussions or negotiations about the redundancy have already finished. There will be a waiver process for some situations. Further guidance on this will be issued as soon as possible.

The Ministry of Housing, Communities and Local Government (MHCLG) has also tabled broader regulations on other changes to exit payments for local government. We are of very concerned about this, and by the confusion caused by two separate sets of overlapping changes. Pensions officers from the local government unions will be meeting with MHCLG very soon to discuss this and make clear our concerns.

With best wishes

J. Richards

Jon Richards
National Secretary
Local Government, Police and Justice Section