This briefing should be read alongside our wider Consultation response from 2019 (also attached). It represents a very brief summary of the main issues.

Our public services are at the forefront of our fight against the pandemic and to introduce these changes now would be an unwelcome and unhelpful distraction at a time of national emergency. Now is not the time prioritise attacking the terms and conditions of our front-line public sector workers. Given the current strains on public services, which are set to worsen with the second wave of Covid-19, we urge that the implementation of these changes to be delayed until at least 2021.

Central to our work on this is that, by our calculations (attached as an appendix in the wider briefing), the measures, as currently outlined, clearly represent an attack on moderate earners (such as midwives, social workers, youth support workers, environmental officers and librarians) with long service particularly if they happen to be near retirement when their employment is terminated through no fault of their own. This flies in the face of the stated intention of the cap and was originally mitigated against explicitly.

The central points are as follows – some are broad points about the whole scheme, and some are areas where pressure could still be applied to change the accompanying small print detail of application to follow in guidance.

New and unnecessary constraints on the proposed waiver process - We consider the waiver process is cumbersome and is likely to hinder decision-making and prove more burdensome for central government than expected.

A chief concern is the move away from previous reassurances that in Local Government a decision of a full council meeting, fully noted and reported to the treasury, would be sufficient process. At the expense of an efficient and timely process for councils who act reasonably and in the interests of securing value for local taxpayers. The currently proposed approach risks clouding transparency and openness in public and employer decision making, jeopardising the successful conduct of local government reorganisation and employment relations.

The new move to have any discretionary waiver require approval by the treasury before implementation is a hugely disappointing retrograde step, goes beyond usual ministerial powers and will impede decision making and local democratic function and accountability.

Impact of including pension strain payments including the unprecedented introduction the potential to force staff to take a reduced pension early - Without a lower earnings threshold, the pension strain payments combined with long service becomes the key indicator in the Local Government Pension Scheme of whether moderate earners will be affected or not.

Current proposals could potentially leave current employees, even on very moderate salaries, finding themselves having to pay upfront costs to their pension scheme for the 'privilege' of losing their jobs at a time in their lives when they are going to find it very difficult to obtain employment elsewhere. Or simply not being able to access this benefit at all but instead being forced to take a lump sum which they will not be allowed to invest in their pension as promised (scheme rules do not currently allow lump sum payments into the scheme from individual members – only employers).

As time goes on, and current pension protections reduce in value, staff on even lower salaries will be affected across the board. Staff on as little as £20,000 a year could be affected by this cap if they are over 55 when made redundant and their normal retirement age is 65 or over.

Despite stated intention, these proposals clearly affect employees on very moderate salaries who will have dedicated years of their life to public service **MORE** than highly paid staff with **short** service who will remain relatively unaffected. The Government's own data analysis acknowledged that excluding moderate earners would make minimal difference to the savings made by this proposal as so few people would be affected – so why not exclude those who are?

Equality Impact Assessment on inclusion of pensions strain payments - Clearly in Local Government the dominant reason the cap will be breached is due to the inclusion of pension strain payments for older workers. Given the majority of staff in Local Government are women we have not yet seen the result of any robust assessment of data around whether this specific aspect of the legislation will impact on women more than men - it is not in doubt that it will only affect staff over 55.

Perverse impacts on workforce reform - Under these proposals, an individual's salary, length of service or age may impact on decisions made in relation to service planning that could lead to inefficient reorganisation plans. The restrictions this will place on negotiated settlements and collective agreements regarding exit payments, by including pension costs of contractual entitlement to early retirement within the cap, these proposals instantly begin to affect employees on much lower salaries and also to affect an employer's ability to make decisions to reduce staff numbers based on efficiency alone.

Impact on collective bargain autonomy and priorities - In Local Government, collective bargaining on pay and conditions issues has deliberately favoured positive pension terms over other issues – staff have given up other benefits to prioritise/maintain these pension terms. To have central government impose an arbitrary curtailment of those terms leaves both sides of the collective bargaining forums disempowered and potentially futile.

Index linking the cap and any salary exemption threshold to ensure they rise with inflation and don't devalue every year - The £95k cap proposal was introduced in 2015 – at that point the government were clear that this was where they felt fairness and proportionality lay. If properly index linked this would now be worth £103k to achieve the same proportional effect and relative savings. If the cap, and any earning threshold exemption, is not index linked, they will begin to impact on staff on lower and lower salaries which would make any stated rationale of targeting high earners more and more meaningless.

The government has the power to change the value of the cap and to uprate it annually as it does with the pension's lifetime allowance (something that potentially predominantly benefits men as high earners – see our section on Equality Impact Assessment).

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