Cabinet Office

Civil Service Compensation Scheme

Response to consultation on proposed reform of the Civil Service Compensation Scheme.

26 September 2016

Contents

1. Introduction

1.1. On 8 February 2016, the Cabinet Office issued the document “Consultation on Reform of the Civil Service Compensation Scheme” to the unions representing civil servants. We published the document shortly afterwards. The consultation closed on 4 May 2016.

1.2. We consulted on how best the scheme can be reformed so that it is able to deliver against the Government’s aims for the scheme, with the aim of consulting with a view to reaching agreement with the trade unions representing members.

1.3. As set out in the consultation document, this consultation reflected the government’s view that compensation terms across the Civil Service need to be reformed in order to ensure they are reflective of the modern Civil Service that we want to see.

1.4. To provide the best service for the public, the Civil Service needs to respond to ever changing demands and needs to be flexible and adaptable to the challenges and opportunities of our times. That means being able to recruit and retain the best people but it also means ensuring that we have a good, cost-efficient system in place to help civil servants leave when the time is right.

1.5. The Civil Service continues to require new and different skills to respond to the fiscal environment, global competition and changes in technology, whilst at the same time delivering better services more efficiently: in short, doing more for less. Many departments will be considering workforce reform. As they do so we need to ensure they have the flexibility through voluntary exit schemes to retain the people they need to deliver the best public services.

1.6. However, under the current terms, staff may be incentivised not to put themselves forward for consideration of an exit package and early access to pension provisions are out-dated. The consultation document set out the intention for a reformed Compensation Scheme to support both the ability of staff to exit the organisation with dignity and security and the need for the employer to retain those with the skills that will be required in the Civil Service of the future.

1.7. This consultation has been run in light of a wider series of reform of compensation arrangements across the public sector. Legislation was passed in the previous Parliament to allow for the recovery of compensation payments to certain staff who returned to employment within 12 months. The Government has now legislated to end excessive redundancy payments in the public sector, with a cap set at £95,000 due to come into force shortly.

1.8. In the 2015 Spending Review, the Chancellor of the Exchequer announced that the Treasury will consult on further cross-public sector action on exit pay-out terms, to reduce the costs of redundancy pay-outs and ensure greater consistency between workforces. That consultation was published on 5 February 2016 and the Cabinet Office consultation on Civil Service reform took place in that overall context. The reforms to the Civil Service Compensation Scheme (CSCS) are in keeping with the principles of the reforms across the public sector.

2. Principles for Reform

2.1. The Government consulted on making changes to the Civil Service Compensation Scheme so that it remains a suitable and appropriate tool. The consultation set out the following principles:

- to align with wider compensation reforms proposed across the public sector including the Government's manifesto commitment to prevent excessive pay-outs by ending six-figure exit packages;
- supporting employers in reshaping and restructuring their workforce to ensure it has the skills required for the future;
- to increase the relative attractiveness of the scheme for staff exiting earlier in the process, and to maintain flexibility in voluntary exits to support this aim;
- to create significant savings on the current cost of exits and ensure appropriate use of taxpayers money; and
- to ensure any early access to pension provision remains appropriate.

3. The Initial Proposal

3.1. The consultation document outlined a range of options for how the Civil Service Compensation Scheme could be reformed to align with the principles above.

The consultation document included a preferred package of reforms as follows:

- the standard tariff to be three weeks' per year of service;

- Voluntary Exit capped at 18 months' salary;
- Voluntary Redundancy capped at 12 months;
- Compulsory Redundancy capped at 9 months;
- only to allow employer funded top up for early access to pension where the member has reached the minimum pension age for a new entrant to the scheme (i.e. 55 at a minimum);
- to introduce a cap on CSCS payments at £95,000 in line with proposed legislation; and
- set notice periods for all exits from the Civil Service under the CSCS at 3 months (notice periods are not set under the CSCS but clearly have an impact on total costs).

3.2. The consultation document set out that this package would save just over a third on the current costs of exits and meet the Government's target for cost savings in the CSCS.

4. Responses to the consultation

4.1. Just over 3,000 responses were received from individuals, many of whom are serving civil servants. Of these, approximately 2,500 standardised responses were received from union members. Included within these responses were those received from the following trade unions and staff representatives:

- Defence Police Federation
- FDA
- PCS
- Prospect
- Prison Governors Association
- Revenue & Customs Trade Union
- UNISON
- Unite
- National Crime Officers Association

5. Summary of Responses

5.1. Not all of the respondents commented directly on the specific issues on which the consultation invited views. For example, this consultation was not dealing with wider pay policy in the public sector, the collection of taxation nationally or the pay and expenses of MPs. The government response does not include these wider comments or try to answer them because they are outside of the scope of the consultation.

5.2. There were some responses supportive of the changes proposed to the Civil Service Compensation Scheme but the majority of respondents were opposed. There were concerns over a number of issues including:

- that there was already enough flexibility in the current system of Voluntary Exits to 'increase the attractiveness of the scheme for staff exiting early'. There was no need to alter the current scheme – it just needed to be used appropriately;

- rather than looking to reform the CSCS further, the should target required skills in advance of any exits as part of its workforce planning, consider improving its staff redeployment systems across government and speed-up what can otherwise be stress-inducing exit clearance procedures at the centre;

- the removal or reduction of access to employer funded early retirement was a particular concern. It was argued that while many ex-civil servants may remain economically active, it could be more difficult for over 50s to get another job and the current policy mitigated against this.

- the changes that were made to the CSCS in 2010 were described by the then Minister for Cabinet Office as "fair, protects those who need the most support, addresses the inequities in the current system and is right for the long term." Many respondents were concerned that making further changes to the scheme would impact on thousands of civil servants particularly those with long service;

- some respondents thought "the existing terms allow for a great deal of flexibility and employers are able to offer better terms on Voluntary Exit."

5.3. These and other issues are explored further in the paragraphs below and in Section 8.

6. Process Followed

6.1. The Government launched the consultation on changes to the Civil Service Compensation Scheme on 8 February. The purpose of this consultation was to consult with a view to reaching agreement with the trade unions on how to reform the Compensation Scheme to deliver the principles set out in this consultation document.

6.2. In furtherance of this aim, as well as considering responses to the consultation document from individuals and trade unions, we have also held a series of meetings with the National Trades Union Congress (NTUC) and other unions throughout the consultation period, which closed on 4 May.

6.3. All NTUC unions were invited to a series of meetings, with dates and attendees as follows:

11 February 2016:	NTUC, PCS, Prospect, FDA, Unite, POA, GMB
18 March 2016:	NTUC, PCS, Prospect, FDA, Unite
6 April 2016:	NTUC, PCS, Prospect, FDA, Unite
15 April 2016:	NTUC, PCS, Prospect, FDA, Unite
25 April 2016:	NTUC, PCS, Prospect, FDA, Unite
04 May 2016:	NTUC, Prospect, FDA, Unite, POA

6.4. Following the closure of the consultation, we have sought to continue to engage with trade unions with the aim of reaching agreement on a set of reforms.

6.5. As such we invited all unions (whether NTUC or other unions) who provided a substantive response to the consultation to a series of further meetings, focussed around a basic structure, with the opportunity to explore some of the points raised during the consultation period. The participation of unions in these further meetings was made conditional upon their acceptance that a proposed basic structure would form the starting basis of a reformed, negotiated, set of arrangements that could lead to a final agreement.

6.6. Four trade unions – Prospect, FDA, UNISON and GMB – and the Defence Police Federation agreed to take part in further meetings on this basis. We have therefore met with a selection of these unions on the following dates: 23 June 2016, 27 June, 28 June, 30 June, 1 July, 7 July, 21 July, 28 July, 4 August, 15 August, 22 August, 31 August, 6 September, 22 September.

7. Proposed way forward

7.1. The Government is grateful for all responses to the consultation, which continues to show how vital the Civil Service Compensation Scheme is to civil servants and their representatives. We would like to thank every individual and organisation that submitted their views.

7.2. The case for change still stands. Based on consideration of the responses received through the consultation period including those expressed by all trade unions, the Minister for the Cabinet Office will implement reforms to amend the scheme. It remains the case that savings have to be made to make the scheme more affordable. We have taken particular note of the comments made from trade unions throughout our discussions, especially on the issue around the relative levels of compensation payable under the VE and the VR terms and how this interacts with the principles outlined in the consultation document.

7.3. The government's intention has always been to agree a negotiated package of reforms that meets the government's objectives as set out in the consultation document and has the support of the majority of the trade unions representing staff covered by the Civil Service Compensation Scheme.

7.4. The government is therefore making a formal offer to the trade unions to consider. This offer is conditional on acceptance by a sufficient number of unions, which the Minister considers appropriate to constitute agreement.

7.5. The following terms represent our formal offer to the trade unions:

- the standard tariff to be three weeks' per year of service;
- Voluntary Exit capped at 18 months' salary;
- Voluntary Redundancy capped at 18 months' salary;
- Compulsory Redundancy capped at 9 months' salary;
- to maintain flexibility in Voluntary Exit terms to offer between statutory terms and the standard tariff;
- only to allow employer funded top up to pension from age 55 and for this to track 10 years behind state pension age;
- to offer a partial buy out option for employees above minimum pension age where the cash value of the exit payment is insufficient to fully buy out the actuarial reduction <u>or</u> where the full exit payment is otherwise affected by restrictions in legislation (e.g. the introduction of the £95,000 exit cap);
- Compulsory Redundancy notice periods to be set at 3 months for new starters;
- for the lower paid underpin to increase to £24,500;

- the Inefficiency Compensation tariff to be reformed to align with Voluntary Redundancy terms (i.e. a maximum of 18 months' salary) as part of a package of reforms – which limits its use to cases of underlying ill health and includes amending the management code and associated guidance and confirms eligibility for alpha and Nuvos members;
- a revised 2016 Protocol for Civil Service Redundancies to help speed up the exit process. Key features are:
  - stronger workforce planning upfront with an enhanced role for the Recruitment and Redeployment Working Group;
  - minimum periods of formal consultation will be 45 days where there are more than 100 exits and 30 days where there are less than 100 employees;
  - voluntary exit and voluntary redundancy notice should be served at the point an individual agrees to exit the Civil Service as part of an exit scheme;
  - four weeks of redeployment support will be given to an individual if they do not accept voluntary redundancy; and
  - the 2016 Protocol will include the Senior Civil Service.

7.6. We recognise that equalising the maximum payments available under VE and VR terms may be seen to run counter to incentivising VE but this is something we have carefully considered in response to the views of all unions and many other respondents, and have adapted our proposition accordingly.

7.7. We also understand that some of the concerns raised by employers that have been highlighted in the consultation document about employees 'waiting' for Voluntary Redundancy terms were in part related to the significant time that it took for employees to exit in potential redundancy situations. This elongated process is both inefficient from the employer's perspective and unsettling for the employee. Many of these concerns can be tackled by reforming the exit process to deliver cost savings and a more efficient process.

7.8. We still believe it remains the case that under these revised terms voluntary exits should, and will, form the majority of exits under the Civil Service Compensation Scheme, as has been the case over the last five years. We also believe that even with the proposed changes to maintain the same maximum payment under both VE and VR, voluntary exits will remain the best option for the both the employee and the employer in most circumstances. As such, there will continue to be a strong incentive for both the employer and the employee to run the majority of exit schemes under VE terms.

7.9. The terms above are those of our formal offer to unions. If this offer is not accepted, the Government intends to implement a reformed Civil Service scheme with the following terms:

- the standard tariff to be three weeks' per year of service;
- Voluntary Exit capped at 15 months' salary;
- Voluntary Redundancy capped at 15 months;
- Compulsory Redundancy capped at 9 months;
- only to allow employer funded top up to pension from age 55 and for this to track 10 years behind state pension age;
- compulsory notice periods to be reduced to 3 months for new starters;
- the inefficiency Compensation tariff reformed to align with Compulsory Redundancy terms (i.e. a maximum of 9 month's salary) and to revise the PIN40 guidance; and
- a set of central redundancy principles to be operated by departments to replace the current 2008 and 2014 Protocols.

7.10. The Government will take a final decision once it has received the considered response of all the trade unions.

8. Responses to each question

8.1. The consultation document asked for views on seventeen separate questions. We have set out each question below showing the overall percentage of negative/positive responses with key points made by respondents underneath. We have included quotes from both Union representations and individuals on each question.

Q1 Do you agree that these are the right principles for the reform of the scheme? If not, what should be the principles to be followed?

8.2. 5% of respondents to this question agreed that these were the right principles for reform of the CSCS.

8.3. Many respondents set out that changes made to the CSCS in 2010 were described by the then Minister for the Cabinet Office as being sustainable in the long term and did not accept the government's argument that further change was required.

8.4. On the issue of 'reshaping the workforce', the majority of respondents felt "the government should focus on re-training and up-skilling staff where necessary before redundancies are considered. Should redundancies be required, the proposed changes will mean less people can afford to leave, making restructuring harder."

8.5. Some respondents felt that they "would absolutely support a fair and considered approach to delivering on this principle but the proposals put forward in this consultation will not meet that objective. Without proper procedures for workforce planning and redeployment covering the whole Civil Service and all grades within it, employers are left to deal with a limited, disruptive exit process that is beset by delays and confusion."

8.6. There was also quite a strong reaction to the idea that government needed to increase the relative attractiveness of the scheme for staff exiting early. Most respondents felt that "since the 2010 scheme was launched over 80% of Civil Service exits have been at the first stage of the exit process: voluntary exit. The current scheme meets this objective, so it defies logic that the government seeks to change a system that already delivers on a stated objective. Furthermore the proposal here does not involve any increase in the value of exit payments at an early stage so cannot be said to 'increase the attractiveness' of such exits."

8.7. Some of the respondents thought that "a more efficient scheme will deliver cost savings. The consultation document asserts that costs are higher than originally expected under the 2010 reforms. Given that the NAO has reported that departures under those terms were 40-50% lower than the previous terms this is difficult to believe. Prospect is unaware of where government had stated that it was seeking greater savings from those reforms. Prospect members are reasonable and are prepared to engage in a process that results in more efficient exits that produce savings for taxpayers. What is not appropriate is taking an arbitrary target for savings or to attempt to deliver savings entirely through changes to the terms of the scheme rather than through an overall approach to ensuring employers can restructure more efficiently. Any attempt to impose changes that deliver arbitrary cuts to the terms of the CSCS will cause significant unease and disquiet and will result in industrial relations difficulties."

8.8. Some respondents thought a clear principle of reform should be the "use of a properly thought through redeployment process is a way to deliver reform. Detailed workforce planning, with clear consultation and involvement of staff has proven to deliver successful change in employers." Alongside this, "if government would remove the delays to the exit process such as those put in for Cabinet Office clearance and MyCSP delays that can hold up exits for months, the process would be quicker, employees would suffer less stress and taxpayers' money would not be wasted. It is a more appropriate use of taxpayers' money for staff with key skills and experience to be redeployed rather than made redundant yet redeployment rarely occurs at SCS level and is a lottery for delegated grades."

A sample of other individual respondents with alternative views said:

8.9. "Good principles to follow but should be careful that making the scheme attractive for earlier exiting staff doesn't seem to become about punishing staff for exiting later."

8.10. "As a lower paid civil servant, nearing the age of 50, I believe the principles as laid out should take into consideration the sharply reduced employment prospects admin staff are likely to encounter in the private sector. The digital revolution is rapidly replacing the work once done by admin staff. Therefore I think it reasonable any revision of VES payments should take this into consideration. Therefore I propose that the new scheme should permit lower paid staff to receive the first ten qualifying years at the current rate, subject to the £23,000 underpin salary, of one month's pay per year. Anything after ten years, capped at fifteen years' service, could be paid at the new proposed rate of three weeks salary, subject to the underpin, for each year of service.

8.11. "Any decision to reduce VR or Compulsory terms, to encourage a quicker and larger take up of VES, would be reasonable. Perhaps, for VR; seven years paid at one month per year, subject to the salary underpin, and seven years paid at three weeks per year of service. Capped at fourteen years in total. For compulsory redundancy, perhaps seven paid at one month per year and five years paid at three weeks per year. Capped at twelve years in total."

8.12. "The reform principles should apply only to all new starters to the Civil Service – but exclude existing Civil Servants. This could be very cost effective, as it is expected that 50% of all new senior leaders in the Civil Service will be from outside the public sector. So there must already be plans to 'refresh' the existing workforce."

Cabinet Office response

8.13. The CSCS has been reformed twice in the last 30 years, in 1987 and then again in 2010. Between the 1987 reforms and those in 2010 the scheme had grown out of touch with best practice in the wider economy. The 2010 reforms have now been in place for over five years and our experience of their effect has led the Government to believe that the scheme is not fully delivering against its aims.

8.14. Examining again the costs to the taxpayer, above the statutory minimum, is a legitimate exercise. Delivering value for the taxpayer is a founding principle across all aspects of public sector and civil service employment. Overall the Civil Service scheme remains too expensive in light of the national debt and budget deficit. Reform of the scheme will make savings on the current cost of exits and allow employers more discretion when the pressure for greater efficiencies, with the associated reduction in staffing levels, remains.

8.15. We remain committed to fairness for all parts of the wider public sector and any reforms to the Civil Service should not conflict with compensation arrangements across the public sector as a whole.

8.16. The Cabinet Office agrees with those respondents who identified a need for more efficient and effective workforce planning and redeployment where this is a viable option. We will continue to work with staff and their representatives to support employers in reshaping and restructuring the Civil Service for the future. We are currently working with all stakeholders to be more efficient in our approach to exits. We are also actively engaged with employers to improve capacity and capability on workforce planning, supporting them to ensure they have the skills required for the future and to retain and re-skill our staff where this is possible. However, workforce planning alone is unlikely to remove the need for a reduction in staff numbers. Our efforts to improve all aspects of employment policy should not exempt the compensation scheme from further scrutiny and reform.

8.17. We recognise the stress and anxiety that staff experience during restructuring and the need for clarity on choices and options that the compensation scheme offers. We believe that incentivising staff to consider voluntary exits at an early stage, on reformed voluntary exit terms, achieves a fair balance between an appropriate level of compensation and fairness for the taxpayer.

8.18. We accept that staff approaching their scheme retirement age will wish to be clear about their options. However, we cannot predict individual employment prospects and cannot compensate for loss of employment on this basis. None of these proposals will impact on the pension entitlements that members have built up from their service. We think the fair outcome would be reforms, consistent with those across the wider public sector and working with employers and scheme administrators to make the process quicker and more efficient.

Q2 Should the tariff be reduced as part of the cost saving measures? If so, to what level should it be reduced? If not, what should be changed instead to produce comparable savings?

8.19. 4% of respondents to this question were in favour of a reduction of the tariff.

8.20. The majority of respondents stated that “reducing the tariff to 3 weeks would have a significant impact on compensation payments and could deter many people from going on voluntary terms. The savings quoted in the consultation paper may therefore be erroneous because changing the tariff will skew the demographic of those applying. Maintaining the current tariff level will ensure that Voluntary Redundancy remains a more palatable option for some of those thinking about leaving the civil service.”

8.21. This was echoed by other respondents who thought “the extent of the proposed cut to exit payments is excessive. A reduction to the tariff will reduce the numbers of staff putting themselves forward for voluntary exit.”

8.22. Some respondents felt “the objective of cutting exit payments by a third is excessive. Cabinet Office would be better focused reducing the time civil servants spend waiting either for exit quotes from MyCSP, or for certainty from their employer about how their proposed workforce changes will be managed. That, combined with a genuine approach to redeployment would make significant savings and improve the efficiency of the service.”

8.23. Further respondents said they “were willing to engage in a process that delivers terms that enable employers to restructure more efficiently while being fair to employees. By looking at processes and other aspects of exit schemes, significant savings can be delivered.”

8.24. Another response stated, “it will have a major impact on individuals who may have planned for years on the basis of original contractual obligations only to have their calculations for post-work income wiped out by these proposals. It will also have a significant impact on taxpayers, if public sector workers find themselves less well provided for in retirement and requiring more support from such public services”.

A sample of other individual respondents with alternative views said:

8.25. “With ever increasing pensionable ages it can be argued that the tariff should be changed. However, this should be linked to the difference between pensionable age and the age the average starting age within the civil service. That gap is probably about 50 years as currently stands and if an individual works half of their working life in the civil service they should be entitled to a full pay-out.

8.26. "The majority of long serving Civil Servants like myself will not come anywhere close to a six figure exit package. If anything, a sliding scale of time served packages should be introduced, so that long service staff such as myself are not penalised in the same way, and at the same rate, as a lesser time served worker."

8.27. "I am content with tariff reduction (3 weeks per year), but I would want to see the number of months uncapped to the full years of service (i.e. not capped at 9, 12 or 18 months). This proposal significantly disadvantages long term, loyal high performing Civil Servants. Those with less years' service have no incentive to leave early."

Cabinet Office response

8.28. The costs of the scheme have tended to be higher than originally expected under the 2010 reforms. The wider financial position continues to be very tight and the pressure for greater efficiencies, with the associated reduction in staffing levels, remains. Although the 2010 reforms did lower the average cost of the scheme it was still possible, in extreme cases, for some staff to get benefits costing more than three times salary.

8.29. Reducing the tariff remains one of the main tools to reduce the costs of the scheme and to achieve savings without this option would have a disproportionate effect on either the maximum multiple of salary that could be paid or the provision of early access to pension. Reducing the tariff would see the impact spread across the great majority of members although those with very long service will not see any reduction in their compensation.

8.30. We accept that the demographic of those applying may be impacted by a change in tariff but we cannot predict how this will impact on the numbers.

8.31. We accept that the efficient provision of exit quotes and an improved exit process will provide savings by reducing the time that staff spend waiting to exit and we are working to improve the underlying processes, for example through improving forward planning and communication between employers and myCSP.

8.32. .

Q3 Should the cap on the multiple of salary be reduced? If so, to what level should it be reduced? If not, what should be changed instead to produce comparable savings?

8.33. 8% of respondents to this question think the cap on the multiple of salary should be reduced.

8.34. The majority of respondents believed "the cap on the multiple of salary should not be reduced. Reducing the maximum multiplier to 18,15, 12 or 9 months would be a dramatic reduction for long serving, loyal staff who have not volunteered to leave before but who may now be forced out due to the massive number of job cuts and civil service office closures. These proposals may also severely affect part-time staff (the majority of whom are women in the civil service) and older workers because of the impact of tapering mechanisms which already result in a substantial reduction in compensation."

8.35. Some respondents believed "the combination of cuts to CSCS terms proposed in this consultation will disrupt a scheme that has delivered on the objectives set for it in 2010. At the earliest stage of the process, voluntary exit, employers already have the option to vary the tariff in terms of the salary multiple used. To limit that flexibility by reducing the level across the board would inhibit employers and discourage voluntary departures."

8.36. Further comments pointed out that "there is little recognition of the significant cost savings and efficiency gains that a robust redeployment policy can deliver for employers undergoing large scale reform…one entirely overlooked area of potential efficiency savings is the lack of strategic thought given to the many restructurings that are resulting from the drive to make savings in the face of ever reducing budgets at a time of increasing demand for services."

A sample of other individual respondents with alternative views said:

8.37. "More preferable than changing tariffs but less favourable than limiting the maximum amount of salary that qualifies for compensation purposes."

8.38. "I feel 21 months for voluntary exit is fair – perhaps reducing voluntary redundancy to 15 months and compulsory redundancy to 12 months would incentivise staff to leave early."

Cabinet Office response

8.39. Reducing the maximum multiple of salary provides significant savings. Limiting the maximum amount of salary that qualifies for compensation purposes does not provide sufficient savings. Other suggestions although relevant and accepted on making the process more efficient do not provide sufficient impact on the cost of early exits. We accept that those with longer service will see the largest changes in benefits. However, these staff might also have a shorter time until they can draw their pension. Any reforms made to the Civil Service scheme must also be consistent with the limits proposed across the wider public sector, reflect the terms more generally available to employees across the economy as a whole and be fair to the taxpayer who funds them.

Q4 Are there any other significant cost saving measures that should be considered instead of or in addition to a reduction in the tariff and/or cap?

8.40. 81% of the total number of respondents to the consultation provided an answer to this question.

8.41. The majority of these respondents said that no savings were necessary. They were "not aware of any other employer offering compensation payments which are not, in some way, commensurate with length of service. De-linking redundancy calculations with length of service would result in significant unfairness in the scheme."

8.42. Other respondents have commented as follows: "…the Civil Service needs to improve its approach to workforce planning. Too often exit schemes are run where the employer does not know what skills and experience they need to have at the end of the exercise, just that headcount needs to reduce. This leads to vital skills and unquantifiable experience leaving the service only to have to be replaced shortly after by new staff who may have the necessary skills but will take time to develop experience. Cabinet Office should support and demand employers undertake detailed assessments of the skills and staff needed before embarking on an exit process, not part way through or after.

8.43. "For this, and to facilitate speedier processing of Cabinet Office clearance for schemes, proper resourcing of that department should be ensured. The implementation of a viable and effective redeployment process for all staff also requires some level of resource but will result in significant savings in terms of cost, time and skills."

8.44. Some respondents reflected "ample experience of members being made redundant from the civil service and later returning (often to the same employer) either as employees or contractors. In some cases repayment provisions within the CSCS or wider regulations will reduce the direct cost in the form of exit payments but the entire process is wasteful and in many cases it is much more expensive to retain the skills through a contractor (skills that the civil service has often paid for through the training it originally provided anyway). Better workforce planning clearly offers significant opportunities to reduce the cost of exits from the civil service. Just because improving workforce planning is more difficult than changing the tariff in the CSCS does not mean it is not important to implement it."

Cabinet Office response.

8.45. Further savings are necessary as repayment of the deficit continues to be a priority for the country. Not making further savings is not an option.

8.46. We accept that improved workforce planning and an efficient exit process are priorities for the Civil Service. It is true that the Civil Service has relied on voluntary departures to provide exit savings and this has reduced the number of compulsory redundancies made.

8.47. With improved workforce planning it should become clear where skills are required in the future and what opportunities there for Civil Servants to move departments. This in turn will reduce the need for some exits and further recruitment, resulting in a cost saving in both areas.

8.48. On the specific issue of employees leaving the civil service and then later being re-employed, the government understands that this can be a cause of public concern and is putting in place legislation to recover exit payments from high earners who leave and then quickly return to public sector employment.

Q5 Should the Civil Service apply a different cap on the salary that qualifies for compensation payments?

8.49. 9% of respondents to this question think a different salary cap should be applied.

8.50. The majority of respondents thought that there was no need to apply a cap on salary. The wages of most civil service staff were not so high as to make average redundancy payments excessive.

8.51. Some said "…it is difficult to see how changes in the salary cap will deliver significant savings in the context of the £95,000 cap. Redundancy is compensation for the loss of a job and it is clearly related to the salary the post attracted and it is appropriate for redundancy compensation to reflect salary."

8.52. Some respondents thought that "reducing the cap on salary usable for exit payments would have represented a more targeted approach to capping exit payments in line with the government's manifesto commitment. However, it instead opted for an arbitrary £95,000 cap that hit long service employees hardest."

8.53. These respondents go on to say that reducing such a cap provides very small savings "to do so would seem petty given the negligible savings". They feel that this cap, along with the recovery of exit payments, target the highest earners in the civil service even though these are often the hardest people to recruit. They also think the disruption from changes to the CSCS may actually cost employers more than any savings from a reduction in the cap.

A sample of other individual respondents with alternative views said:

8.54. "Yes, over £80k should be capped."

8.55. "The cap on the qualifying salary should be reduced, if savings are going to be made; the best paid and those least affected should take the brunt. The salary should be capped at £75k."

8.56. "Yes – Should be calculated based on the max for that pay grade x 3. This is because there is a pay difference of up to £6000 for staff doing the same job – This has come about due to no pay rises nor pay increments."

8.57. "Staff in service for 5 years and under should also be offered at least 6 months' pay – Especially if they were employed on a permanent basis as any recruitment drive should ensure 5 years of employment – Otherwise why were they recruited in the first place? Maybe short term temporary employment was more appropriate!"

8.58. "I feel that there should be a differing cap for different grades. A cap that is intended to apply to higher grades should only be factored in to the redundancy offered to those at higher grades. Reducing the way you calculate everyone's redundancy to put a cap of £95K in effect - when that calculation also reduces the level paid to those who couldn't possibly reach a cap of £95K on the existing scheme – is both unfair and unjustifiable."

Cabinet Office response.

8.59. The Cabinet Office agrees that the savings projected from this reform are insufficient. Reducing the current scheme salary cap to £80,000 would save less than 1% due to the salary distribution within the Civil Service.

8.60. It would be costly and complicated to introduce a different scale by grade.

Q6 Should the requirement for at least one offer under voluntary terms (and for that to be a "good" one rather than a minimal one) before moving to Compulsory Redundancy be kept?

8.61. 95% agreed with this statement.

Q7 If the requirement for a voluntary offer before redundancy is kept, should that offer be on the basis of a fixed "tariff"?

8.62. 84% of respondents to this question agreed on a fixed "tariff".

8.63. The majority of respondents thought that "Voluntary terms, of no less than current Voluntary Redundancy terms, should always be offered before moving to Compulsory Redundancy."

8.64. In addition, other respondents felt that "it is a fundamental principle of fairness that an individual who is served notice of potential redundancy has the option of the best available terms. The quality of workforce planning in Civil Service employers is not sufficient for Cabinet Office to be confident that people just 'know' that they are at risk. Most employers are opaque about their workforce reform strategy until they get close to notices of redundancy. If the employer isn't clear who is in scope then it is profoundly unfair to penalise the individual for their employer's lack of clarity."

8.65. Some respondents pointed out that "the change in the CSCS in 2010 to the situation where compulsory terms were less generous than voluntary terms was only possible with the assurance that no-one would be made compulsorily redundant without first being offered voluntary terms. It would simply be unacceptable to renege on that commitment now. It would also be grossly unfair."

8.66. The majority of those in favour of a fixed tariff stated that "paragraph 4.3.4 proposes to make Voluntary Redundancy terms flexible in order to 'increase the attractiveness of Voluntary Exit by removing the certainty for staff of the terms that they must be offered before compulsory redundancy'. This, made worse by other proposals to reduce compulsory terms, would cause enormous uncertainty and stress for staff as they would be forced to gamble on important decisions about their future. Staff wanting to remain in employment should not feel pressured to take a Voluntary Exit because they cannot risk being made redundant on substantially reduced terms. Staff who wish to remain in employment should be able to, safe in the knowledge that if a genuine redundancy situation does arise they will be treated fairly and have adequate compensation, commensurate with their years of loyal service."

8.67. Other respondents thought that "in order to be sure that individuals get the best terms when at risk of redundancy, the amount offered should be fixed. …it is generally accepted that avoiding compulsory redundancies is a positive objective, if the terms on offer are a moveable feast, individuals are far more likely to defer making a decision to exit until the very end of the process as a result of the uncertainty of the situation."

A sample of other individual respondents with alternative views said:

8.68. "There should always be at least one offer of voluntary terms rather than compulsory, otherwise too many people stay right until the end and receive additional monthly salaries/tax/NIC/pension etc. which would be far more expensive than offering more generous pay-outs to leave earlier. People will naturally stay for the pay-out which suits them best, with the proposed restrictions to the tariff then many people will then stay for the compulsory payment. A three stage payment offer will keep costs lower by people leaving at the earliest opportunity."

8.69. "A voluntary redundancy/voluntary exit exercise should always be held before a compulsory Redundancy exercise. However regarding the "good offer" question, voluntary exit/redundancy terms should be set by demand led market forces subject to a civil service wide cap. It would be better to advertise "up to" good offers but then negotiate offers depending on demand. Therefore when demand for voluntary exit/redundancy is high enough then settlements below compulsory terms could be achieved."

8.70. "Have a variable tariff, and increase the offer each time an offer of voluntary redundancy is made."

8.71. "No fixed tariff but a cap for High Earners."

8.72. "VR should definitely remain. There should also be the flexibility to offer those willing to leave early an "enhanced" VES up to 2010 offer to make it attractive enough for people to want to take it."

Cabinet Office response.

8.73. The Cabinet Office agrees that before a Compulsory Redundancy is made the requirement for an offer under Voluntary Redundancy terms (and as such the best possible terms rather than a minimal one) before moving to Compulsory Redundancy should be kept within the scheme.

8.74. We agree that an offer with a fixed tariff will allow for staff to plan their options with some degree of certainty.

8.75. We believe this construct is an important component of the scheme for our employees and incentivises voluntary exits.

Q8 Should Voluntary Exit allow for higher maximum payments than Voluntary Redundancy? If it should, by how much?

8.76. 17% agreed that there should be a higher maximum payment at Voluntary Exit stage than Voluntary Redundancy stage.

Q9 Are there any other ways in which staff could be encouraged to be more pro-active in coming forwards when exit exercises are being run?

8.77. 80% of the total number of respondents to the consultation answered this question.

8.78. Respondents said “office closures are a reality for many civil servants and many are occurring in parts of the UK where getting another job will be difficult. The idea that many of the people going will be volunteers in any real sense is misleading. Many feel forced to take a voluntary package rather than risk being made redundant on less favourable terms. This causes enormous anguish and distress as people hesitate, being unsure whether or not the risk of redundancy is high. People could end up unemployed just to safeguard a package when they are aware of an office closure in the near future.”

8.79. “The flexibility is already there in the current CSCS for Voluntary Exits to be more attractive…and employers should try utilising them before considering changes to the CSCS. Otherwise, it seems that making Voluntary Exits ‘more attractive’ is being used an excuse to diminish voluntary and compulsory terms.”

8.80. Other respondents believed “it is right for employers to have flexibility about what is offered in a voluntary exit situation. When they are simply trying to reduce headcount and have no particular objectives for workforce change in mind, voluntary exit is a sensible approach. However, government is proposing to reduce the terms available for voluntary and compulsory redundancy so suggesting voluntary exit payments could be higher is disingenuous. It is possible now for voluntary exit terms to exceed voluntary redundancy terms though this flexibility is rarely exercised."

8.81. There was scepticism from some respondents about the proposals put forward by government, stating that "voluntary exit terms would in fact never be significantly more than the voluntary redundancy terms. So if the maximum for voluntary redundancy was set at 12 months, it would be irrelevant that the maximum for voluntary exit was 18 months if employers only have to offer up to 13 months to be better than the voluntary redundancy terms. We believe that the fairest approach is for the best possible terms to be available to those who are at risk of redundancy."

8.82. Many of the respondents said that "the vast majority of people do not want to lose their jobs and "voluntary" redundancy is often taken because the compulsory terms are worse. However, in circumstances where people do want to leave, offering more attractive redundancy terms would encourage people to be more proactive in coming forwards. Reducing the terms has the opposite effect."

8.83. "There is a concern here that members should not be bullied into putting themselves forward for an exit".

8.84. In addition, others felt that "on average 85% of staff leaving the Civil Service do so on voluntary exit terms, i.e. at the earliest possible point in the process…There is no evidence that delays in the exit process are caused by employees but there is significant evidence that delays by employers, Cabinet Office and MyCSP mean the process takes far longer than anyone should accept."

8.85. Access to training and advice to promote a career change for those who may be considering their options.

8.86. On a more positive note, some respondents thought "the existing terms allow for a great deal of flexibility and employers are able to offer better terms on Voluntary Exit."

8.87. However, these respondents were strongly opposed to the Voluntary Exit terms having a higher maximum through reducing the maximum on Voluntary Redundancy.

A sample of other individual respondents with alternative views said:

8.88. “Yes - 50% would provide the incentive to go and not collect additional salary and a lower redundancy payment.”

8.89. “VR scheme maximum payment should be reduced to below those available under VE by say 3-6 months.”

8.90. “Yes – you need to incentivise effectively. Most Private Sector Companies offer 2 years’ salary for loss of salary. If you need to save “paying salaries” then I would suggest 2 years for Voluntary Exit, 18 months for Voluntary Redundancy and 12 months for Compulsory Redundancy.”

8.91. “Yes. As set out in the consultation, “set the Voluntary Exit cap at 18 months’ salary; set the Voluntary Redundancy cap to 12 months; and set the Compulsory Redundancy cap to 9 months” is fair.”

Cabinet Office response.

8.92. The Cabinet Office agrees that staff should be treated fairly and with dignity and that no one should feel bullied into leaving their employment. However, where employers must make reductions for efficiency and business need then we will set out the options in the clearest possible way to allow for an informed choice and individual decisions made at the earliest possible opportunity. An early decision to leave on Voluntary Exit terms before being put at risk of redundancy can reduce uncertainty, allow for more individual autonomy and reduce the inevitable stress of redundancy.

8.93. The Cabinet Office believes that the interests of staff would best be met by providing certainty on their exit terms and what their best offer will be. Higher maximum payments for Voluntary Exit terms might lead employees to question whether a Voluntary Redundancy offer might be improved by a Voluntary Exit offer. By providing for the best possible terms on Voluntary Redundancy we will avoid incentives for staff to wait until the end of the exit process with all the stress and uncertainty that this brings. To complement this we are allowing employers the maximum flexibility to offer Voluntary Exit schemes up to the equivalent tariff, based on their judgement of business needs.

Q10 Should the employer funded early access to pension provision be removed from the scheme?

8.94. 4% of respondents to this question were in favour of removing this from the Scheme.

8.95. Respondents argued that while many ex-civil servants remain economically active after employer funded early retirement, they may be taking work at a different pay level and/or for shorter hours, in some circumstances resulting in a cost to the public purse through tax credit or benefit payments. There were also concerns that removal of this option could also have a greater impact on older disabled people, and calls for the government to carry out an equality impact assessment on this proposal.

8.96. Others stated "Many of our members, who have contributed to the public good with years of service, signed their contracts up to 35 years ago. The terms agreed to at that time should be honoured."

8.97. “Removing the employer funded access to early pension would also impact on the numbers of staff willing to leave. The latest civil service statistics (2015) show that those aged between 50 and 59 are by far the largest age group (comprising 65,020 men and 73,660 women), most of whom have a pension they may wish to access early. PCS accept that not everyone taking redundancy over the age of 50 will wish to take an early pension, or will be in the appropriate pension schemes or have the requisite length of service. However, it remains an extremely popular option which, up until this point, the employer has recognised. It may be that people in the over 50 age group would not choose to leave the civil service without the early access to pension option. This would have a large negative impact on any future restructuring exercise, both for the employer and employees.”

8.98. Other respondents said that “Government should be clear about the terms that are on offer to civil servants. Individuals chose to forgo some or all of their exit payment in order to access their pension early. Only when that falls short of the amount needed to buy out the actuarial reduction for early payment does the employer top this up. The individual does not get any cash in this situation as all the money goes to the Civil Service pension scheme (and therefore to HM Treasury).”

8.99. Other respondents pointed out that “this would impair the ability of employers to use exit schemes to refresh their management structures and skills bases. It would be unfair because it would ignore the fact that finding an equivalent job can be more difficult for employees in the relevant age ranges. It would be out of line with practice in similar organisations in the private sector.”

8.100. Some respondents felt that “the whole point is that a reasonable settlement does ease retirement because the worker is likely to be only able to earn significantly less after leaving while waiting for the state pension to be able to (but not necessarily) stop working then. Having to leave on a reduced pension means of course the income for the rest of the person’s life will be significantly reduced. The compensation payment is already offset against the cost so in most cases this is likely to mean the employer does not pay anything. Only long serving members who are likely to need it the most are likely to incur a cost.”

A sample of other individual respondents with alternative views said:

8.101. “Yes. This would help shore up VES payment levels whilst maintaining a significant cut in overall costs.”

8.102. “I believe putting the ceiling at age 55 is currently the right move, but taking into account the changes to state pension I believe this age limit could be increased gradually to keep in line with the increased state retirement age and the 5 years in advance of state pension age. Possibly starting the increase in 2020 to coincide with the new vision.”

8.103. “Not for those now aged say 45+. As stated, many of these have worked for government departments such as HMRC for 30 years or so. In effect many of these staff are being made redundant. The chances of them securing jobs on anywhere near the same salary is negligible. The Government should honour their terms and conditions as they have stood for the 30, or so, years that they have worked.”

Cabinet Office response.

8.104. The Cabinet Office accepts that employer funded early access to pension provision should continue. We acknowledge that it remains challenging for those close to pension age to be able to find comparable employment, although the Government is supportive of people being able to work for longer and to remain economically active until later in life and we support that aim.

8.105. In principle we agree that employer funded early access to pension provision should be retained. However, this can often be a particularly expensive form of compensation for employers and ultimately for the taxpayer, and is a form of compensation that is often not available in the wider economy. The Cabinet Office therefore believes there is a case for increasing the minimum age at which this is available.

Q11 Should the minimum age for early access to pension be increased to 55?

8.106. 14% agreed with this increase.

8.107. The majority of respondents to this question were not in favour of change said that "the minimum age for early access to pension should not be increased to 55. This would impact on thousands of loyal staff who have devoted their working lives to the civil service. If people are forced to leave due to office closures, they may be unable to find alternative work as it is statistically proven (and accepted in the government's own report) that those over 50 find it more difficult to obtain new employment."

8.108. "Early access to pension has been a popular option for those leaving the civil service to date and the employer has until now recognised this with the appropriate exemption from the Finance Act 2004. Raising the minimum age to 55 will, therefore, make the prospect of forced redundancies more likely, causing great distress to loyal staff and will make any restructuring exercise more difficult for the employer."

8.109. Additionally, some respondents said there was a declining group of civil servants who have the facility to access their pension at 50 and this was protected as a result of the Finance Act 2006. These respondents do not believe there are any grounds to retrospectively change the date at which these individuals can access their accrued benefits.

8.110. This was echoed by other respondents who said "it would be wrong to impose such a significant change without arrangements in place to protect people from sudden changes to their entitlement. In time the minimum age for access to pension will be 55 once everyone who joined schemes before April 2006 has retired. However even before then the ability to draw pension earlier will not amount to much of a benefit as the amount of pension concerned will be small."

A sample of other individual respondents with alternative views said:

8.111. "I believe that this is a fair long-term aim. However there needs to be consideration of a taper arrangement so as not to disadvantage those below 55. It is also important to understand that generalists are more likely to find re-employment than specialists, whose skill set has been narrowed to fit in with the historic needs of the Civil Service. Scientist with areas of specialism will find it very difficult to find employment in the private sector, particularly as they approach "retirement" age."

8.112. "But not without some transitional arrangements for those that are over 50 but not 55 when the arrangements change. Again, this is something that should only be done after agreement with the unions."

8.113. "This should only be tied to new entrants on the new contracts. You can't continually move the goal posts for long standing Civil Servants."

Cabinet Office response.

8.114. The Cabinet Office does believe that raising the minimum age for early access to 55 presents a reasonable balance between the savings available for the taxpayer (approximately 11% of scheme costs) and respecting the needs of older workers approaching retirement age. We consider an immediate increase to the minimum age of 55 which would then track 10 years behind State Pension Age, to represent a reasonable compromise. This allows us to maintain this entitlement for staff as an important bridge to assist them into retirement whilst acknowledging that people are able to work for longer and remain economically active later in life.

Q12 Are there any other ways in which the key issue (the provision of a very expensive retirement benefit to staff unlikely to actually retire) could be resolved?

8.115. 77% of the total number of respondents to the consultation answered this question.

8.116. The majority of respondents stated this provision is not "very expensive" and that the current arrangements should be kept as they provide a good option for both staff and employers when restructuring is being considered.

8.117. Some respondents said that "no explanation has been given as to why there is a problem with the early retirement provisions of the CSCS now that weren't known in 2010 when they were deemed 'fair and sustainable'. We do not accept the assertion in 4.4.3 that it "is therefore clear that those under 55 will actually be unable to 'retire'" and therefore the CSCS must change. Many civil servants are unable to live on their Civil Service pension and savings alone even when they reach normal pension age…"

8.118. Still others have said "access to pension for people made redundant over minimum pension age is not a flaw in the scheme; it is a deliberate feature of the 2010 reforms that remains appropriate for the reasons given above. It is inappropriate to try to unpick fundamental aspects of an agreement entered into so recently."

Cabinet Office response.

8.119. The Cabinet Office has accepted that an element of employer funded early access to pension provision be retained in the scheme. However, as we must demonstrate value for money to the taxpayer, we have examined ways above in which this expensive benefit can be reformed.

Q13 Do you agree that employers should have the flexibility to set a lower maximum cap than £95,000 in Voluntary Exit schemes? Is there any level below which a cap should not be set?

8.120. 9% were in-favour of this flexibility.

8.121. Respondents said that "caps of this nature impose unnecessary and arbitrary restrictions. No evidence of value for money has been provided to justify the current proposal for a £95,000 cap. People should be entitled to the full tariff and there should not be any cap on exit payments… these arbitrary caps produce unnecessary stress and complications during redundancy situations."

8.122. Some respondents thought that "employers are already able to set almost whatever terms they like in voluntary exit situations so this provision is simply extra complexity and should be withdrawn. Setting low caps simply means fewer people will volunteer for exit which runs contrary to one of the stated objectives of these reforms…this type of cap affects those with long service, it is not clear why Cabinet Office is suggesting another reform to the detriment of long service civil servants on top of its proposals to reduce tariffs and maximum service limits."

8.123. This was echoed by those who said "in theory employers have a wide degree of flexibility in the Voluntary Exit terms they offer and the ability to change the cap that applies would be a logical extension of this flexibility. However it is clear that such a feature could be used to target Voluntary Exit terms in specific ways (excluding experienced staff in certain grades, for example). If such an approach is taken it would be important that staff excluded from Voluntary Exit terms in this way are not penalised in any way if later put at risk of redundancy."

A sample of other individual respondents with alternative views said:

8.124. “3x National Average Salary, as determined by ONS. I think the suggested figure of £95k is actually too high and would rather see a lower absolute cap and more generous tariffs so that exit payments provide greater funds to the lowest paid while not providing high figure pay outs to the highest paid.”

8.125. “Yes – both higher and lower – but any flexibility would need to be applied fairly. 10% is reasonable (so c. £85,000); £80,000 would not concern many people, in my opinion.”

8.126. “Only if it were to enhance the packages of those in the £0-40,000 sort of range. Absolutely no cap below, say, £70k. I don't see why anyone, in any workplace, should have their terms and conditions 'reformed' down the way and only 'new entrants' should have such terms and conditions imposed on them.”

Cabinet Office response.

8.127. The Cabinet Office wishes to support the current flexibility available to employers in deploying Voluntary Exits. We propose that the current provision for employers to set a lower maximum cap in Voluntary Exit schemes will remain and can be used where employers think it appropriate.

Q14 Do you support the suggested package set out above?

8.128. 2% of respondents supported this package.

8.129. Many respondents felt that “none of the individual or combined options described in the consultation paper would compensate staff for what would amount to an unnecessary, unfair and unilateral imposition of detrimental terms and conditions of employment.”

8.130. Other respondents thought that “the proposals set out are unnecessary and would be counterproductive causing disruption, delays to exit processes and a fall in the number of people leaving at an early stage of the process. The package does nothing to address the real problems in the exit system and fails to honour the lasting agreement reached between government and employees in 2010.”

8.131. Still others thought “the approach taken is fundamentally flawed and treats civil servants with disdain. If a package similar to this was imposed then there would be significant industrial relations problems arising across the civil service and related sectors.”

8.132. "...where a member has been employed under CS terms for many years, there should be no alteration to those terms, with the option to go at 50 and compensation payment calculations to remain unchanged. For those, regardless of age, who have already completed exit forms due to, for example, expected closures/drawdowns, the present terms should remain extant until they have departed the service, which may take over 12 months. The date given of October and case by case afterwards does not reassure our members when considering a life-changing decision. After many years of employment, they are due from this government the honouring of the time and services given to those who have begun exit procedures and signed paperwork accordingly but who will leave after October 16."

A sample of other individual respondents with alternative views said:

8.133. “I support 3 months’ salary per year of service and early pension paid by employer for aged 55 and over. The rest is not attractive.”

8.134. “Generally speaking yes, EXCEPT that the maximum amount payable for VE/VR and CR should remain at 21 x tariff and 12 x tariff respectively.”

8.135. “Yes, if the aged 55 years and over are protected.”

Cabinet Office response.

8.136. The Cabinet Office recognises the concerns of Civil Servants during a time of change and with efficiencies required of departments by their spending review settlement. However, we must seek to make the current scheme more affordable to the taxpayer. The reforms implemented in 2010 are not sustainable in the longer term.

8.137. The Cabinet Office believes that a package of reforms has been developed in consultation with staff and their representatives which aligns the principles set out of encouraging exits earlier in the process.

8.138. The preferred proposals for achieving reforms, which better meets the Civil Service affordability priorities is described above in the Proposed Way Forward.

8.139. Although the Government has a preferred framework, we have been in detailed and intensive discussions with trade unions, and want to, wherever possible, reach a negotiated package of reforms, which meets the Government’s objectives as set out in the consultation document and has the support of the majority of trade unions representing employees covered by the Civil Service Compensation Scheme.

8.140. As such, we have also made a formal offer to the trade unions to consider. This offer is conditional on acceptance by a sufficient number of unions, which the Minister considers appropriate to constitute agreement.

8.141. The Government will take a final decision once it has received the considered response of all the trade unions.

Q15 Is there another way in which the Government's aims of reducing costs and ensuring that the CSCS operates as desired could be met?

8.142. 79% of the total number of respondents to the consultation answered this question.

8.143. Many respondents said that "there are lots of ways for governments to reduce costs. Tearing up the terms and conditions of loyal, hard-working Public Sector workers should not be among them. The proposed changes will only make the handling of redundancy exercises harder than has already been the case."

8.144. Some respondents thought "the government should introduce a comprehensive and effective redeployment process that applies to all grades in the Civil Service. Delays caused by bureaucratic processes and needless Cabinet Office red tape should be replaced with requirements on employers to properly plan their workforce reforms."

8.145. "MyCSP should be provided by employers with the relevant and accurate data on their employees ahead of any exit process in order to eradicate the costly current delays caused by individuals waiting for accurate statements or exit quotes."

8.146. "Savings accrued from the imposition of the £95,000 cap and exit payment recovery regulations should be quantified alongside the savings resulting from the more efficient process outlined above and the savings resulting from redeploying staff."

8.147. Still others felt that there need to be more reasonable principles for reform and government has to look for greater efficiencies in delivering savings rather than focussing only on changing the terms of the CSCS. They thought that improved policies and processes can result in significant savings if exits are speeded up significantly. Also they thought that a better overall approach to workforce management can result in savings through better use and retention of the skills, expertise and experience the Civil Service already has.

8.148. With regard to the issue of Voluntary Exit and flexibility, during closures of two organisations in the recent past, "the ability to offer VR terms at vesting day was not used; members remained employed for a further 9 months, with the increased cost on final pension calculations, detached duty allowance while in the RDP and annual salary still being paid. The option was there, but TLBs are not using it, when this could be achieved by agreement and save costs on the current terms available."

A sample of other individual respondents with alternative views said:

8.149. "…better performance management, better managed redeployment across departments, and forging links across the wider public sector so that displaced employees in one part of the public sector get priority for vacancies in another part of the public sector."

8.150. "Substantially reducing external consultants' and temporary workers' pay would be more cost effective."

8.151. "If reductions have to be made, why not retain the existing scheme, calculate the final payments, then apply a flat rate percentage reduction to the final figures. E.g. if you were looking to reduce costs by 20%, calculate the payments on the existing scheme – for all staff, all salaries and all circumstances, then take 20% off this final figure."

Cabinet Office response.

8.152. The Cabinet Office agrees that seeking savings and better value for the taxpayer should not be exclusively focused on reforms of the CSCS. However, the Compensation Scheme does represent a significant expense for every Civil Service employer and a generous benefit when compared to the statutory minimum. It is right that we examine all the options and justify the expense.

Q16 What should the tariff be for the reformed "inefficiency" terms?

8.153. 72% of the total number of respondents to the consultation answered this question.

8.154. Many respondents stated that "these terms should not be part of the review of the CSCS, as they are not redundancy payments. They are discretionary arrangements and should therefore be separated from the CSCS."

8.155. Other respondents believe "the tariff for inefficiency exits should be the best available terms under the CSCS which is a maximum of 21 months."

8.156. Others echo this with "one month per year of service capped at a maximum of 21 months."

8.157. Some felt that "the grounds are more to do with improving the efficiency of the service rather than removing alleged inefficiency. The needs of a worker in these circumstances are no different than someone made redundant so the terms should not be reduced."

A sample of other individual respondents with alternative views said:

8.158. "No set tariff – each case to be considered on a case-by-case basis."

8.159. "The same as for 'Voluntary Exit' tariffs."

8.160. "The same as for 'Compulsory Redundancy' tariffs."

8.161. "For inefficient staff then the CR tariff should be used. For inefficient departments then the VE tariff should be used."

8.162. "This should have a flexible element that may reflect an individual's circumstances e.g. health status."

Cabinet Office response.

8.163. The Civil Service retains an ability to compensate staff who are dismissed where this is in the mutual interest of both the employer and the employee. It can represent a saving in management time and resources to facilitate a mutually agreed departure rather than supporting employment that is not tenable in the long term. This type of dismissal is referred to as being on the grounds of "inefficiency". Staff currently have a contractual right to be considered for compensation following dismissal but do not have a contractual right to receive a payment.

8.164. We accept that there is often a positive business case for paying compensation. Maintaining these payments allows us to treat staff with dignity and fairness and provides an incentive to accept this means of departure.

8.165. However we only wish to consider payment for those who are genuinely too ill to work but not ill enough to meet the criteria for ill health retirement.

8.166. These terms were not reformed in 2010 and the formula is currently based on the least generous of the pre 2010 formulas. Maintaining a formula that is antiquated and unique makes the formula opaque to staff and expensive to operate. We would like to revise this position and treat staff more consistently within a reformed framework for exit payments. To maintain the same position it would be most appropriate to link this benefit to those for Compulsory Redundancy.

8.167. Although we have a preferred proposal we want, wherever possible, to reach a negotiated package of reforms which has the support of the majority of trade unions.

8.168. As part of a negotiated package of reforms the Cabinet Office is prepared to link any compensation to the Voluntary redundancy terms, limiting its use to cases of underlying ill health and subject to a sliding scale as supported by revised policy guidance.

8.169. Finally the Cabinet Office proposes to clarify the scheme to include entitlement for members of the Nuvos and alpha pension scheme.

Q17 Should the revised arrangements be called something different?

8.170. 68% of the total number of respondents to the consultation answered this question.

8.171. The majority of respondents advised that “the mutually agreed terms referred to in Q16 should be implemented and should be called "Efficiency Departures".”

8.172. Other respondents said that the “NTUC union agreed reforms to the inefficiency process in May 2015…it is disingenuous for government to reopen that agreement. We believe the ‘PIN 40’ guidance should be amended as was agreed to cover those exits that are mutually agreed to be in the best interests of the individual and the efficiency of the Civil Service.”

Cabinet Office response.

8.173. The Cabinet Office agrees that a new name would signal our revised policy and that “Efficiency Departures” correctly describes exits that are mutually agreed to be in the best interests of the individual and the efficiency of the service.

9. Consultation principles

The principles that Government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

https://www.gov.uk/government/publications/consultation-principles-guidance

Annex A – Respondent Organisations

CSC Computer Sciences International Ltd

Defence Police Federation

Employment Lawyers Association

The FDA

Home Office Career Transition Service

Metropolitan Police Service

National Crime Officers Association

Prison Governors Association

Prospect

Public and Commercial Services Union

R & C Trade Union

UNISON

Unite

Worcester Debt Technical Officers Collective