



Department  
for Business  
Innovation & Skills

# Enterprise Bill: Public Sector Employment - Restrictions on Exit Pay

## Issue:

The government wants to re-position the public sector as a modern place to work, including ending taxpayer-funded, six-figure payoffs in the public sector. The most recent 'Whole of Government Accounts' published on 26 March 2015 reported that in 2013-14 £1.8 billion had been paid in exit payments, with 1,838 payments to individuals in excess of £100,000.

## Measure:

The measure will:

- end six-figure pay outs to public sector workers by placing a limit on the value of exit payments (for example a cash lump sum or employer-funded contribution to early access to pension) individuals can receive;
- cover most types of payments related to exits, including voluntary and compulsory redundancy and severance payments;
- apply broadly across the public sector as defined by the list of public sector bodies set down by the Office of National Statistics (although some bodies may be exempted); and
- enable the restrictions to be relaxed in exceptional circumstances subject to approval by the relevant Minister.

## Aims and Impact:

The measures will:

- deliver savings on the exit costs faced by public sector organisations; and

- sit alongside the reforms take through the Small Business, Enterprise and Employment Act 2015 to claw back exit payments made to high earners who return to the same part of the public sector in a short period of time (12 months).