



Cabinet Office

**John A Manzoni**  
Chief Executive of the Civil Service &  
Cabinet Office Permanent Secretary

70 Whitehall  
London  
SW1A 2AS

Telephone +44 (0) 20 7271 8822  
Web [www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk)

Email [chief.executive@cabinetoffice.gov.uk](mailto:chief.executive@cabinetoffice.gov.uk)

Simon Case  
PPS/PM

[By email]

12 July 2016

### **SPECIAL ADVISERS - CALCULATION OF SEVERANCE PAYMENTS**

1. I understand the Prime Minister is concerned about the way in which severance payments for outgoing Government Special Advisers have been calculated. In particular, he has raised concerns about the treatment of those Special Advisers with long service (primarily those re-appointed to Government posts following the Election in 2015):
2. I recognise that this is a difficult time for these individuals, and that their employment is terminating more quickly than they had originally envisaged. I also recognise that there had been an expectation amongst some that their severance sum would be higher, which has led to some disappointment.
3. We would certainly not want Special Advisers to feel that their loyal service to Government has gone unrecognised, and we have been keen to show flexibility around other aspects of their departure, such as payment for untaken annual leave.

#### **Contractual Provision**

4. We have looked in detail at the provision within the Model Contract for Special Advisers. It clearly sets out the way that the entitlement will be calculated for those

re-appointed following a General Election or reshuffle. All Special Advisers sign this contract upon taking up appointment.

5. For those with long service - ie those re-appointed after the General Election - the Contract confirms that in the first year after reappointment individuals are entitled to the amount of severance repaid on reappointment (for many within No 10, this is the equivalent of 4.5 months service). The contract goes on to say that individuals will become eligible for another month's pay for each additional completed year (after the first year). In addition, we will be paying Special Advisers for untaken annual leave, as per their contract.
6. I do not believe there is a case for awarding higher sums than those for which the contract allows. Legal advice supports this position, and lawyers have been clear that awarding a further month's salary for Special Advisers in this position would constitute a payment above their contractual entitlement.
7. However, I understand the Prime Minister's wish is for us to provide greater recognition for long service, and award six months' salary for those Special Advisers with long service who were re-appointed post-Election.

### **Costs**

8. The cost of the current proposed severance package for Special Advisers within No 10 is **£747,045**. Increasing the severance to six months for those with long service would cost an additional **£282,892**, leaving a total severance package of **£1,029,938**. These costs are usually made public as part of the annual List of Special Advisers, which is next due for publication in December.
9. Alongside this, we would also need to consider the cost across Government, and it is my assumption that any approach to the position of Special Advisers within No.10 will be applied equally across all departments. We estimate that there are a further 30 special advisers across Government who may fall within the 'long service' bracket and total cost figures would increase accordingly. A precedent would also be set for the future.

### **Next Steps**

10. As I set out above, I do understand the importance of properly recognising the service of this group of individuals, the challenging circumstances in which they now find themselves, and the uncertainty created by the fact that they will now be expected to leave post much earlier than anticipated. That said, the contractual position is clear. And the contract itself is designed to provide some degree of

certainty and security for individuals who take on these roles in the knowledge that their appointments may come to an end at short notice. Given this lack of contractual cover, my strong advice is that we continue to abide by the provisions in their contracts of employment.

11. However, if the Prime Minister's view is that we should nevertheless proceed with awarding six months' severance pay, I will proceed accordingly but I would request his written direction in order to do so.
  
12. In line with normal practice for directions, I am required to alert the Comptroller and Auditor General, who is likely to inform the Public Accounts Committee (which may choose to conduct an inquiry), and the Treasury Officer of Accounts.

  
**John Manzoni**

