JSS Pensions Administration

Polaris House, North Star Avenue, Swindon, Wiltshire, SN2 1UY

Information for members of the Research Councils Pension Scheme

Publication Date: 26th September 2017

Civil Service Compensation Scheme Consultation

What Do I Need To Know?

This affects employers that use the Civil Service Compensation Scheme

The Government is launching a new consultation proposing further reforms to the Civil Service Compensation Scheme (CSCS). This follows the outcome of a Judicial Review of the consultation process relating to the CSCS reforms introduced in November 2016. The new consultation invites comments by 6 November.

The CSCS was reformed on 9 November 2016 following a Government consultation regarding changes to the 2010 CSCS terms. The consultation process carried out in 2016 was the subject Judicial Review brought by the PCS trade union. The outcome of the review was announced on 18 July 2016 and found that the Government didn't fully meet its obligation to consult with a view to reaching agreement on changes to the CSCS.

The Government has decided not to appeal against the Judicial Review decision and instead consult on further reforms to the CSCS changes made in 2016.

In the meantime as a result of the Judicial Review the CSCS terms in force are those introduced in 2010, i.e. not the ones introduced in November 2016. Employers will liaise with any current employees affected by this ruling and JSS will be writing to members that have already left under the 2016 CSCS terms and affected by this.

Key features of the Government's proposal for further reforms – a message from Jon Manzoni, Chief Executive of the Civil Service

The Government is resolved to introduce sustainable compensation scheme terms and, although the Court found against the Government on the process it followed, it accepted that the Government had good reasons for seeking to reform the CSCS.

The key features of the Government's proposals in the consultation are:

- The standard tariff to be three weeks salary per year of service
- Voluntary exit and voluntary redundancy payments to be capped at 15 months' salary and compulsory redundancy payments to be capped at 9 months' salary
- To allow employer-funded pension top up from age 55 and for this to track 10 years behind State Pension Age.
- The efficiency compensation Scheme tariff to be reformed to align with Compulsory Redundancy terms.

The proposed reforms are in line with the framework HM Treasury recently set out for exit schemes across the public sector, and they are essentially the same as the terms that the Government had intended to introduce in November 2016 had agreement with the majority of civil service unions not been reached at this time.

The Government believes this is a good basis on which to consult on changes and that these proposals strike a fair balance between the need to provide a good level of redundancy payments to individuals and fairness to the taxpayers that ultimately fund such exit payments.

This is the start of a period of consultation and the Government will consider the responses received to the consultation and will discuss the proposals with trade unions with the aim of reaching an agreement on reformed CSCS terms.

The consultation can be found on the gov.uk website and sets out further details of the proposals: https://www.gov.uk/government/consultations/consultation-on-reform-of-the-civil-service-compensation-scheme-2017. The consultation is targeted at Civil Servants and other individuals in scope of the CSCS, employee representatives (Trade Unions) and other interested parties.
The deadline to respond to the consultation is 6 November 2017.

The Government's response to the 2016 CSCS consultation can be accessed on the gov.uk website: https://www.gov.uk/government/consultations/consultation-on-reform-of-the-civil-service-compensation-scheme .

Details of CSCS changes introduced on 9 November 2016 can be found on the JSS website: http://jsspensions.nerc.ac.uk/docs/civil-service-compensation_scheme-reform-update.pdf.

<u>The Civil Service has provided a set of key FAQs relating to the new consultation:</u>

What terms are you proposing to introduce?
The consultation sets out the following proposed CSCS terms:

- The standard tariff to be three weeks' per year of service;
- Voluntary Exit payments to be capped at 15 months' salary and to maintain flexibility in the terms;
- Voluntary Redundancy capped at 15 months' salary;
- Compulsory Redundancy capped at 9 months' salary;
- Only to allow employer funded top up to pension from age 55 and for this to track 10 years behind State Pension Age; and
- The Efficiency Compensation tariff to be reformed to align with Compulsory Redundancy terms (i.e. a maximum of 9 months' salary).

Why are these terms worse than those of the 2016 CSCS scheme?
The proposed reforms are in line with the framework HM Treasury recently set out for exit schemes across the public sector, and they are the same as the terms that the Government had intended to introduce in November 2016 had agreement with the majority of civil service unions not been reached at this time.

The 2016 CSCS terms were more generous in certain respects as a result of constructive engagement and agreement with the majority of civil service unions.

Will there be changes to these proposals?
The Government is consulting with an open mind. It will consider all responses to the consultation and will discuss proposals with unions. The Government will make every effort to reach an agreement on reforms with unions if this is possible.

When will new terms be introduced?
The timeframe for implementing reforms will depend on the length of discussions with trade unions. Once discussions have concluded the Government intends to make a formal offer to unions and will make final decisions on implementing new terms following this. This is likely to be some time in the New Year.

Is the Government still appealing against the Court's judgment?
The Government has now informed the Court of Appeal that it no longer wishes to pursue the appeal. The Government now believes that best means of ensuring that sustainable CSCS terms can be put in place is to consult on a fresh set of changes.