CIVIL SERVICE COMPENSATION SCHEME REFORM – CORE NARRATIVE

Headline messages

- To provide the best service for the public and create a brilliant Civil Service, the Civil Service needs to be ready to meet the challenges and opportunities of our times, and it must allow us to shape the workforce of the future.

- That means being able to recruit and retain the best people, but it also means ensuring that we have an effective, cost-efficient system in place to support civil servants when exits are needed.

- Following a consultation, the Government is reforming the Civil Service Compensation Scheme (CSCS) to support employers in managing their workforce and simplify the exit process while treating our employees respectfully and fairly.

- The reforms are in line with the Civil Service Workforce Plan and with wider compensation reforms taking place across the public sector, as announced by HM Treasury today (26 Sept).

- The Government has today made an offer to unions on terms that will ensure the CS Compensation Scheme continues to provide a good level of financial support to exiting staff to bridge the gap into new employment or into retirement.

- The Government believes this offer represents a fair deal for staff and compares favourably in relation to other employers.

- It is important to note that this offer is conditional on acceptance from a sufficient number of unions to constitute an agreement. If this agreement cannot be secured the Government will implement an alternative package with less favourable terms.

The Government's offer

- The Government has consulted on a range of options for reforming CSCS terms, and has adapted its offer based on a series of constructive discussions with trade unions.

- The key features of the offer on CSCS terms are:
    - the standard tariff for calculating exit payments to be three weeks' per year of service;
    - Voluntary Exit capped at 18 months' salary; Voluntary Redundancy capped at 18 months; Compulsory Redundancy capped at 9 months;
    - to maintain flexibility in Voluntary Exit terms to offer between statutory terms and the standard tariff;
    - 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;

    - Compulsory Redundancy notice periods to be 3 months for new starters only;
    - to protect the lower paid, the minimum salary used for calculating exit payments (the 'lower paid underpin') to increase to £24,500

- As part of the offer, we are also seeking agreement to:
    - reform inefficiency compensation - aligning the tariff with Voluntary Redundancy terms, ensuring its use is only related to cases of underlying ill health and amending the management code and associated guidance; and
    - a revised 2016 Protocol for Civil Service Redundancy Principles to enable a more efficient exit process.

- If the Government cannot secure agreement to these reforms from a sufficient number of unions it will implement an alternative package with less favourable terms as below:

    - the standard tariff for calculating exit payments 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;
    - to maintain flexibility in Voluntary Exit terms to offer between statutory terms and the standard tariff;
    - 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;
    - Inefficiency Compensation tariffs reformed to align with Compulsory Redundancy terms;
    - to replace the current 2008 and 2014 Protocols with a set of central redundancy principles to be operated by departments to support a more efficient process.

What happens next

- The Government expects trade unions to consult their members on this offer and respond to Government by 31 October. Employees who are union members can expect to be contacted by their unions.

- If the Government's offer is accepted by a sufficient number of unions an amendment CSCS scheme with these terms will be laid before Parliament. We expect this to happen in early November and the new scheme to come into effect the following day.

- If the Government's offer is not accepted, an amendment scheme containing the alternative terms will be laid before Parliament and will take effect from the following day.

- Staff who formally agree an exit offer before the new terms come into effect (and who also exit before the end of 2016) will exit under the current terms.