

ANNEX 1: Intranet Article for Departments (to be launched 18 July 2017)**CIVIL SERVICE COMPENSATION SCHEME – A MESSAGE FROM JOHN MANZONI, CHIEF EXECUTIVE OF THE CIVIL SERVICE**

The Government changed the Civil Service Compensation Scheme (CSCS) in November 2016. This followed an extensive public consultation and engagement with all Civil Service Unions.

After this initial consultation, the Government then invited all unions to a series of further discussions focussed around a basic structure to see if agreement could be reached. These constructive discussions led to further changes to the proposal, which made it more generous. These were incorporated in the final scheme after agreement by eight out of ten Unions (FDA, Prospect, GMB, UNISON, Unite, NCOA, the Defence Police Federation and PGA).

PCS did not take part in these additional discussions. Instead, PCS chose to take legal action, bringing a Judicial Review that made a number of claims.

The Court's judgment published today found that there were good reasons for the Government's decision to reform the CSCS. However, although the Court rejected the challenge to the substance of the reforms, it found against the Government on process. It found that the Government had not fully met its obligation to consult with a view to reaching agreement on changes to the compensation scheme. This was because PCS were not involved in the further discussions.

We are disappointed with this decision. The Government intends to appeal and will ask for the judgment to be put on hold pending this.

If this judgment does result in an increase in exit costs, this will simply be an additional cost that will fall onto existing departmental budgets. The reasons for reforming the CSCS, which the Court accepted, still stand and we need to have sustainable terms in place. At the same time therefore we are also preparing to consult again on reforms.

In the immediate term, we appreciate that staff will want to know what the impact is for them, in particular if they are about to go through exit schemes. This is dependent on the position on appeal and the new consultation exercise, so we will communicate again as soon as we can. A key priority is to get certainty for staff as soon as possible. Once the position is clear we will be contacting individuals who exited on the 2016 terms to advise them of the situation, as it is possible that these terms may change, given the judgment.

Set out below are some headline FAQs about the judgment. If you have any questions about your own position in the meantime please contact redundancyqueries@mycsp.co.uk.

FAQs

Q: Will the Government appeal the decision?

A: Yes, the Government currently intends to appeal the decision and apply to have the judgment put on hold pending any appeal. However, we are also preparing to consult again so that sustainable exit terms can be agreed and to give departments and affected individuals certainty going forward.

Q: Does the Government still intend to reform compensation terms?

A: Yes, the Court found that the Government had good reasons for making the 2016 changes. The Government believes that these reasons still stand and it is now even more financially pressing to make changes. If they are not made, it will require savings from elsewhere in existing departmental budgets. We are preparing to consult again on changes to the CSCS as soon as possible if this is needed.

Q: What did the PCS challenge the Government on?

A: PCS challenged on two main grounds: not fully following the statutory process during consultation and an unjustified interference with individuals' rights to receive redundancy payments. The Court found in their favour on the first but did not find for them on the second point.

Q: What does this mean for people about to go through exit schemes and those who have already exited?

A: Staff will be provided with more information once this is available. Individuals who have already exited on the new 2016 terms will be contacted individually. The next steps depend on the outcome of any appeal and whether there is agreement for the judgment to be put on hold pending further decision. In all cases, we will need to work through the implications for different affected staff groups.

Q: What is the financial implication of this judgement?

A: The Government hopes to minimise any costs through appealing this decision and if necessary consulting on a new scheme as soon as possible. There is no new money, and so any additional costs will need to come out of existing departmental budgets.

Q: What are the next steps?

A: The Government currently intends to appeal and is applying for the judgment to be put on hold pending any appeal. We will be sitting down with unions over the coming weeks and are preparing to consult again if necessary.