

The Rt. Hon Stephen Barclay MP
Chief Secretary to the Treasury
HM Treasury,
1 Horse Guards Road,
London
SW1A 2HQ

9th September 2020

Dear Chief Secretary

Restricting Exit Payments in the Public Sector

As representatives of employees in all sectors of Local Government we have made you aware, via our submissions¹ and representations, of our deep concerns of the impact of restricting exit payments, and including pension strain costs in those exit payments, to £95,000.

In addition to the issues already highlighted to you regarding complexity, regulatory confusion, legal uncertainty, bureaucracy and industrial relations we particularly want to highlight the following:

- The local government employees in scope of the proposed £95K cap have much lower earnings than the rest of the public sector and the scope of the cap could cover workers who have decades of service and earn less than £24,000 a year, almost 25% below the average full-time UK salary. These workers are generally female and/or from BAME communities causing a range of potential equalities risks that would likely disadvantage those staff and increase costs to employers
- The absence of any indexation of the £95,000 figure means that over time, more people with salaries below the UK average will be affected. NB The £95,000 (suggested in 2015²) is, at 2019, according to the Bank of England online calculator, now valued at £106,111.27
- The inclusion of pension strain costs, a provision that only affects Local Government, will adversely impact the workforce and on the

¹ http://lgpslibrary.org/assets/cons/nonscheme/20190410_95k_LR.pdf

² The £95,000 figure was set out in the Small Business Enterprise and Employment Act 2015

ability of local councils to manage change in the interests of local taxpayers.

Our earlier fuller responses to the Government consultation set out these issues in detail and we would welcome further engagement and your urgent consideration to resolve our concerns which we consider can be achieved via:

1. A full and urgent (prior to implementation) Equalities Impact Assessment of the implementation of the cap
2. Indexation of the figure with effect from October 2015
3. Removal of Pension Strain Costs from the calculation of the cap or the introduction of an earnings 'floor' beneath which those with moderate incomes are not caught by it.

We the undersigned are seeking an amicable resolution to the proposed policy to cap exit payments to £95K and achieve a better outcome for workers across Local Government who are disproportionately impacted with this proposed policy.

We would welcome a meeting at the earliest to discuss these matters in more detail and look forward to hearing from you.



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Rehana Azam



A handwritten signature in black ink, appearing to read 'Jon Richards'.

Jon Richards



A handwritten signature in black ink, appearing to read 'Jim Kennedy'.

Jim Kennedy