

## **Public Sector Exit Payments: update July 2017**

### **Context**

Following the NHS Staff Council's 2015 agreement on changes to Agenda for Change redundancy arrangements the Government announced a consultation on cross public sector action on exit payments. The proposed further changes included a package of maximum levels for different elements of exit terms.

These proposals are in addition to the absolute cap of £95k and provisions to require the partial repayment of an exit package when new employment is obtained within twelve months of the leaving date. Further advice is being sought from the Department of Health on the likely schedule for consultation on, and implementation of, new regulations which will bring these measures into force. This is outside the control of the Staff Council.

The Staff Council has already agreed changes consistent with or exceeding some of these terms but we were asked to consider further harmonisation to ensure greater consistency between public sector workforces. Joint exploratory discussions have helped to increase understanding of the issues but Staff Council members should note that there is considerable further work to do and production of new joint proposals is not imminent. NHS Agenda for Change redundancies in England remain subject to the provisions in Section 16 (England) in the NHS Terms and Conditions of Service Handbook.

<http://www.nhsemployers.org/tchandbook/part-3-terms-and-conditions-of-service/section-16-redundancy-pay-for-england>

### **Working group**

At the Staff Council meeting in November 2016 it was agreed to set up a joint working group, reporting to the Executive, to explore the scope of any possible future negotiations. Arrangements agreed jointly for the Civil Service in England have delivered savings of around one third on previous redundancy costs but there is no direct read across from the English civil service to the NHS. The Department of Health believe there is a degree of flexibility over the Government's additional proposals so long as a jointly proposed package of measures is broadly comparable to the Civil Service arrangements.

So far the group has:

- commissioned data and analysis to understand the costs already delivered by the 2015 amendments to redundancy in England and to understand:
  - the patterns of redundancies;
  - the patterns of re-employment;

- the impact of age if there were a taper in payment rate for those close to normal pension age (NPA) and a cap post NPA;
- the impact of CPI on elements of exit terms.

### **Discussions so far**

Joint discussions have explored:

- the pros and cons of tapering close to normal pension age;
- continuity of employment and the interaction with redeployment in health economies;
- the options for better nationally agreed redeployment processes;
- patterns of exit payments close to the normal retirement age of the member's pension scheme.

### **Next steps**

The group is working on a jointly agreed schedule of further meetings to:

- further consider options for nationally agreed redeployment processes;
- explore the cap on eligible service (currently 24 years);
- look at the tariff for calculation (currently 4.35 weeks);
- further consider a taper in payment rates for those close to the normal pension age (NPA) and a cap post NPA.

The group will explore what scope there is to produce a balanced package of jointly agreed proposals by September 2017. The employer expectations would be that any agreement reached would cover all Agenda for Change and medical and dental contracts in England. This would be achieved through the incorporation of a new Section 16 for England into the local contracts of employment via a collective agreement. Corresponding amendments would need to be made to the NHS Terms and Conditions of Service Handbook.

The NHS Staff Council will need to be mindful of the impact that any changes may have on the redundancy arrangements in place outside of England.

### **Staff Council sign off**

The NHS Staff Council will be asked to agree the process for consultation on any draft joint proposals which are developed and subsequently the Council will need to sign off final joint proposals before they are submitted to the Department of Health.