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UNION CRITICISES PROPOSALS FOR REFORM OF LOCAL GOVERNMENT EXIT PAY

The Association of Local Authority Chief Executives and Senior Managers (ALACE) has called on the Government to halt its proposals to reform local government exit pay.

The Ministry of Housing, Communities and Local Government is consulting on changes to redundancy payments that could affect all local government staff and on the package of compensation that staff receive if made redundant over the age of 55.

ALACE believes that the proposals should be subject to consultation with and consent of trade unions in accordance with Section 23 of the Public Service Pensions Act 2013, as they involve retrospective provision that removes an individual's entitlement to receive pension on an unreduced basis if made redundant over the age of 55. As ALACE and others have demonstrated conclusively, this will affect many staff who are key workers, such as social workers, environmental health officers and revenues and benefits supervisors who have been central to the response to COVID-19.

It is calling on MHCLG to:

- Limit its regulations to the bare minimum to implement the £95k cap, but removing the retrospective element;
- Not to place local government staff in the vanguard for reduced exit payments, when similar proposals have not been implemented in this way for other parts of the public sector - the Government should bring forward simultaneous proposals for all public sector workers if it wishes to proceed;
- Include wide-ranging transitional provisions and flexibilities for individuals if the Government proceeds with its reforms despite ALACE's objections.

Tracey Lee, Chair of ALACE, said "These proposals form part of the most damaging attacks on the terms and conditions of local government staff for decades, dismantling long-established norms and without full consideration of the serious impact that they will have on individuals.

"We reluctantly recognise that some changes would be required to the local government pension scheme if the exit payment cap regulations are not overturned by the Courts. We have serious concerns about many aspects of the Ministry's proposals and believe that, if the exit payment reforms are not abandoned altogether in the light of the legal objections now being raised by ALACE and others, a fundamental rethink is required alongside appropriate transitional arrangements and introduction of flexibilities for individuals.

"ALACE cannot support any proposal that would result in local government staff being treated more severely than other parts of the public sector. It is preposterous that key workers in local government staff should be used as 'guinea pigs'.

“It is bad enough that many local government staff may now find that they are denied access to an unreduced pension as a result of the £95k exit payment cap. The Ministry’s proposals make a bad situation worse by forcing individuals affected by redundancy to choose between a redundancy payment and a contribution towards pension strain. This is what makes the Ministry’s proposals unacceptable.”

Ian Miller, Honorary Secretary of ALACE, added “The MHCLG’s proposals go beyond the approach authorised by Parliament in the £95k exit payment cap. We do not believe that the proposals are fair to serving local government staff who will suffer potentially significant adverse impacts on their financial position if made redundant, compared to previous long-standing arrangements in the local government pension scheme.

“The draft assessment by the Government Actuary’s Department shows that 86% of staff who were made redundant in the period from 2013-2016 would have received lower benefits as a result of the proposals, with an average negative impact of £13k. These proposals would affect virtually every council worker if they faced redundancy over the age of 55 in future. We stand with other local government unions in opposing the proposals.”

Tracey Lee concluded “MHCLG’s own consultation paper confirms that the Government is working with the main public sector workforces ‘to negotiate and agree reforms directly with each sector’. It needs to revise its proposals and come back to the table for a process of proper negotiation and agreement with the local government trade unions. The current scheme was agreed with employers and unions only in 2013, and it is not appropriate for the Government to impose such fundamental changes unilaterally.”

About ALACE

ALACE is a registered trade union that represents only senior managers in local government. ALACE is the sole union on the staff side of the Joint Negotiating Committee for local authority chief executives.

The MHCLG consultation “Reforming local government exit pay” commenced on 7 September and ends on 9 November.
