

UNION CRITICISES DRAFT EXIT PAYMENT REGULATIONS

10 April 2019

The Association of Local Authority Chief Executives and Senior Managers (ALACE) has criticised draft regulations published today (10 April 2019) by HM Treasury.

Ian Miller, Honorary Secretary to ALACE, said “Our principal concern remains the suggestion that the cost of pension strain should count towards the £95k cap. This would affect many council staff who face redundancy above the age of 55, not just high earners. Under the local government pension scheme regulations, it is mandatory for councils to pay the cost of pension strain in these cases and there is no choice for the employee.

“The cost of pension strain is not cash in an individual’s pocket in the same way as a redundancy or compensation payment. Nor does it give anyone a pension that is higher than the entitlement they have earned. We therefore feel strongly that pension strain should be omitted altogether. At the very least, its “cash value” to the individual should be assessed by applying an appropriate divisor as the pension will be received over many years, not in a single lump sum.

“We are very concerned at the uncertainty created because the draft regulations do not have a specific implementation date. This is no good for employers or employees, as no one can predict when the regulations will come into force: the date depends on when both Houses of Parliament approve them following the consultation and the changes that the Treasury makes to the regulations.”

ALACE is also concerned about its members working in councils in Buckinghamshire and Northamptonshire, where reorganisations are due to happen in April 2020 as a result of Government legislation. Through no fault of their own, they could receive significantly less favourable treatment than council staff in Suffolk, Dorset and Somerset where reorganisations took effect at the beginning of the month.

Ian Miller added “Our members are at the most senior levels in local government, and they are strong advocates of local democratic decision-making. In that respect, we believe that the local government family will be concerned that the draft directions seek to require autonomous councils to obtain the Treasury’s consent if a full council meeting decides to waive the £95k cap in any particular case. This seems to us a significant interference in decision-making on employment matters where councils have enjoyed full autonomy, subject only to compliance with the law.”

Notes for editors

ALACE is a union whose only members are chief executives or other senior managers in councils and other local government bodies. More information is available at www.alace.org.uk