

## An exit for public sector exit pay

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However, the Regulations have been beset with criticism from before they even came into force – particularly because of the difficulties caused by their introduction before wider proposed reforms within local government (and in particular reforms to the Local Government Pension Scheme) had even completed consultation. Following their introduction, several bodies announced that they were pursuing judicial review of the Regulations – including the BMA, FDA, LLG and ALACE – and a High Court hearing had been scheduled for next month.

The Government’s amended guidance on the Regulations suggests that anyone who has been adversely affected by the cap should contact their employer. Employers are being “encouraged” to pay any additional sums that would have been paid but for the cap, with the Treasury’s “expectation” that they will do so. A Treasury Direction has been issued to disapply the cap until the Regulations are revoked.

So, is this the end of the road for restrictions on public sector exit payments? This seems unlikely – the guidance makes it clear that exit payments within the public sector still need to deliver value for taxpayers and that further proposals will be introduced (“at pace”) to tacked unjustified payments. What the format of these proposals will be remains to be seen.

## Contact

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