DEFENCE POLICE FEDERATION
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To All Members

03rd October 2016

Circular 61/16

Civil Service Compensation Scheme Reforms

You may be aware that the Government intend to make changes to the Civil Service Compensation Scheme (CSCS) which provides compensation payments for civil servants leaving employment in redundancy situations, voluntary exits and through capability/inefficiency.

It is the DPF position that as police officers, members of the MDP cannot be made redundant. However it is clear that certain aspects of the CSCS such as voluntary exits and inefficiency exits do apply to MDP officers.

The DPF submitted a comprehensive response outlining our concerns to the initial proposals contained in the consultation document. In early June the Cabinet Office provided an updated offer along with an invitation to the Trade Unions and staff associations to engage in further negotiations. As a result the DPF along with Prospect, FDA, Unison and GMB have been involved in protracted and intensive negotiations with the Cabinet Office in relation to the planned changes to the CSCS.

As a result of these negotiations significant improvements have been made to this earlier position and the Cabinet Office has now made a final offer to the staff representative bodies. The key elements of this final offer sent to us on the 26th September 2016 include;

- The standard tariff to be 3 weeks' per year of service;
- Voluntary Exit capped at 18 months' salary;
- Voluntary Redundancy capped at 18 months' salary;
- Compulsory Redundancy capped at 9 months' salary;
- To maintain flexibility in Voluntary Exit terms to offer between statutory terms and the standard tariff;
- To allow employer-funded top-up to pension from age 55 and for this minimum age to track 10 years behind state pension age;
- To offer a partial buy-out option for employees above minimum pension age where the cash value of the exit payment is insufficient to fully buy out the

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actuarial reduction, or where the full exit payment is otherwise affected by restrictions in legislation (e.g. the introduction of the £95,000 exit cap);

- Compulsory Redundancy notice periods to be set at three months for new starters;

- Increase the lower paid underpin to £24,500 (from current £23,000);

- The Inefficiency Compensation tariff to be reformed to align with Voluntary Redundancy terms (i.e a maximum of 18 months' salary); and

- A revised Protocol for Avoiding Redundancies.

Members may quite rightly be angered that the Cabinet Office and Treasury have seen fit to revisit the agreements reached in good faith during earlier reforms of the CSCS in 2010. Members may see the Cabinet Office and Treasury proposals as a simple cost-cutting measure and the changes as detrimental. However we believe that it was in our best interest to stay engaged in the negotiation process and press as hard as possible on behalf of you, our members.

This final offer is conditional on being accepted by the majority of Trade Unions and Staff Associations. The Cabinet Office has also set out their position should agreement not prove possible.

If the offer is not accepted, the Minister intends to implement a reformed scheme as set out below:

- The standard tariff to be three weeks' per year of service;

- Voluntary Exit payments to be capped at 15 months' salary;

- Voluntary Redundancy capped at 15 months' salary;

- Compulsory Redundancy capped at 9 months' salary;

- Only to allow employer funded top up to pension from age 55 and for this to track 10 years behind state pension age;

- Compulsory Redundancy notice periods will be set at 3 months for new starters;

- The Inefficiency Compensation tariff to be reformed to align with Compulsory Redundancy terms (i.e. a maximum of 9 months' salary) and to revise the PIN40 guidance;

- A set of central redundancy principles to be operated by departments to replace the current 2008 and 2014 Protocols.

The DPF National Executive Committee (NEC) recently met and discussed these proposals in detail. It is the belief of the DPF and Trade Union officials who took part in these negotiations that the final offer currently on the table from the Cabinet Office is the best that could realistically have been achieved.

Based on this, the NEC took the decision that there is no option other than to accept the proposals outlined in the final offer. If these proposals are not agreed by a sufficient number of Staff Associations and Trade Unions we are under no illusion, the Government will implement the less favourable reformed scheme as outlined above.

While we maintain that the redundancy elements do not apply to MDP officers, this would result in a reduction to the maximum available in any future Voluntary Exit scheme, would result in the maximum compensation payment available to members who may exit via inefficiency being halved and removal of the partial buy-out option for members above minimum pension age where the cash value of the exit payment is insufficient to fully buy out the pension actuarial reduction.

Once the position of the Trade Unions is known and it is established how the Cabinet Office intend to proceed, a further Circular will be published outlining details.

Paul Hunter
DPF Pension Sub-Committee Chairman