



Cabinet Office

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Geoff Lewtas  
NTUC

By email  
[geoff@pcs.org.uk](mailto:geoff@pcs.org.uk)

3 June 2016

Dear Geoff,

### **Civil Service Compensation Scheme- next steps**

1. As you will be aware the consultation on changes to the Civil Service Compensation Scheme (CSCS) closed on 4 May. We committed to write to set out next steps.
2. The Government has not yet reached a decision on what changes to make to the Compensation Scheme. However, based on consideration of the responses received through the consultation period including those expressed by trade unions, the Minister for the Cabinet Office is still minded to amend the scheme.
3. The Minister has taken particular note of the comments made from trade unions throughout our discussions, especially on the issue around the relative levels of compensation payable under the VE and the VR terms. He has agreed that we should hold a further series of meetings with trade union colleagues who can engage with the intention of reaching an agreement on a revised proposal, as well as on inefficiency compensation terms.
4. If we are able to reach agreement then it is likely that the proposal below would become the basis of a final Government position. The base structure of this proposal is that:
  - the CSCS terms will be reformed to produce significant savings;
  - the tariff to be three weeks per year of service;
  - the compulsory notice period to be reduced to three months;
  - the limits for both VE and VR exits to be set at 15 months' salary; and
  - for employer funded early access to unreduced pension to be available from age 55 (and then track 10 years behind state pension age).
5. Within these further discussions we note that several unions have expressed a desire to ensure that any reforms to be of an enduring nature; to discuss the interaction between early access to pension and the cap on the value of exits at £95,000; to discuss transition and a desire for a clear commitment to redeployment where possible. We also want to discuss streamlining the exit process to deliver cost saving and a more efficient process.

We are willing to discuss these areas in more detail with the ultimate aim of delivering against the principles outlined in the consultation document. We recognise that equalising the VE and VR position may be seen to run counter to incentivising VE but this is something we could accept as part of an overall agreement. There will be some scope to slightly amend the base structure of the proposal, but it is unlikely that these discussions would lead to comprehensive changes.

6. I want to be clear that attendance at any further discussions will be taken as a clear commitment that those unions engaging in talks have accepted that the proposal above will form the basis of a reformed, negotiated, set of arrangements that their relevant executives can recommend acceptance to their members in any ballot. The aim of these further discussions is to reach agreement on the precise form that those changes will take.
7. To provide this commitment, we are aware this may require exceptional meetings of Executive Committees, and we will encourage employers to assist in ensuring that appropriate facility time is provided if requested.
8. I will be shortly be inviting you, NTUC colleagues and other unions that have engaged with the consultation, to a series of further meetings over the next three weeks. To participate in these discussions, I would expect a commitment in writing to engage on the basis outlined in paragraph 6 by the end of Wednesday 15 June at the latest.
9. Following these further meetings we will consider the views of unions and advise the Minister accordingly, before making a formal offer.
10. I am copying this letter to Chris Baugh (PCS), Naomi Cooke and Rob O'Neill (FDA), Garry Graham and Dave Allen (Prospect), Mike McCartney (Unite), Joe Simpson (POA), Rehana Azam (GMB), Lucille Thirlby (Unison) and Eamon Keating (Defence Police Federation).

Kind regards,

A handwritten signature in black ink, appearing to read 'Simon Claydon', written over a light grey rectangular background.

Simon Claydon