

Draft regulations on public sector exit pay cap published

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The government has published draft regulations for its plans to introduce a cap on public sector exit payments.

The cap is set at £95,000 to include: (i) redundancy payments; (ii) payments to reduce actuarial reductions to accelerated receipt of pensions; (iii) payments to discharge liability

under fixed-term contracts; (iv) payments of shares on loss of employment; and (v) any other payment made on loss of employment, including payments in lieu of notice.

Payments which fall outside of the cap include: (i) payments consequent on personal injury; (ii) pay for accrued but untaken holiday; (iii) bonus payments; (iv) damages ordered by a Court; (v) payments relating to a TUPE transfer.

All organisations in the public sector will be subject to the cap, except for a few named exceptions, which include the BBC, Channel 4, the Financial Conduct Authority, The Prudential Regulation Authority, RBS and the Bank of England.

The draft regulations are currently the topic of Parliamentary debate.

Draft Public Sector Exit Payment Regulations 2016

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