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Paul Noon
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Dear Paul,

I am writing today to provide you and your CCSU colleagues with more detail about the statement that I made this morning in the House, when I indicated that I proposed to table a Bill to limit the amount of benefit payable under certain schemes under the Superannuation Act 1972.

We all know that the previous government introduced a revised scheme earlier this year to introduce a two year cap on the payment of compensation. We know also that five out of the six CCSU unions agreed to the proposals; the sixth, PCS, did not agree and took the government to the High Court and won. Our action today to limit the excesses of the current prohibitively expensive terms is necessary because of this unilateral action in contesting the previous government's scheme. The Bill will cap payments for compulsory redundancy at twelve months salary, and under voluntary schemes at fifteen months. Having acted swiftly to limit the costs of future compensation payments I would now like to focus on the future and, specifically, on how we - in conjunction with the unions - might seek to negotiate a sustainable and practical long term successor scheme.

I have therefore asked my officials to begin immediate discussions with the Trade Unions to see whether agreement can be reached on a new compensation scheme for the Civil Service. Such a scheme must be affordable in the current economic climate and the details set out in our Bill today indicate very clearly the government's intent to control the overall cost of compensation payments. But I want to make it very clear that there remains scope to find and reach a fair and practical settlement.



One of the key areas for discussion will be how to provide fairness for lower paid workers. My view is that any long-term future scheme should provide additional protection for lower paid staff. There are many different ways this could be achieved and we will have to be constrained by the demands of affordability. For example, we could aim to create some sort of tapered underpin. Furthermore, whilst I do not expect there to be scope to vary the twelve month cap for compulsory payments, I am content (in the interests of reaching an agreed settlement) for talks to take place on the most suitable terms for voluntary departures. Finally, I have asked my officials to discuss also the establishment of a maximum cap on the level of compensation which can be paid out to any individual who is made redundant.

Overall, the very clear message to all civil servants is that these measures are an inevitable consequence of current economic circumstances and not as a result of any hostility towards the public sector or the Civil Service. In the fiscal climate we have inherited we cannot rule out compulsory redundancies, but we certainly intend to do all we can to avoid them.

The Bill that I plan to introduce is intended to create the basis for a further discussions leading to an agreed long term scheme for the Civil Service. I hope very much that you and your CCSU colleagues will wish to engage constructively in that discussion with a view to reaching an agreed and fair settlement. I have asked my officials to waste no time in arranging the first of these meetings so that this important business can begin as soon as possible.

I look forward to hearing the progress that has been made.

A handwritten signature in grey ink, appearing to read 'Francis Maude', with a stylized flourish below the name.

FRANCIS MAUDE