



Cabinet Office



Civil Service Pensions

## Civil Service Compensation Scheme

### Scheme Application Form – Guidance for Completion of Single exit

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# Overview

## Purpose

The purpose of this guidance note is to support you on the technical areas when completing the appropriate form(s) and supporting business case(s) for Cabinet Office's consideration. The form(s) should be completed in conjunction with the CSCS guidance, which can be found at [Annex 6F of the Employers Pension Guide](#).

Organisations should use the [Application for Scheme Approval – Single Person Scheme](#) form to complete their applications, although are welcome to attach additional documentation if necessary to support their case.

## Approval(s)

Employers must have Cabinet Office approval to run any single exit or bulk exit scheme(s) under the Civil Service Compensation Scheme (CSCS). **No offer(s) should be made to staff in any circumstance without prior approval.**

Ministers will provide an additional layer of scrutiny in more novel and contentious circumstances, with a view to assessing proportionality and cost effectiveness of spend. This will apply to:

- Any case with a typical or disproportionate tariff, namely when:
  - o An organisation is seeking to enhance the standard tariff, meaning the payment is in excess of the standard tariff under the scheme terms.
  - o An organisation is seeking to honour previous service, which they are not contractually or legally obligated to do.
- Any cases which the Cabinet Office assesses to be high visibility or contentious in nature, e.g. those cases that are likely to attract media attention.
- Bulk exit schemes proposed on terms outside of what the Cabinet Office consider to be standard - namely:
  - o Individuals should broadly be selected for VES on the grounds of ensuring top performance and talent remain in the organisation, furthering the departments location strategy and ambitions for places for growth, and retaining the skills and experience required to support their future operating model, including digital, data, technology skills and experience.
  - o A maximum of standard tariff will apply (1 month's pay per year of service up to 21 months as per the scheme rules), with no pension top up (in VE cases) or compensation in lieu of notice payable.
  - o Consideration of a cap on exit payments to ensure that organisations are seeking to offer value for money to the taxpayer.
  - o Tangible demonstration of redeployment and retraining, as a mitigation for any exits. At a minimum departments must engage with Recruitment and Redeployment Working Group so that the Civil Service is able to work collectively to identify opportunities to mitigate exits, across various locations.
- Applications for Mutually Agreed Exits when an organisation cannot demonstrate all of the following. It is worth noting that officials will likely reject cases that do not meet the below

criteria, however there may be cases where there is a strong rationale for proceeding with an exit despite misalignment, and so final Ministerial approval would be sought in cases where there is not:

- o Alignment with the policy parameters set out in the guidance document
- o Good and clear evidence that departments have sought to follow existing processes (such as attendance or performance management) but these have not led to a successful outcome
- o Consideration of other routes for managing or mitigating the issue, such as through redeployment or additional training, or even mediation and support
- o A clear and tangible cost benefit, and general demonstration of value for money

**If you are applying for a VE / VR or CR, please complete parts 1, 2 & 3 only.**

**If you are applying for a Mutually Agreed Exit, please complete parts 1, 3, 4 & 5 only.**

Proposals for such payments by the devolved administrations in Scotland or Wales, or by public bodies (e.g. Arm's length bodies, Government-owned companies and other statutory and non-statutory bodies) which report to or are funded by those administrations will require approval. However, they should ensure compliance with any relevant severance provisions and procedures contained within the SPFM.

Constituent parts of the Scottish Administration, bodies sponsored by the Scottish Government (SG) and any other organisations to which the [Scottish Public Finance Manual \(SPFM\)](#) applies do not require Cabinet Office approval however they should ensure compliance with any relevant severance provisions and procedures contained within the SPFM.

For organisations and public bodies which report to or are funded by Welsh Ministers, all initial queries should be submitted to the Welsh Government Public Bodies Unit, email address:

[CyrffCyhoeddus.PublicBodies@gov.wales](mailto:CyrffCyhoeddus.PublicBodies@gov.wales)

If you are in any doubt as to whether approval is required from the Government within the devolved administrations or Cabinet Office, please first contact the relevant administration in [Scotland](#) or Wales. If further information is needed, then please contact the Cabinet Office, email address:

[redundancyschemes@cabinetoffice.gov.uk](mailto:redundancyschemes@cabinetoffice.gov.uk)

Applications for approval must be submitted on the following forms, and can be found in [Annex 6C of the Employer Pension Guide](#).

## Timing

**Please note:** Exits below the threshold for ministerial approval should be processed within 10 working days of the Cabinet Office receiving all the required information. Exits applications which exceed the threshold for ministerial approval will normally be put to the Minister within two weeks of the Cabinet Office receiving all the required information. . Organisations should allow two months in their redundancy planning measures for ministerial scrutiny of the application. Where the information requested is not received by this date, the application will be delayed until the following month. **This does not apply to applications related to Scottish or Welsh Government bodies.**

Any exit involving Directors General, will require additional approval from the Directors General Remuneration Committee.

## Ministerial approval

The minister responsible for the CSCS has the discretion to approve or reject any proposed CSCS payment.

The MCO will scrutinise cases that are deemed disproportionate or contentious. Ministers will consider the type of exit (CR, VR or VE), value for money including the payback period and overall cost, as well as how far departments have attempted to retain key skills through their criteria for the exit scheme and the attempts made to redeploy the individual.

VE exits in particular will be scrutinised closely as there are flexibilities available under VE to offer a variety of tariffs, along with a clear expectation of value for money and overall cost being core criteria for exit schemes.

## Completing the form – part one

You will need to insert the name of your Department or Organisation into the box provided.

### Type of departure and Flexibilities (incl. tariff)

Where staff are in scope for an exit exercise you should consider the type of exit scheme required:

- Voluntary Exit (VE) including Mutually Agreed Exit (MAE);
- Voluntary Redundancy (VR); or
- Compulsory Redundancy (CR).

If appropriate, you may apply for all three schemes at the same time (VE/VR/CR).

**For many situations VE schemes may be the most appropriate and quickest approach.**

If appropriate, you may apply for all three schemes at the same time (VE/VR/CR). When approved, each scheme will be allocated a separate identifier to ensure the Scheme Administrator can process quotes/awards appropriately.

### Flexibilities

#### Voluntary Exit Scheme (VE), including Mutually Agreed Exits (MAE)

There are a number of flexibilities available. If appropriate, you may apply for all three schemes at the same time (VE (Inc. MAE)/VR/CR). You will need to put an 'X' in any of the flexibilities that you wish to apply for your scheme.

- Employers can determine the **tariff offered** – you do not have to offer the standard tariff of one months' salary (capped at 21 months). Employers may include a higher tariff up to two times the standard, or a lower tariff as a percentage, decimal, set or capped amount. Employers should expect Cabinet Office to challenge on the degree to which you have explored whether it is possible to achieve value for money and proportionality of the voluntary exit.
- Employer funding of early access to unreduced pension (often known as employer 'pension buy out' or 'pension top up'). This provision may increase the value of the exit package (significantly in some cases) and employers will need to justify why this option has been chosen as it would not be representative of a VE scheme.

Guidance on discretion to vary qualifying service is contained in Annex 6f. You will need to provide further justification on the flexibilities within Part two of the application.

#### Voluntary Redundancy Scheme (VR)

The flexibilities under VR are limited. Employers must:

- offer the standard tariff; **and**
- offer pension buy out (to eligible staff in accordance with the CSCS rules); **and**
- refer to Annex 6F about flexibility to vary qualifying service.

#### Compulsory Redundancy (CR)

The flexibilities under CR, like VR, are limited. An employer must:

- offer the standard tariff.
- Not vary the qualifying service or to offer the early access provision (employer top up).

Individuals must have been offered a VR scheme in the first instance in accordance with the 2016 Protocol – Civil Service Redundancy Principles. Employers must be explicit when offering VR terms that the individual is at risk of CR. The CR scheme, when run, must be linked to the previous VR scheme unique identifier.

## Notes

This section provides you with an opportunity to provide any additional information that you feel is required such as details of any TUPE terms, or of any tariff under standard that is a comparison of terms such as best of three weeks for every year or 12 months.

To proceed with VR and/or CR schemes, you will need to confirm that formal consultation has begun. This information should be provided in the notes section.

You will need to input the number of exits and quotations that you anticipate to be under the scheme(s) that you are requesting. If you are planning to launch various schemes ensure you put in the numbers relevant to the anticipated scheme. You will be required to provide the Scheme Administrator with more information relating to this when completing Part 2.

You will also need to include your anticipated date of exit.

**You should have contacted the Scheme Administrator to ensure delivery of your scheme will be possible. Please confirm this in the notes section.**

**Please ensure that you sign the form. Without a signature, your form will not be progressed.**

## Completing the form – Part two

### Individual's details

You are required to record details of the individual including their annual salary, pension details, years of services and whether they have previously been offered an exit.

You must submit an entry in all boxes in part three, where an answer is not required, please enter “not applicable or N/A” in the text box.

### Estimated costs and payback period

You are required to enter the amount (£) for the proposed VE / VR / CR in the corresponding boxes next to the relevant type of exit



## Completing the form – Part three (VE (not including MAEs), VR, CR)

Please note you are not required to complete part two if you are applying for a MAE.

### Rationale

You will need to provide the reason for the proposed scheme by answering and selecting the rationales listed. You will also be asked to expand on your reason why you believe that launching a scheme is appropriate and justified.

If you intend to launch a VR and/or CR scheme, you will need to explain why you do not feel that a VE scheme is appropriate.

### Redeployment

Under the 2016 Cabinet Office Protocol, you are required to provide information on what attempts have been made to mitigate against redundancy by redeploying the individual both within your organisation and with other Civil Service employers. You are also required to engage with the Cabinet Office-led Recruitment and Redeployment Working Group (RRWG), except where your organisation reports to Scottish or Welsh Ministers. If, separately, you believe there is a good reason for not engaging with the RRWG, you can note your rationale in the appropriate box. However, you should note that this is usually a requirement of approval and RRWG should be engaged in most instances.

### Selection criteria

The selection criteria used by employers for any exercises they run will be scrutinised by Cabinet Office or by the Scottish or Welsh Ministers where appropriate. It is important that employers consider carefully the rationale for the exit scheme and the criteria they will use to select people for exiting the organisation. It is for employers to consider the criteria they use for exit schemes but as part of the approval process. The Minister for Cabinet Office will expect all employers to have considered three broad criteria, value for money, overall cost, and retention of key skills. This is required for VE, VR and CR schemes.

### Retraining

You are required to provide details of considerations given to providing the individual with opportunities for retraining to mitigate the exit.

### Projected numbers of exits and estimated costs

As suggested within the guidance at part one, you are required to provide further information/detail on the following:

- The number of exits/redundancies.
- Intended dates.
- Associated costs.

## Voluntary Exit Scheme (VE)

### Flexibility Justifications

As suggested in part one of this guidance, this is where you are required to provide further justification on the flexibilities that you may have included within your scheme. If the flexibility does not apply to your scheme, you should add N/A.

## Projected numbers of exits and estimated costs

As suggested within the guidance at part one, you are required to provide further information/detail on the following:

- The number of exits/redundancies.
- Intended dates.
- Associated costs.

### Points to note

- Employers should note the following:
- All sections of the form must be completed. If a section is not relevant, for example, if there is no deviation from the standard tariff that section of the form should be marked 'not relevant'.
- Arm's length bodies and non-departmental public bodies must gain relevant approvals from their sponsor departments **before** the form is submitted to Cabinet Office.
- It is the employer's responsibility to ensure that the information and costs recorded on the form are accurate.
- In no circumstances should the employer make offers to individuals without first having Cabinet Office approval for the exit(s).
- If the cost of an exit increases, the employer must refer it back to the Cabinet Office for further approval.
- Additional approval from the Director General Pay Committee is required if the individual is a Director General.
- Employers **MUST** complete ALL relevant sections of the form - if a section is not relevant, for example, if there is no deviation from the standard tariff, that section of the form should be marked 'not relevant';
- The appropriate person **MUST** sign part 1 of the application – Cabinet Office will return unsigned forms which may delay the process;

## Completing the form – Part four

Part four is to be completed for Mutually Agreed Exits (MAE) only.

### Reason for the proposed exit

It is important that you provide as much detail as possible when providing your rationale for why you believe a MAE is appropriate.

This should include:

- A summary of the relevant circumstances, including details (role name & responsibilities) of the individual's current role.
- An assessment of why a MAE is the most appropriate course of action.
- The steps taken to support the individual or any steps taken for performance related issues
- How the individual has been managed to date.
- An assessment of the impact on the business/the individual's work area if this is not approved.
- Confirmation that the proposed course of action is in line with the flexibilities under the scheme terms.

### Rationale for additional elements of the MAE

The rationale for additional elements of the MAE (CILON, Settlement Agreement and Confidentiality Clause), if applicable, should include:

- Your assessment of why CILON is appropriate in the circumstances, and represents value for money (VfM), recognising that CILON should be paid by exception only as it is generally expected that notice periods should be worked.
- Why you judge a settlement agreement is necessary, and the impact if the individual does not wish to sign this.
- Why you judge a confidentiality clause is necessary, given that the CO are clear that these should not be used as a matter of course.
- An assessment of the need for the confidentiality clause to diverge from the model clause set out in the CO guidance.
- Confirmation that the settlement agreement, and confidentiality clause, do not contravene paragraph 7 of the guidance, and notably are not being used to prevent a staff member from speaking out - for example, to mask malpractice or allegations of bullying, harassment or discrimination, or because the individual has made a protected disclosure (known as whistleblowing).

### Value for Money

This should include:

- a cost assessment of the total compensation package against continuing with the status quo;
- If you intend to go above the standard tariff, you should explain why this is necessary in these circumstances;
- Rationale for offering employer funded top-up, if this is a necessary part of the application noting that this would be atypical;
- The length payback period and how long before it is possible to realise savings (and the value of the savings).
- It is crucial to ensure the Cabinet Office can assess the extent to which the case presented offers value for money and the MAE compensation is proportionate. This section should include financial (£X) costings to support your case, and be as thorough as possible. You may wish to consider short term and long term saving.

## Completing the form – Part five

The equality monitoring information is being used as part of continued policy evaluation to review the equality impact of MAEs.

Data will not be shared and will not have any impact on the outcome of the application. Data collection is part of ongoing commitments to monitoring the equality impacts and upholding our obligations under PSED in EA 2010.

Where possible, please provide as much detail as you can in the application form. If you are unable to provide the information at the point of applying for the MAE, the employment frameworks team will seek this information after the individual has accepted the offer to exit your organisation.