CabinetOffice

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HR Directors

27 July 2010

Dear HR Director,

CIVIL SERVICE COMPENSATION SCHEME

This letter supplements the guidance provided to you in my letter dated 13 July.

The Superannuation Bill was introduced, as planned, on 15 July and second reading is planned for 7 September. We are still not able to say with certainty when the Bill is likely to receive Royal Assent so the instruction remains that you should assume, for planning purposes, that any deals agreed, or notices of redundancy issued, on or after 22 October will be subject to the caps set out in the Bill.

It is of course for Accounting Officers to operate in a way which provides value for money. In circumstances where there is clear Government intent to cap costs in the future it is essential that there are robust cases supporting use of the current terms on an uncapped basis. Where Accounting Officers propose:

- to use terms other than the least expensive – that is, Approved Early Retirement (AER) or Flexible Early Severance (FES); and/or

- to provide the current terms to anyone with a proposed departure date after 31 March 2011,

Please let us have sight of your business case before you launch your scheme. We will consult Treasury as we consider appropriate

We are likely to receive questions on use of the current terms. We therefore ask that you provide us – for information only – details of all schemes that you are launching and also of redundancy notices issued. This information should include details of terms being offered and the number of exits you are seeking to achieve.

Please ensure that the content of this letter is cascaded to the relevant people, including in your Agencies and in any NDPBs that participate in the PCSPS.

Yours sincerely,

Dusty Amroliwala.