



Ministry of Housing,  
Communities &  
Local Government

2 July 2021

Dear Sir/Madam,

**Consultation on New Best Value Statutory Guidance: Special Severance Payments**

The 2015 Government manifesto committed to ending six-figure exit payments in the public sector for the best paid staff. As part of taking this commitment forward, we are proposing to issue the enclosed draft statutory guidance for local authorities in England.

The Best Value duty is set out in section 3 of the Local Government Act 1999 and this statutory guidance would form part of the existing Best Value regime. The intention of the guidance is to limit the use local authorities make of Special Severance Payments. These are defined in the guidance as payments made to employees, officeholders, workers, contractors, and others outside of statutory, contractual or other requirements when leaving employment in public service.

Specifically, this draft guidance sets out the Government's view of:

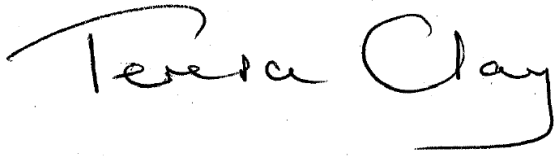
- the criteria local government employers should consider before making a Special Severance Payment;
- the kinds of truly exceptional circumstances in which Special Severance Payments may be appropriate;
- the disclosure and reporting requirements for Special Severance Payments.

In line with the requirements at section 26(2)(c) of the Local Government Act 1999, we are consulting the authorities and others likely to be affected by this draft guidance. The guidance will apply to all local authorities in England and a full list of bodies affected is included in the draft guidance.

The consultation will begin from the date of this letter and close on 13 August (in six weeks' time). We are in particular asking for responses from those bodies listed at Annex A, but will of course consider responses from any other interested parties. All responses should be sent to [lgpensions@communities.gov.uk](mailto:lgpensions@communities.gov.uk), and marked for the attention of Jeremy Hughes.

Please do not hesitate to contact us if you have any questions.

Kind regards,

A handwritten signature in black ink that reads "Teresa Clay". The signature is written in a cursive style with a large, sweeping initial 'T' and a long horizontal line extending from the end of the word 'Clay'.

Teresa Clay  
Local Government Finance Stewardship

## **Annex A – List of bodies directly consulted**

The Local Government Pension Scheme Advisory Board

The LGPS Technical Working Group

The Government Actuary's Department

The Local Government Association

The Association of Local Authority Chief Executives

The GMB Union

UNISON

Unite the Union

Barnet Waddingham LLP

Aon Hewitt Ltd

Mercer Limited

Hymans Robertson LLP

CIPFA

The Society of District Council Treasurers

The Association of Local Authority Treasurers

The Society of Municipal Treasurers

The Society of London Treasurers

The Society of County Treasurers

The Society of Unitary Treasurers

English local authorities (including county councils, district councils or London borough councils)

The Council of the Isles of Scilly;

The Common Council of the City of London

The Greater London Authority so far as it exercises its functions through the Mayor.

A National Park authority in England

The Broads Authority

A fire and rescue authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies, and a metropolitan county fire and rescue authority in England

The London Fire Commissioner

An authority established under section 10 of the Local Government Act 1985 (waste disposal authorities)

An Integrated Transport Authority for an integrated transport area in England

A combined authority established under section 103 of the Local Government, Economic Development and Construction Act 2009

A sub-national transport body established under section 102E of the Local Transport Act 2008

Transport for London