



HM Treasury

# Restriction of Public Sector Exit

## Payments:

## Guidance on the 2020 Regulations

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February 2021



# Restriction of Public Sector Exit Payments: Guidance on the 2020 Regulations

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# Chapter 1

## Introduction

- 1.1 In line with the Government's long-term commitment to ensure that Public Sector exit payments are fair and proportionate to employers, employees and taxpayers, The Restriction of Public Sector Exit Payments Regulations 2020 ("the Regulations") came into force on 4<sup>th</sup> November 2020.
- 1.2 The legislation set a £95,000 cap on exit payments ("the cap") for public sector authorities and offices listed in the [Schedule](#).
- 1.3 After extensive review of the application of the Cap, the Government has concluded that the Cap may have had unintended consequences and the Regulations should be revoked. HMT Directions have been published that disapply the Cap until the Regulations have been revoked. HMT Directions do not apply to exit payments made by a devolved Welsh authority.
- 1.4 This document is intended to provide guidance for any individuals and public sector authorities who were affected by the Cap while it was in place.
- 1.5 For the avoidance of doubt, it is still vital that exit payments deliver value for the taxpayer and employers should always consider whether exit payments are fair and proportionate. HM Treasury will bring forward proposals at pace to tackle unjustified exit payments.

# Chapter 2

## Guidance for Individuals

- 2.1 This guidance is for individuals who have had their exit payments capped as a result of the application of the Regulations. These individuals would be former employees or former office holders of a body listed in the Schedule, with the exception of a devolved Welsh authority, and the reference to an employee or employer in the document includes a reference to an office holder or relevant body in the Schedule. These individuals will have had an exit date between 4<sup>th</sup> November 2020 and 12<sup>th</sup> February 2021 and the cap would apply to their exit payment as a result of the application of the Regulations. Not all individuals with such an exit date will have been affected by the exit cap.
- 2.2 If you have been directly affected by the cap whilst it was in force, you should request from your former employer the amount you would have received had the cap not been in place by contacting your employer directly. Employers are encouraged to pay to any former employees to whom the cap was applied the additional sums that would have paid but for the cap.

# Chapter 3

## Guidance to Employers

- 3.1 The below guidance is for employers or bodies listed in the schedule to the Regulations, which can be found [here](#), with the exception of devolved Welsh authorities.
- 3.2 In light of the withdrawal of the Regulations, employers are encouraged to pay to any former employees who had an exit date between 4<sup>th</sup> November 2020 and 12<sup>th</sup> February 2021 and to whom the cap was applied, the additional sums that would have paid but for the cap. Given that the cap has now been disapplied, it is open to employers to do so and HM Treasury's expectation is that they will do so.



## HM Treasury contacts

This document can be downloaded from [www.gov.uk](http://www.gov.uk)

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