

Jane Hutt AC / AM
Y Gweinidog Cyllid a Busnes y Llywodraeth
Minister for Finance and Government Business



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref – LF/JH/1243/12/B

Christine Chapman AC / AM
Chair, Communities, Equality and Local Government Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

9 December 2014

Dear Christine

Thank you for your letter dated 5 December regarding the Communities, Equality and Local Government Committee's consideration of the supplementary LCM no.3 for the recovery of exit payment provisions within the Small Business, Enterprise and Employment Bill.

I have set out below my understanding of the UK Government's policy intentions relating to the questions you have raised.

Question 1 - In relation to the power for HM Treasury to make regulations requiring the repayment of some or all of any qualifying exit payment in "specified circumstances" (as per paragraph 8a of the LCM), what the Welsh Government understands these "specified circumstances" to be;

These 'specified circumstances' relate to the recovery of exit payments from individuals who previously earned over £100,000 and who return, within 12-months, to the same sub-sector from which they exited.

Question 2 - In relation to a 'qualifying exit payment', the LCM states that this means 'a payment of a certain description made to an employee or office holder of a prescribed public sector authority when they leave the employment or office'. What public sector authorities or offices will be covered by these provisions; will they include, for example, local government officials, councillors, fire and rescue services staff and the police?

All parts of the public-sector are within scope except the Armed Forces, National Museums, some public financial corporations, public broadcasters, the Bank of England and the Commissioner for Irish Lights. These public sector bodies being exempt due to the unique nature of their organisation.

The UK Government will set out the detail of specific bodies and sub-sectors under regulations, with public bodies and workforces classified on the basis of the department to which they are ultimately responsible. The UK Government will consult further on the final detail when draft regulations are ready for consultation.

Question 3 - Whether there will be a minimum threshold in relation to the exit payments to be recovered and, if so, what this is likely to be;

Recovery arrangements will apply to all exit payments made to those earning over £100,000 per annum who then seek re-employment within 12 months. Recovery will be based on the full amount being repaid if re-employed within 28 days. The amount would reduce on a pro-rata basis up to 12 months. After then no repayment would be sought. I understand that other considerations would also be taken into account, for example partial recovery where re-employment is on a lower salary, returning on a part time basis, tax payments that may have been made and statutory entitlements.

Question 4 - In relation to the power to waive the repayment requirement, if this is conferred on the Welsh Ministers, in what circumstances does the Welsh Government envisage using that power?

I understand that waivers would only be agreed in very exceptional circumstances and considered on a case by case basis, following the general principle that an exception may be justified on grounds of economy, efficiency and effectiveness. That might include instances where re-employment is business led and meets robust business focused requirements. I would not envisage waivers being agreed where it is solely the individuals' desire to be re-employed in the same or similar sector.

*Bert Hisker,
Jane*

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