



**Northern Ireland
Assembly**

**Committee for Education
Room 375
Parliament Buildings**

**Tel: +44 (0)28 9052 21821
Fax: +44 (0)28 9052 1371**

**To: Shane McAteer
Clerk to the Committee for Finance and Personnel**

**From: Peter McCallion
Clerk to the Committee for Education**

Date: 6 December 2015

Subject: LCM - cap on public sector exit payments

Shane,

At its meeting on 2 December 2015, the Committee noted correspondence from the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) regarding the proposed cap on public sector exit payments.

The Committee agreed to forward this correspondence to the Committee for Finance and Personnel for its information.

The correspondence is enclosed.

Regards

**Peter McCallion
Committee Clerk
Enc.**

Mr Peter McCallion
Clerk
Committee for Education
Room 375
Parliament Buildings
Ballymiscaw
Stormont
Belfast BT4 3XX

27 November 2015

Dear Mr McCallion

Proposed cap on public sector exit payments

Thank you for your letter of 27 November 2015 requesting details of salary levels affected by the proposed cap.

I can only comment of the effect that the pension costs have on the proposed cap. For the purpose of the cap the pension costs would be added to the value of any severance payment or redundancy payment made.

I can confirm that an employee with a salary as low as £27k p.a. may be affected by a cap of £95,000.

However it is important to explain that not all employees on such a level would be affected, only those that meet certain conditions. In the above example the employee:-

1. Is a member of the Local Government Pension Scheme
2. Joined the scheme after 1 April 2008, and transferred-in service giving a total service of 35 years.
3. Is female.
4. Is age 55.

If an employee is a member of the Local Government Pension Scheme, is aged 55 or over, and is made redundant then they are entitled to a redundancy pension. There is an additional cost attached to such a pension which the employer must pay to NILGOSC. This additional cost is dependent on the employee's salary, age, gender and length of service in the pension scheme. In the above example, a female, aged 55 with 35 years' service earning £27,053 could cause an employer to bear a cost of £95000.99 and therefore would breach the Cap in its own right before adding on any redundancy payment also received.

We cannot determine what the lowest salary would be because it depends on individual circumstances and therefore would have to run calculations for each of our 52,000 members however we estimate that £27k would be around the lowest salary that would be affected by the cap due to the pension costs alone. If the employee also received a redundancy payment this would reduce the value of the lowest salary affected by the proposed cap.

If you require any further information please do not hesitate to contact me.

Yours sincerely

David Murphy
Chief Executive



Northern Ireland
Assembly

Committee for Education

Mr D Murphy
Secretary
Northern Ireland Local Government Officers' Superannuation Committee
(NILGOSC)
Templeton House
411 Holywood Rd
Belfast
BT4 2LP
info@NILGOSC.org.uk
david.murphy@NILGOSC.org.uk

27 November 2015

Our Ref: 2400

Dear Mr Murphy

Proposed cap on public sector exit payments

At its meeting on 25 November 2015, the Committee for Education discussed the proposed cap on public sector exit payments which it is understood may be a consequence of the Legislative Consent Motion (LCM) on the Enterprise Bill (Public sector employment: restrictions on exit payments). The Committee noted correspondence (enclosed) from the Education Authority indicating the salary levels that may be impacted by the proposed cap.

The Committee agreed to write to you seeking confirmation that, as indicated, employees with salary levels as low as around £27k may be affected by the proposed cap on public sector exit payments.

Committee for Education

Room 375, Parliament Buildings, Ballymiscaw, Stormont, Belfast, BT4 3XX

Tel: (028) 9052 1201

E-mail: peter.mccallion@niassembly.gov.uk

If you wish to seek clarification in respect of the above, please do not hesitate to contact me.

A response at your earliest convenience would be greatly appreciated.

Yours sincerely

Signed Peter McCallion

Peter McCallion
Clerk
Committee for Education
Enc.

Committee for Education

Room 375, Parliament Buildings, Ballymiscaw, Stormont, Belfast, BT4 3XX

Tel: (028) 9052 1201

E-mail: peter.mccallion@niassembly.gov.uk