



Committee for Finance and Personnel

Report on the Legislative Consent Motion: Small Business, Enterprise and Employment Bill (Public Sector Exit Payments)

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List of Abbreviations and Acronyms

BIS	Business Innovation and Skills
CFP	Committee for Finance and Personnel
FDA	First Division Association
GB	Great Britain
HM	Her Majesty's
LCM	Legislative Consent Motion
MLA	Member of the Legislative Assembly
NICS	Northern Ireland Civil Service
NIPSA	Northern Ireland Public Service Alliance
UK	United Kingdom

Committee Remit, Powers and Membership

Powers

The Committee for Finance and Personnel is a Statutory Departmental Committee established in accordance with paragraphs 8 and 9 of the Belfast Agreement, Section 29 of the Northern Ireland Act 1998 and under Assembly Standing Order 48. The Committee has a scrutiny, policy development and consultation role with respect to the Department of Finance and Personnel and has a role in the initiation of legislation.

The Committee has the power to;

- consider and advise on Departmental budgets and annual plans in the context of the overall budget allocation;
- approve relevant secondary legislation and take the Committee Stage of primary legislation;
- call for persons and papers;
- initiate inquiries and make reports; and
- consider and advise on matters brought to the Committee by the Minister of Finance and Personnel.

Membership

The Committee has eleven members, including a Chairperson and Deputy Chairperson, with a quorum of five members. The membership of the Committee during the current mandate has been as follows:

Mr Daithí McKay (Chairperson)¹

Mr Dominic Bradley (Deputy Chairperson)

Mrs Judith Cochrane

Mr Leslie Cree MBE

Ms Michaela Boyle²

Mr Paul Girvan

Mr John McCallister^{3 4}

Mr Ian McCrea^{5 6}

Mr Máirtín Ó Muilleoir^{7 8}

Mr Adrian McQuillan

Mr Peter Weir⁹

¹ Mr Daithí McKay replaced Mr Conor Murphy MP with effect from 2 July 2012

² Ms Michaela Boyle replaced Ms Megan Fearon with effect from 2 December 2013

³ Mr Roy Beggs replaced Mr Ross Hussey with effect from 23 April 2012

⁴ Mr John McCallister replaced Mr Roy Beggs with effect from 15 October 2012

⁵ Mr Ian McCrea replaced Mr David McIlveen with effect from 16 September 2013

⁶ Mr David McIlveen replaced Mr David Hilditch with effect from 1 October 2012

⁷ Mr Raymond McCartney replaced Mr Mitchel McLaughlin with effect from 6 October 2014

⁸ Mr Máirtín Ó Muilleoir replaced Mr Raymond McCartney with effect from 10 November 2014

⁹ Mr Peter Weir replaced Mr William Humphrey with effect from 1 October 2012

Background

1. The Small Business, Enterprise and Employment Bill¹⁰ was introduced to the House of Commons on 25 June 2014. As explained in correspondence from the Department of Finance and Personnel (DFP):

‘The Bill contains provisions on a range of initiatives intended to support small businesses by improving access to finance. The Bill also contains measures to facilitate effective recovery of redundancy and compensation payments from individuals who exit a role in the public sector, and then return to the same part of the public sector in a short space of time’.

2. The Committee was advised that the provisions will allow for recovery of redundancy and compensation payments made to high earning individuals (i.e. those earning £100,000 or more) only in the circumstances outlined above. The amount individuals will be required to pay back will decrease on a graduated basis. It will not apply to redundancy payments where individuals have a right to full, unreduced, employer-funded early retirement pension.
3. The Minister of Finance and Personnel advised the Committee that his intention behind the extension of the provisions of the Small Business, Enterprise and Employment Bill to Northern Ireland is to safeguard public finances. It is proposed that the measures will come into effect on 1 April 2015. The Memorandum accompanying the Legislative Consent Motion (LCM) in respect of the Small Business, Enterprise and Employment Bill, which was laid in the Assembly on 27 November 2014, is at **Appendix 1**.

Committee Consideration

4. The Committee was first informed of the potential need for an LCM on this matter in correspondence from the Department on 12 November 2014.¹¹ While the opportunity for the Committee to engage with DFP and other stakeholders on the related considerations has been very limited, an urgent briefing from DFP officials was scheduled on 19 November 2014¹². Officials informed members about the principle intent of the Bill, the specific conditions under which the measures will apply, and the sequence of events under which the issue was considered by the Minister and the Executive.

¹⁰ <http://services.parliament.uk/bills/2014-15/smallbusinessenterpriseandemployment.html>

¹¹ Appendix 2 - DFP Correspondence 12 November 2014

¹² [Official Report Committee for Finance and Personnel 19 November 2014](#)

5. Members raised a range of queries with the departmental officials, including for example:
- why the threshold of earnings is being set at £100,000 and not at a lower figure;
 - the limitations of the provisions being confined only to those re-employed in the ‘same part’ of the public sector, and why they would not apply to all parts of the public sector;
 - how the condition in terms of not being re-employed within ‘a short space of time’ will be defined; and as regards
 - the exclusion relating to a person’s contractual entitlement.

During the evidence session on 19 November, the departmental officials confirmed that guidance will be provided in relation to how ‘a short space of time’ is to be defined.¹³

6. The Committee noted information from the Department that it had consulted with trade union representatives on the relevant provisions at the Collective Consultation Working Group, the recognised interdepartmental forum for consultation with Trade Union Side (TUS) on public service pension reform issues. However, members sought comment on the legislative proposals directly from TUS, including the First Division Association (FDA).
7. In an informal response, the Northern Ireland Public Service Alliance (NIPSA) noted that the legislative proposals covered more than just the Northern Ireland Civil Service and, while they would impact on all sectors, it was likely to have greatest impact on the Health and Social Care sector, which has the most employees earning more than £100,000. The Committee understands that exit payments in the form of both voluntary and compulsory redundancies are within the scope of the legislative provisions. While noting that NIPSA has raised concerns regarding the inclusion of compulsory redundancy situations, the Committee has not had the opportunity to follow up on this issue. As such, the Minister may wish to provide clarification and explanation in this regard during the debate on the LCM.
8. The FDA provided the Committee with a copy of a previous submission to HM Treasury’s consultation on the Small Business, Enterprise, and Employment Bill.¹⁴

¹³ [Official Report Committee for Finance and Personnel 19 November 2014](#)

¹⁴ [Copy of FDA Submission](#)

Members noted this submission and agreed to send it to the Department for comment on the issues raised. Unfortunately a subsequent response from the Department was not received in time for consideration in this report; however members look forward to receiving the Minister's response to the FDA's concerns during the debate on the LCM.

9. Recognising that legislative reform is required in this area in order to protect the public purse during the current period of public expenditure constraints, the Committee considers that, while the provisions in the Westminster Bill are a welcome first step, they may not go far enough and that arrangements may need to be tailored to the Northern Ireland context. In this regard, the Committee received an assurance from the DFP officials that, by agreeing the LCM, the Assembly would not preclude or restrict itself from taking a more radical approach in the future.¹⁵
10. In responding to queries from the Committee regarding how the legislative provisions will be implemented and compliance monitored, the DFP officials assured members that there would be a post-implementation review in the future to assess the extent to which the legislation achieves its stated purpose. In this regard, the Committee believes that the review should examine the appropriateness of the salary level in the Northern Ireland context and the applicability to different parts of the public sector here.
11. While the Committee was able to undertake only a cursory consideration of the proposed LCM, given the time constraints involved, it has nonetheless identified issues requiring careful consideration by DFP, including in terms of developing/adapting guidance for implementation locally, undertaking a post-implementation review and exploring the case for tailoring arrangements to the public sector context in Northern Ireland.

Recommendation on the LCM

12. Notwithstanding the aforementioned issues identified and recognising that the provisions of the LCM are a necessary first step in addressing a loophole in the law, **the Committee for Finance and Personnel supports the Minister of Finance and Personnel in seeking the Assembly's agreement *'That this Assembly endorses the principle of the extension to Northern Ireland of the provisions dealing with public sector exit payments contained in clauses 149 to 151 of the Small Business, Enterprise and Employment Bill, as brought from the House of Commons to the Lords on 20 November 2014'*.**

¹⁵ [Official Report Committee for Finance and Personnel 19 November 2014](#)

LEGISLATIVE CONSENT MEMORANDUM
SMALL BUSINESS, ENTERPRISE AND EMPLOYMENT
BILL
(Public Sector Exit Payments)

Draft legislative Consent Motion

1. The draft motion, which will be tabled by the Minister of Finance and Personnel, is:

“That this Assembly endorses the principle of the extension to Northern Ireland of the provisions dealing with public sector exit payments contained in clauses 149 to 151 of the Small Business, Enterprise and Employment Bill, as brought from the House of Commons to the Lords on 20 November 2014”

Background

2. This memorandum has been laid before the Assembly by the Minister of Finance and Personnel under Standing Order 42A(2). The Small Business, Enterprise and Employment Bill was introduced in the House of Commons on 25 June 2014. The latest version of the Bill can be found at:

<http://services.parliament.uk/bills/2014-15/smallbusinessenterpriseandemployment/documents.html>

Summary of the Bill and its policy objectives

3. The Small Business, Enterprise and Employment Bill was introduced by the Coalition Government to bring take forward a range of initiatives which are intended to build a stronger economy by supporting small businesses business. It aims to improve access to finance and open up new opportunities for small businesses to innovate and compete.
4. The Bill also contains measures to facilitate recovery of redundancy and compensation payments made to individuals who exit a role in the public sector, and subsequently return to paid employment in the public sector within a short space of time.

5. These recovery measures will apply to those earning £100k or more. The amount that individuals will be required to repay will decrease gradually over time, within a prescribed period, and proportional to the time between an individual being made redundant and returning to work.
6. The recovery provisions will not apply to redundancy payments where members of public service pension schemes have an established unconditional right to a full, unreduced, employer funded early retirement pension in the case of redundancy, and take that option. The measures also provide for circumstances where the requirement to recover may be waived.
7. The provisions will have no impact on existing authority for employing Departments to continue to make decisions on individual staff exits.
8. These changes will represent a baseline legal requirement. They are focussed on the highest earners in order to guard against the most unfair and poorest value for money outcomes. Where employers' existing or proposed policy go further, these measures will support rather than replace them.
9. The provisions contained in the Bill for recovery of public sector exit payments are scheduled to apply from 1 April 2015.

Provisions which deal with a Devolution Matter

10. Arrangements for public sector compensation payments are devolved to the Northern Ireland Assembly except where specific exemptions or reservations apply such as employment in the UK Civil Service or international public sector organisations.

Reasons for making the Provisions

11. The principle intent of the provisions for recovery of public service exit payments is to safeguard public finances by ensuring that public funds are not diverted to compensate high earning individuals for loss of office in cases where that loss is transitory due to the individual re-entering paid employment in the sector within a prescribed period.
12. Whilst in some departments arrangements currently exist for recovery of exit payments upon re-employment, there is no central legislative requirement to do so. It is the responsibility of individual employers and departments to ensure that their exit payment arrangements are fair and

represent value for money for the tax payer. These provisions are intended to underpin rather than replace current arrangements where they do exist.

13. However, for the highest earning individuals moving between employers in same part of the public sector, the risk remains that some high earning individuals can receive large payments and quickly return to public sector employment. This also risks public confidence in the public service. The provisions will provide a baseline assurance to the tax payer that exit payment arrangements across the public sector are fair and represent value for money.

Reasons for utilising the Bill rather than an Act of the Assembly

14. Although public service compensation arrangements for Northern Ireland is a transferred matter, a long standing convention of parity exists between Northern Ireland and Great Britain in this area, and accordingly the normal approach for the Northern Ireland schemes is to implement changes in pension policy as a consequence of policy decisions taken at a central Government level, and in line with change made for the equivalent schemes in Great Britain rather than to develop or formulate policy directly.
15. The scope of the provisions are very limited, dealing only with recovery of payments in the prescribed circumstances of subsequent re-employment for high earners.
16. An Assembly Bill to give effect to these provisions could not be introduced in the Assembly and achieve Royal Assent before 1 April 2015.
17. Legislative Consent will ensure high earning public servants in Northern Ireland are not treated more favourably than their counterparts in the rest of the United Kingdom for recovery of public sector exit payments. This will also ensure the same protections for the public purse are seen to be applied consistently at a time when public funding is already stretched.

Consultation

18. The Coalition Government consulted publically from 25 June 2014 to 17 September 2014 on the proposal to include legislative provisions for recovery of public sector exit payments in the Small Business, Enterprise and Employment Bill.
19. On 27 October 2014 HM Treasury published its response to the consultation which outlined its intention to proceed with the provisions in the Bill for recovery of public sector exit payments.

20. Chief Secretary to HM Treasury wrote to Minister of Finance and Personnel on 12 September 2014 to seek legislative consent for the relevant provisions. Minister of Finance and Personnel agreed in principle on 30 October 2014 subject to Executive approval and consultation with the Finance and Personnel Committee.
21. The Department of Finance and Personnel has consulted with public sector trade unions on these relevant provisions for recovery of public sector exit payments at the Collective Consultation Working Group which is the recognised interdepartmental forum for consultation with TUS on public service pension reform issues.

Human Rights and Equality

22. Convention Rights are not engaged. The Department has conducted an equality screening exercise on the provisions for recovery of public sector exit payments in Northern Ireland based on available data. The Screening exercise concluded that an equality impact assessment is not required. The screening exercise is available at:

<http://www.dfpni.gov.uk/publications-foi/publications-browse/publication-scheme-what-are-our-priorities-how-are-we-doing/publication-scheme-what-are-our-priorities-impact-assessments.htm>

Financial Implications

23. It is expected that the fiscal impacts of this policy would be small but positive. The actual effects will depend on numbers of individuals who meet the £100,000 earnings threshold and who volunteer, or who are otherwise selected, for exit and or rehiring.

Summary of Regulatory Impact

24. The provisions of the Bill dealing with exit payment recovery incur no cost to business, social economy enterprises or the voluntary sector.

Engagement to date with the Committee for Finance and Personnel

25. The Department of Finance and Personnel provided a written update to the Committee for Finance and Personnel on 30 October 2014. Officials provided follow up briefing at the Committee's meeting on 5 November 2014.

Assembly Section

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Mr Shane McAteer
Clerk
Committee for Finance and Personnel
Room 419
Parliament Buildings
Stormont

X November 2014

Dear Shane,

SMALL BUSINESS, ENTERPRISE AND EMPLOYMENT BILL – RECOVERY OF PUBLIC SECTOR REDUNDANCY PAY - LEGISLATIVE CONSENT MOTION FOR PROVISIONS

I am writing to update the Committee that Minister Hamilton is seeking approval from the Northern Ireland Executive for a Legislative Consent Motion to extend provisions in the Small Business, Enterprise and Employment Bill to Northern Ireland. These provisions will allow for recovery of redundancy and compensation payments made to high earning individuals who leave the public sector and then return to paid employment in the sector within a short space of time.

Background

The Small Business, Enterprise and Employment Bill was introduced in the House of Commons on 25 June 2014. The Bill contains provisions on a range of policies aimed at improving access to finance for businesses.

The Bill also contains measures to facilitate effective recovery of redundancy and compensation payments from individuals who exit a role in the public sector, and then return to the same part of the public sector in a short space of time.

These measures will apply only to those individuals earning £100,000 or more. The amount that individuals will be required to repay will decrease gradually over time, proportional to the time between an individual being made redundant and returning to work.

This recovery provision will not apply to redundancy payments where members of public service pension schemes who have an established unconditional right to full, unreduced, employer funded early retirement pension in the case of redundancy, take that option.

The measures are scheduled to have effect from 1 April 2015. HM Treasury has proposed that a single set of redundancy arrangements applying to the whole of the UK, would be preferable to avoid barriers to labour mobility. This approach requires consideration of a Legislative Consent Motion in respect of the devolved public service in Northern Ireland.

Chief Secretary to HM Treasury, Mr Danny Alexander wrote to the Minister of Finance and Personnel on 12 September proposing use of a Legislative Consent Motion for the provisions for recovery of compensation payments contained at clauses 140-142 of the Small Business, Enterprise and Employment Bill to legislate for Northern Ireland. On 30 October 2014 the Minister of Finance and Personnel wrote to the Chief Secretary to HM Treasury to agree in principle to pursue a Legislative Consent Motion in the Assembly for this purpose, subject to consultation with the Committee for Finance and Personnel and the approval of the Executive.

Policy Rationale

The principal intent is to safeguard public finances and ensure that public service funds are not diverted to compensate high earning individuals for loss of office in cases where that loss is transitory due to the individual re-entering paid employment in the sector. It is expected that the fiscal impacts of this policy would be small but

positive. The actual effects will depend on numbers of individuals meeting the £100,000 earnings threshold who volunteer, or who are otherwise selected, for exit and/or rehiring. The provisions have no impact on existing authority for employing Departments to continue to make decisions on individual staff exits.

The case for a Legislative Consent Motion

Recovery of public service compensation payments is largely devolved. HM Treasury's proposal for a single legislative arrangement applying across the United Kingdom would avoid barriers to labour mobility and ensure that the measures are introduced for public servants in Northern Ireland earning over £100,000 per annum at the same time as counterparts in Great Britain.

The scope of the provision is very limited dealing only with recovery of payments in the prescribed circumstances of subsequent re-employment for high earners. The use of the Legislative Consent Motion will ensure high earning public servants in the devolved administration are not treated more favourably than their counterparts in the rest of the United Kingdom in this regard.

It would be within the scope of the Assembly to legislate for this provision in its own Bill but the legislation could not receive Royal Assent by 1 April 2015. It is the Department's view that the use of the Legislative Consent Motion is a prudent measure to ensure that the same protections for the public purse are seen to be applied consistently at a time when public funding is already too stretched.

A draft Executive paper on the issue which recommends the approach has been circulated to Executive Ministers.

The Small Business, Enterprise and Employment Bill is currently in its Committee Stage at Westminster. If the memorandum is not agreed the devolved provisions will need to be removed from the Westminster Bill and further consideration of an alternative approach to address this issue would be required by the Executive.

I have attached the relevant clauses 140-142 for the information of the Committee.
Departmental officials are of course available to provide further information at the
Committee's request.

Yours sincerely

A handwritten signature in cursive script that reads "Gearoid Cassidy".

GEAROID CASSIDY
Departmental Assembly Liaison Officer

Small Business, Enterprise and Employment Bill – Clauses for recovery of public service compensation payments

140 Regulations in connection with public sector exit payments

(1) The Treasury may by regulations make provision requiring the repayment of some or all of any qualifying exit payment in prescribed circumstances (see section 141).

(2) The regulations may make such other provision in connection with qualifying exit payments as the Treasury think fit.

(3) qualifying exit payment is a payment of a prescribed description—

(a) made to an employee of a prescribed public sector authority in consequence of the employee leaving employment, or

(b) made to a holder of a prescribed public sector office in consequence of the office holder leaving office.

(4) The descriptions of payment which may be prescribed by virtue of subsection (3) include—

(a) any payment on account of dismissal by reason of redundancy (read in accordance with section 139 of the Employment Rights Act 1996),

(b) any payment on voluntary exit,

(c) any payment to reduce or eliminate an actuarial reduction to a pension on early retirement,

(d) any severance payment or other ex gratia payment,

(e) any payment in respect of an outstanding entitlement (such as to annual leave or an allowance),

(f) any payment of compensation under the terms of a contract,

(g) any payment in lieu of notice, and

(h) any payment in the form of shares or share options.

(5) If more than one qualifying exit payment is payable to an employee or office holder the provision made in the exit payments regulations is to apply in relation to the aggregated payments.

(6) Exit payment regulations are subject to negative resolution procedure.

(7) For the purposes of this section and sections 141 and 142—

- an "exit payee" is an employee or office holder to whom any qualifying exit payment is payable,*
- the "exit payments regulations" are regulations under subsection (1),*
- a "responsible authority" means an authority by which any qualifying exit payments are payable, and*
- "prescribed" means prescribed by the exit payments regulations.*

141 Section 140(1): further provision

(1) In making any provision by virtue of section 140(1), the exit payments regulations may, in particular, require repayment where, within a prescribed period, an exit payee becomes—

(a) an employee or a contractor of a public sector authority prescribed by virtue of section 140(3), or

(b) a holder of a public sector office so prescribed.

(2) Subsection (3) applies if the exit payments regulations make provision as mentioned in subsection (1).

(3) The exit payment regulations may, in particular, make provision—

(a) exempting an exit payee from the requirement to repay in the prescribed circumstances;

(b) exempting some or all of a qualifying exit payment from that requirement in the prescribed circumstances;

(c) for the amount required to be repaid to be tapered according to the time which has elapsed between the exit payee leaving employment or office and the event mentioned in subsection (1);

(d) as to the information required to be provided by the exit payee;

(e) as to the arrangements required to be made by the exit payee to repay to the responsible authority the amount of the qualifying exit payment required to be repaid;

(f) as to the consequences of an exit payee failing to repay the amount required to be repaid (including the dismissal of the exit payee).

(4) For the purposes of subsection (1) an exit payee becomes a contractor of a public sector authority if the exit payee provides services to the authority under a contract for services

142 Power of Secretary of State to waive repayment requirement

(1) The Secretary of State may waive the whole or any part of any repayment required by virtue of section 140(1).

(2) A waiver may be given in respect of—

(a) a particular exit payee, or

(b) a description of exit payees.

(3) The exit payments regulations may—

(a) make provision for a waiver to be given only—

(i) with the consent of the Treasury, or

(ii) following compliance with any directions given by the Treasury, and

(b) make provision as to the publication of information about any waivers given.

(4) The exit payments regulations may make provision for the power conferred on the Secretary of State by subsection (1) to be exercised instead—

(a) by the Scottish Ministers, in relation to qualifying exit payments made by responsible authorities who wholly or mainly exercise functions which would be within devolved competence (within the meaning of section 54 of the Scotland Act 1998);

(b) by the Department of Finance and Personnel in Northern Ireland, in relation to qualifying exit payments made by responsible authorities who wholly or mainly exercise functions which could be conferred by provision included in an Act of the Northern Ireland Assembly made without the consent of the Secretary of State (see sections 6 to 8 of the Northern Ireland Act 1998);

(c) by the Welsh Ministers, in relation to qualifying exit payments made by responsible authorities who wholly or mainly exercise functions which could be conferred by provision falling within the legislative competence of the National Assembly for Wales (as defined in section 108 of the Government of Wales Act 2006).

From the Office of the
Minister of Finance & Personnel



Danny Alexander MP
Chief Secretary to the Treasury
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DFF Private Office
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303 Airport Road West
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Telephone: 028 90816711
Email: private.office@dfpni.gov.uk
Your reference:
Our reference: COR/309/2014

30 October 2014

Dear *DANNY*

Thank you for your letter of 12 September regarding the Small Business, Enterprise and Employment Bill – Recovery of public sector redundancy pay.

I agree in principle with your request for a Legislative Consent Motion however, this is subject to approval from my Ministerial colleagues and consultation with the Committee for Finance and Personnel. As such, I will write to Ministerial colleagues, outlining the rationale for approving your request.

I will endeavour to update you on the position at the earliest opportunity.

Yours sincerely

A handwritten signature in blue ink that reads "Simon".

SIMON HAMILTON MLA

OFFICIAL



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Simon Hamilton MLA
Minister for Finance and Personnel
Clare House
303 Airport Road West
Belfast
BT3 9ED

12 September 2014

Dear Simon,

**LEGISLATIVE CONSENT MOTION, PUBLIC SECTOR EXIT PAYMENT CLAUSES, BIS
SMALL BUSINESS, ENTERPRISE AND EMPLOYMENT BILL**

I wrote to you on 5 June 2014 to let you know that the UK Government is legislating to ensure the repayment of some or all of exit payments made to high earners who return to the same part of the public sector in a short period of time after their exit. In my letter I said that I would write to you again about the areas where a Legislative Consent Motion might be needed once our officials had discussed them.

2. Our officials have now been in initial discussions on the position of Northern Ireland here and devolution. I thought it would be helpful to you to set down our understanding on the areas which may need an LCM for Northern Ireland, and to ask whether this is a matter for which the NI Executive intends to seek an LCM alongside other provisions in the BIS Bill.

3. Our officials have not identified any over-arching matters in the relevant schedules of the Northern Ireland Act 1998 which support an argument that public sector compensation and recovery are not at least partially devolved. In particular, there is no over-arching exception/reservation for employment rights and duties or economic policy, as exists in other devolution settlements. Conversations have confirmed that these matters appear to be broadly devolved to Northern Ireland except where specific exceptions or reservations apply.

OFFICIAL

OFFICIAL



4. There are a number of areas that have been identified where there might be relevant exceptions and reservations for public sector bodies in Northern Ireland, for example the UK Civil Service, being part of the Crown and public sector international organisations. The relevant bodies are currently being confirmed with your officials. However, our overall assessment is that an LCM will be required for this measure to enable it to take effect across the whole public sector workforce in Northern Ireland.

5. The clauses before Parliament represent the UK Government's desired position, and we are of course willing to make necessary changes to them to reflect agreements with devolved administrations as the Bill passes through the Westminster Parliament. However, I would appreciate your early view of the need for an LCM, and whether the Northern Ireland Executive would be prepared to obtain one from the Northern Ireland Assembly, so we have time to put that process in train, or in the alternative to draft and make any necessary amendments.

6. I also separately wrote to you [this/last week] setting out some of the changes the UK Government intends to make following the publication of the Government response to the Freedom and Choice in Pensions consultation. I look forward to hearing from you in due course on the requests I have made for LCMs in relation to those changes.

6. I am copying this letter to the Prime Minister, the Deputy Prime Minister, the Secretary of State for Business, Innovation and Skills, the Secretary of State for Northern Ireland and Sir Jeremy Heywood.

Bert wishes

DANNY ALEXANDER

OFFICIAL