

19 February 2016

URGENT

Member of Public Bill Committee on the Enterprise Bill
House of Commons
Westminster

Dear Member,

ENTERPRISE BILL

HOUSE OF COMMONS ONGOING COMMITTEE HEARINGS

Purpose of Letter

1. I write with regard to the effect upon the Nuclear Decommissioning Authority's (NDA) estate staff of the public sector exit cap contained in the Enterprise Bill. I am an employee of Magnox Ltd, Bradwell Site and I therefore confine my comments to Magnox, though the substance of what I say will affect approximately 30,000 people throughout that estate e.g. Sellafield, Dounreay, etc. The purpose of this letter is to advise you of the unfair nature of the unintended consequences of the public sector exit cap in the Enterprise Bill and seek your support to exclude Magnox Ltd (like many other organisations eg Royal Bank of Scotland) from the Bill.

Discussion

2. I understand that the Enterprise Bill will be progressing through Parliamentary Committee stage next week and is planned to finish on Thursday 25 Feb 16. If the Bill is not amended then, as it currently stands, this will arbitrarily end my contractual terms with my employer, Magnox, and leave me considerably worse off in redundancy or in retirement. This is because the Bill establishes a public sector exit cap of £95K which will be applied to Magnox and NDA estate, despite the fact that these establishments were denationalised in 2005.
3. Part of the standard benefit structure of Magnox's pension scheme is a provision that where retirement is a consequence of redundancy or reorganisation, the pension shall be paid from age 50 (or date of leaving service, if later) on an unreduced basis. It is not an option or a choice for the Trustee or employer, but the member's right under the Scheme Rules and has been, since introduced in 1983 having been a feature of the electricity supply industry's predecessor Staff Superannuation Scheme since the 1950's. This provision also covers individuals who are under age 50 when made redundant.
4. As the Magnox sites are working towards closure, a high proportion of staff are long serving employees who have already accumulated significant accrued rights. Consequently, the payments required when a pension is paid early on redundancy can be substantial and often exceeds £95,000.
5. So, as it stands, what the Enterprise Bill £95K cap does is actually hit the long serving average to moderately paid worker by denying him/her tens of thousands of pounds they are entitled to. For example: If a 50 year old individual with 31 years' service, earning £30,446 pa was to be made redundant from Magnox Ltd their pension would amount to £12,000 pa. The pension fund would require 13 years' payment of £156,000, less some discount (this does not go to the person), it is a pension requirement. So, the employee

immediately loses 1/3 of their pension as well as getting no Redundancy payout. Hence, the employee with long service is being punished.

6. The issue particularly affects staff in the Nuclear industry who some 10 to 15 years ago were encouraged to stay at their sites as their station closed down as their experience would be needed during the Run Down process. These highly skilled staff stayed knowing they may not get another job but could exist on the promised pension and redundancy payment. Had the promise – which was contractually agreed – not been made most staff would have left the industry years ago. Given that Magnox has been a Private Co for many, many years why would employees think that their longstanding Terms and Conditions would be totally ignored? These individuals cannot claw back those years, nor can they alter plans they made for their future.
7. There are complex technical arguments as to why Magnox Ltd is deemed to be in the public sector; but, irrespective of these arguments the government has the power to exclude Magnox staff from the £95K cap. However, if you look at the Enterprise Bill on the Parliament Website you will see that both in the Lords and so far in the Commons the Government has refused to give way. One could take a view that the government want to punish the little guys and get money off them to fund the Fat Cat pay offs to date. You should also look at the letters that have gone to the Commons Committee from impacted staff from Magnox at:

<http://services.parliament.uk/bills/2015-16/enterprise/committees/houseofcommonspublicbillcommitteeontheenterprisebillhl201516.html>

8. Put all this another way. If an individual were to take out a 25 year repayment mortgage and honoured all agreed arrangements around that mortgage for 25 years, paying on time in full, which the Government then unilaterally decided that the individual had only paid 12 years, one would say this was illegal as well as immoral. There is no difference.
9. There are four other issues I need to bring to your attention:
 - a. The lasting agreement reached in 2010 where Lord Maude of Horsham said it would *'provide a fair balance between the interests of taxpayers and the interests of civil servants and protect those approaching retirement and the lowest paid'* [Official Report, Commons, 14/12/10; col. 849], has been totally disregarded. Why?
 - b. Minister for Employment, the right hon. Member for Witham (Priti Patel), said in Jan 15 that "This commitment, which will be included in our 2015 General Election manifesto, will cap payments for well-paid public sector workers at £95,000. Crucially, those earning less than £27,000 will be exempted to protect the very small number of low earning, long-serving public servants". Thus people were lead to believe that people earning less than £27,000 would be explicitly exempted to "protect the very small number of low earning, long-serving public servants"? If this is not agreed how do Magnox individuals deal with the shortfall in funding that they had relied on to allow them to retire or live whilst they seek other work?
 - c. The Impact Assessment for the Bill covered the cap but said there were "no consequences" and that "potential savings in the low hundreds of millions of pounds over the course of this Parliament would be made". I truly hope that taking money from hard working Magnox, NHS and other employees is not put in the same context of similar savings such as Googles £130 million of back taxes that were handed to the Treasury. Where is the true Impact Assessment, as


clearly the current Impact Assessment failed to acknowledge that Private Companies would be affected and this would have a cost to individuals? How did the Impact Assessment come up with the figure of saving "low hundreds of millions of pounds in the life of this Parliament" if they did not cover private companies? Following on from this point, if Magnox are not exempted then, given they are a Private Company, who gets the savings made from not paying the contractually agreed redundancy package?

- d. Where is the Government remit to arbitrarily slash long serving, moderate earner's pensions and contracts of employment? The Conservative Party Manifesto clearly stated; "We will end taxpayer-funded six-figure payoffs for the best paid public sector workers; it said nothing about hitting the average paid worker in the nuclear industry.

Conclusion

10. It is important to remember these workers spent a great deal of their lives cleaning up the UK's toxic waste in a safety critical industry. If these people are lost the entire decommission project would be in jeopardy. The incentives promised and skills required to do this sort of work deterred them from finding new employment in other nuclear industries, for example EDF Energy, where their skills would be highly prized. It is simply wrong therefore, to renege on the agreements at the near conclusion of decommissioning and treat these as loyal workers in this shoddy and inappropriate manner.
11. Thus, having had a flawed Impact Assessment coupled with ignoring 2 promises made by senior figures as well as breaking contractual terms of employment, it should be clear that it is grossly unfair for Magnox employees to be included in the Enterprise Bill. You might wish to argue that as a minimum, the relevant employees should be excluded for the duration of the decommission programme.
12. Finally, I ask that you to consider the arguments in this letter and support the Magnox workforce by:
 - a. Publicising the unfair nature of the unintended consequences of the £95K cap in the Enterprise Bill.
 - b. Requesting that the government removing Magnox Ltd from the provisions of the Bill; or, as a minimum, excluding relevant employees for the duration of the decommission programme.

Yours sincerely


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