

Government exits and redundancies



Good practice guidance September 2025

This good practice guidance sets out a framework for assessing how employee exits and redundancies in government are conducted. It contains a summary of challenges involved in managing exits and redundancies, based on insights from our past work, and audit questions based on our expectations for effective exit processes.

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Aim of this guidance



This guidance is intended to help government departments and other public sector organisations, as well as audit teams and other external reviewers, assess how employee exits and redundancies in government are being conducted.

It sets out what the National Audit Office (NAO) looks for when we are examining government exit schemes, and our expectations for how exit and redundancy processes should be carried out.

This guidance includes:

- an explanation of **types of exit and redundancy schemes** in government;
- a summary of **challenges** involved in managing exits and redundancies, based on insights from our past work;
- a framework of **audit questions** for assessing how exit and redundancy processes are designed and implemented, including evidence to look for and criteria for evaluating evidence; and
- further **resources** on government exits and redundancies, including government guidance, relevant NAO reports and professional body good practice.

We intend this guide to set out good practice expectations applying to all government organisations. Some references are made to particular schemes, such as for the civil service, but the summary of challenges and our framework of audit questions are intended to apply more generally to central government and the wider public sector.

In this guide, we use the term 'exit schemes' to cover the range of exit and redundancy schemes and processes in government.



Context: government exits and redundancies



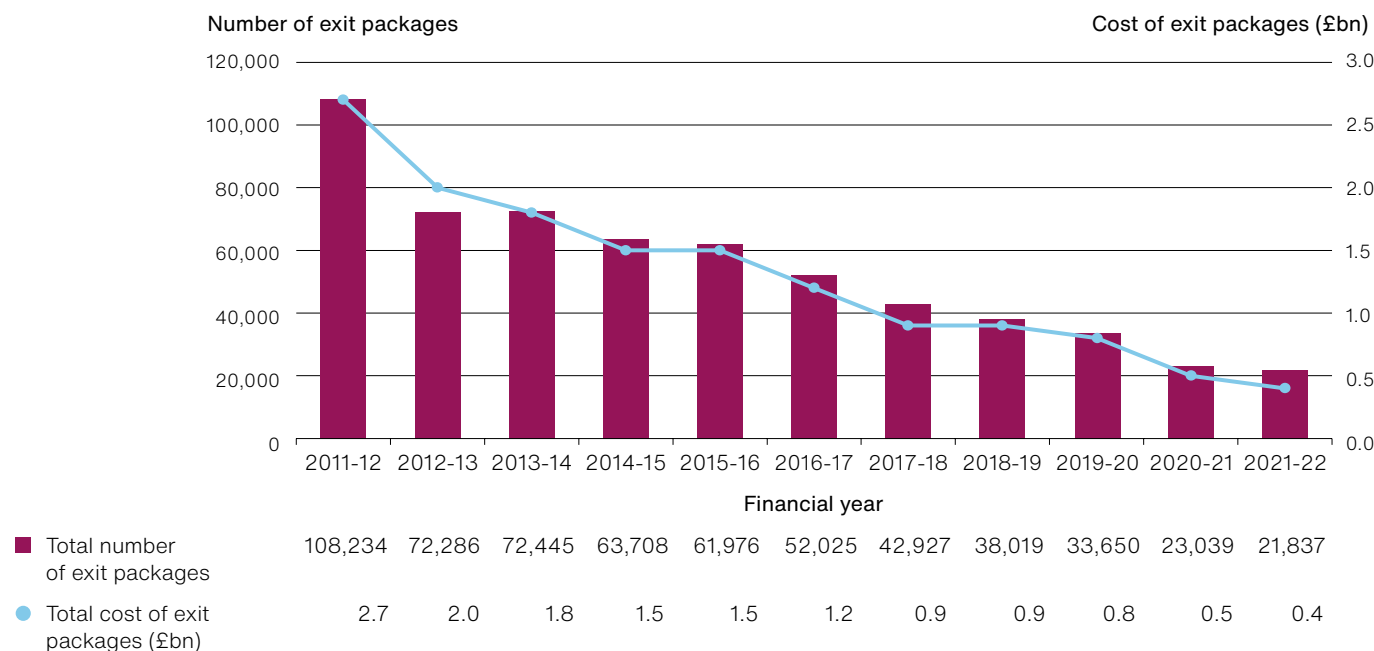
Like all employing organisations, government departments and wider public sector bodies periodically seek to reassess and reduce their staffing levels. This may be to reduce costs, to improve the efficiency of operations, or to restructure in line with changed priorities. Large-scale staff reductions for these reasons are typically carried out through employee exit or redundancy schemes. We explain below the types of government exit schemes and how they are carried out. We also set out trend data on government exits in recent years, as well as data on current civil service exit schemes.

Since 2011-12, the total number and cost of exit packages in government has been reported annually in the Whole of Government Accounts. **Figure 1** shows that both total numbers and costs of exit packages saw a steady decline from 2011-12 to 2021-22 (the last year for which audited data on government exit packages are available).

Figure 1

Total number and cost of exit packages for central government, local government and public corporations, 2011-12 to 2021-22

Total numbers and costs of government exit packages have seen a steady decline in recent years



Note

1 The Whole of Government Accounts (WGA) has reported yearly total numbers and costs of government exit packages since 2011-12. Data in this chart are included only up to 2021-22 because WGA for 2022-23 and 2023-24 received a disclaimed audit opinion. For those years, published exit package data were unaudited, and have not been included in the chart as we have not assured the data's reliability.

Source: National Audit Office analysis of HM Treasury, Whole of Government Accounts, 2011-12 to 2021-22

Continued

Context: government exits and redundancies



Many government departments and organisations are undertaking employee exit schemes to reduce their staff numbers and costs. This is in response to wider imperatives to reduce government spending, notably the 2025 Spending Review, which set target reductions for all departments' administration budgets of at least 11% in real terms by 2028-29, and 16% by 2029-30.¹

Government employers are making large-scale or 'bulk' staff reductions using established schemes for voluntary exits, voluntary redundancies and compulsory redundancies. In addition, the government has announced the expansion of voluntary exits to include a mutually agreed exits procedure for civil service staff, which the relevant Cabinet Office minister said would "give managers more tools to address substandard performance".² (The process may also be used in other circumstances, such as when an employee lacks the skills to be able to perform their role in future, or when a working relationship has broken down.) Further details of specific schemes and processes are given below.



¹ HM Treasury, [Spending Review 2025](#), CP 1336, June 2025, paragraph 1.18.

² House of Commons, [Civil Servants: Personnel Management. Question for Cabinet Office](#), UIN 40919, written question tabled 24 March 2025, answered 1 April 2025.

Types of exit schemes



The Employment Rights Act 1996 provides the overall statutory framework for redundancy. The Act sets out employees' statutory rights in relation to redundancy, as well as legal requirements on employers to consult on proposed redundancies.

However, section 159 of the Act specifies that individuals do not have a right to redundancy payments in respect of civil service employment. Instead, civil service exits and redundancies are carried out under the Civil Service Compensation Scheme (CSCS), a statutory scheme established by the Superannuation Act 1972. In 2016, the Cabinet Office published a protocol document setting out the principles governing civil service redundancies.³

In the civil service, individual departments are responsible for deciding whether to introduce exit schemes, as they are the employers of their staff. Departments must apply for Cabinet Office approval to run an exit scheme under the CSCS.

In the wider public sector, there are different exit and redundancy arrangements formulated for specific sectors or workforces, such as the NHS, local government, teachers, police and the armed forces. Wider public sector exit

schemes vary according to what is prescribed for particular workforces in contractual terms and conditions of service or by regulations or framework arrangements set by the relevant overseeing department. This means the terms of exit schemes (such as eligibility, payment tariffs and pension arrangements) differ according to the specific workforce.

One key consideration for government exit schemes is how they will be funded. Eventually, exit schemes should result in savings for employing organisations from not having to continue paying employees' salaries, pension costs and other benefits. However, exit schemes do involve lump sum payments to a potentially large number of exiting employees, which organisations may find it difficult to fund.

Government may provide dedicated funding for exit schemes, such as the £150 million Transformation Fund provision for government exit schemes first announced in the 2025 Spring Statement.⁴ These funding allocations are administered by HM Treasury and the Cabinet Office, and must be match-funded by departments receiving them.



³ Cabinet Office, [2016 Protocol – Civil Service Redundancy Principles](#), November 2016.

⁴ HM Treasury, [Spring Statement 2025](#), CP 1298, March 2025, paragraph 2.43.

Continued Types of exit schemes



Bulk exit schemes

'Bulk' exit schemes, defined as those covering two or more employees, are the means through which departments and other government organisations can make substantial staff reductions. They include the following.

- **Voluntary exits:** Employees can apply voluntarily to leave their employment, in return for a defined financial compensation payment. Applicants to voluntary exit schemes are not guaranteed approval.

Departments and organisations may offer voluntary exits first to avoid having to conduct redundancy schemes, and have more flexibility over the terms of voluntary exits than voluntary or compulsory redundancies. The level of voluntary exit payments is defined at the outset of the scheme, based on length of service and salary.

- **Voluntary redundancies:** Employees may be offered voluntary redundancy if their roles are to be abolished or reduced in number. Within the civil service, voluntary redundancy must be offered before compulsory redundancy. Redundancy requires formal consultation with staff and unions, as well as application of fair selection criteria.

Individuals may choose to take voluntary redundancy to have more control over their departure than under compulsory redundancy. Payment terms are based on length of service and salary.

- **Compulsory redundancies:** Usually the last type of scheme to be applied (in the civil service, it is always preceded by voluntary redundancy). Payment terms are based on length of service and salary, and can differ from those offered under voluntary redundancy.

Voluntary schemes are typically more generous in their payment terms than compulsory ones, as departments or organisations often want to incentivise staff to leave voluntarily to avoid the need for compulsory redundancies. For the same reason, voluntary schemes

may enable early access to pensions, while compulsory redundancy may not allow this pension entitlement. As an example, **Figure 2** sets out key elements of the different payment and pension entitlement terms for civil service exit schemes.

Figure 2

Civil service exit schemes – payment and pension terms

Voluntary exit and redundancy schemes in the civil service offer more generous payment and pension terms, compared to compulsory redundancy

	Voluntary exit	Voluntary redundancy	Compulsory redundancy
Tariff (level of exit payment)	Can be varied between statutory redundancy terms and two months' pay for each year of service	One month's pay for each year of service	One month's pay for each year of service
Qualifying period	2 years' service (although variations may be permitted)	2 years' service	2 years' service
Maximum payment if below pension age	21 months' pay	21 months' pay	12 months' pay
Maximum payment if above pension age	6 months' pay	6 months' pay	6 months' pay
Early access to unreduced pension	Discretionary – may be permitted	Must be permitted	Cannot be permitted
Repayment required if individual re-employed in civil service within:	6 months	6 months	6 months

Note

- 1 The level of statutory redundancy pay depends on an employee's age and length of service. Employees are entitled to half a week's pay for each full year of employment where they were under 22; one week's pay for each full year of employment where they were aged between 22 and 40; and one and a half week's pay for each full year of employment where they were 41 or over. The maximum statutory redundancy pay an individual can receive is £21,570.

Source: Cabinet Office

Continued

Types of exit schemes



Organisations can use a range of criteria to decide which employees will be selected for exits. For example, Acas (the Advisory, Conciliation and Arbitration Service) suggests employers apply objective, measurable and non-discriminatory criteria such as standard of work or performance, skills or expertise, attendance record and disciplinary record.⁵

The CSCS application form states that the civil service employers can use a broad range of criteria at their discretion, but that Cabinet Office ministers will expect schemes to have considered the three broad criteria of retention of key skills, value for money and overall cost.⁶ According to the Cabinet Office, retention of key skills can include consideration of performance, as well as specialist skills and knowledge, advanced skills and formal qualifications.

Composition of bulk exit schemes

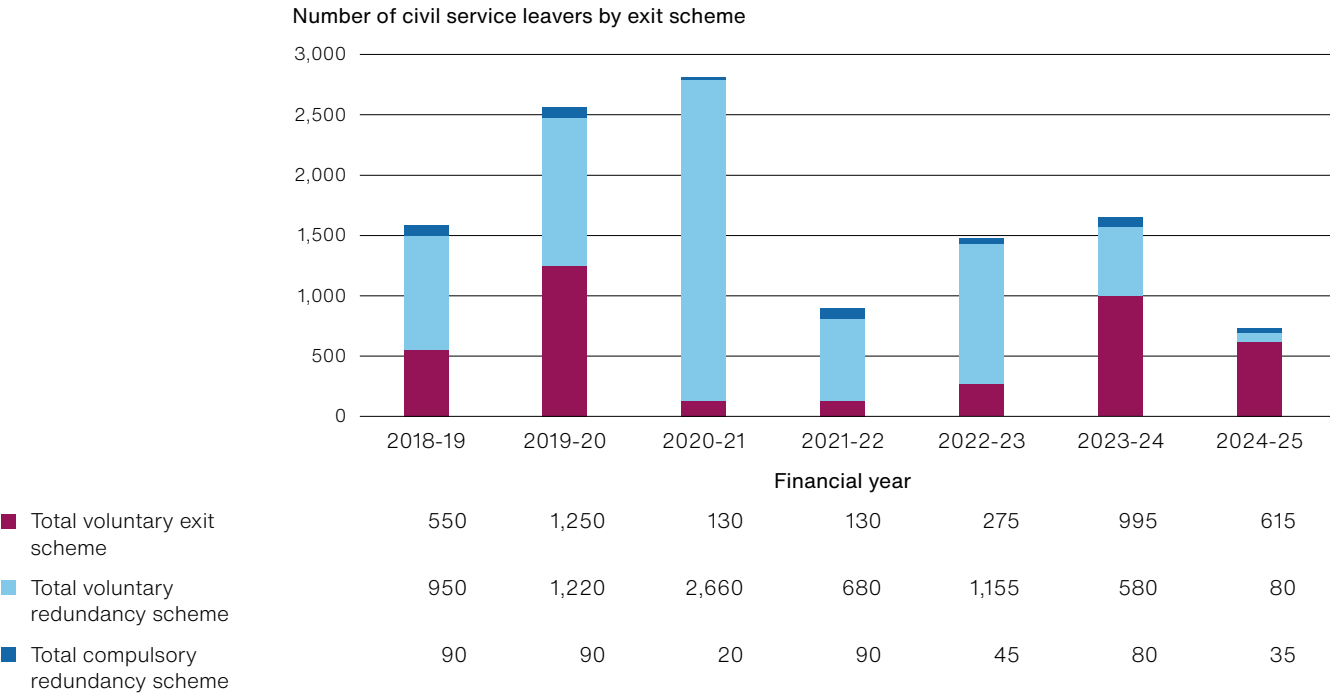
Since 2011-12, the proportion of compulsory redundancies across the whole of government has ranged from around a quarter to just over a third of all government exit packages (24% in 2013-14 compared with 35% in 2018-19). By contrast, the proportion of exits in the civil service due to compulsory redundancy is much lower than for government as a whole. **Figure 3** shows that, in the civil service, voluntary exit and voluntary redundancy schemes are more frequently used (both of which typically have more generous payment terms than compulsory redundancy).

5 Acas, *Your rights during redundancy: How you're selected*, April 2025.

6 Cabinet Office, *Civil Service Compensation Scheme: Application for Scheme Approval – Bulk Exits*, October 2024, page 6.

Figure 3
Civil service leavers by voluntary exit, voluntary redundancy and compulsory redundancy, 2018-19 to 2024-25

Compulsory redundancies are used less frequently in the civil service than voluntary exits and voluntary redundancies



Notes

1 Prior to 2018-19, there was no equivalent data breakdown published on numbers of civil service leavers by type of exit scheme.

2 Between 2018-19 and 2021-22, numbers were rounded to the nearest 10. Between 2022-23 and 2024-25, numbers were rounded to the nearest five.

Source: National Audit Office analysis of Cabinet Office, Annual Civil Service Employment Survey, 2019 to 2025

Continued

Types of exit schemes



Departments and organisations must apply to the Cabinet Office to run civil service exit schemes. **Figure 4** sets out data on current bulk exit schemes for the civil service, many of which are intended to achieve the reductions in departmental administrative spending outlined in the 2025 Spending Review. Some of these schemes have already started, with others planned to run during the first part of the current spending review period. It was not possible to include data on all expected government exits and redundancies, as HM Treasury does not collect comparable data on exit schemes for wider public sector workforces.

Figure 4

Current civil service bulk exit schemes, as at August 2025

Over 8,500 civil servants are expected to leave under current exit schemes over the next few years, at a cost of £536 million

Type of scheme(s)	Total number of departments/ organisations running live schemes	Total number of employee exits expected under live schemes	Total expected cost of live schemes (£)
Voluntary exit (VE) scheme only	17	3,549	198,832,238
Voluntary redundancy (VR) scheme only	3	87	2,810,000
Compulsory redundancy (CR) scheme only	0	0	0
VE and VR schemes	4	2,144	125,284,263
VR and CR schemes	1	50	1,436,707
All three schemes (VE, VR, CR)	8	2,756	207,450,000
Total	33	8,586	535,813,208

Notes

- 1 This table contains summary aggregate data on current 'live' exit and redundancy schemes applied for under the Civil Service Compensation Scheme (CSCS) since 1 April 2024. Data in the table relate to bulk exit schemes, defined as those involving two or more employees, and are as at August 2025.
- 2 The table includes data for live exit schemes currently underway, with estimated exit dates up to 31 March 2027. In addition, the Cabinet Office has information on some additional planned exit schemes, but data on exits expected under those schemes are not complete and are not included in this table.
- 3 Some departments/organisations have applied to run more than one type of scheme. These cases are included in the table rows labelled "VE and VR schemes", "VR and CR schemes" and "All three schemes (VE, VR, CR)".
- 4 Data on live exit schemes indicate that no departments are running compulsory redundancy schemes only. Under CSCS rules, departments must offer voluntary redundancies before implementing compulsory redundancies.
- 5 Data on the number of employee exits may be overstated, as some departments/organisations included an upper estimate for the number of expected exits under their schemes, which may not be reached in full.

Source: National Audit Office analysis of Cabinet Office data on civil service exit scheme applications

Continued

Types of exit schemes



Additional exit payments

All of the bulk exit schemes described above can also be used on an individual basis. Individual exit arrangements can involve additional payments, such as the following examples.

- **Special severance payments:** Discretionary payments that can be made to individuals outside of their statutory or contractual entitlements. Such payments might be made, for example, as part of a settlement agreement.
- **Pay/compensation in lieu of notice (PILON/CILON):** Payments that are made when employees are unable to work out their notice period, to compensate for the salary and benefits they would have received otherwise. For civil servants, payment terms are set out under the Civil Service Management Code.⁷

HM Treasury guidance on public sector exits sets out the consideration and approvals process for special severance payments.⁸

Mutually agreed exits

In March 2025, the then Chancellor of the Duchy of Lancaster announced that an exit process called 'mutually agreed exits' would be introduced to enable employees to leave the civil service in certain circumstances. Similar exit processes exist in the private sector (such as mutually agreed settlements) and in the NHS (mutually agreed resignation scheme, or MARS).

The process is expected to apply in the following circumstances.

- **Skills and capabilities:** When an employee's role is not at risk (so not eligible for redundancy), but they do not have the skills and capabilities to perform the role in future.
- **Performance:** When an individual's performance is regularly dipping, and it is unlikely they will improve in the time needed.
- **Complex casework:** When the employment relationship has broken down; for instance, where there have been repeated vexatious grievances or where there are conduct issues.

Departments may offer employees the option to leave under a mutually agreed exit, which individuals can decline. Mutually agreed exit offers are made under the terms of the CSCS using the same payment tariff as for voluntary exits. The payment tariff is variable and can range from the statutory minimum for redundancy pay, up to two months' pay for each year of service (capped at 21 months).⁹

The Cabinet Office's expectation is that employers will use the full range of flexibility available to them to decide payment levels, which in certain situations may mean exceeding the standard payment tariff (equivalent to one month's pay for each year of service, capped at 21 months). The Cabinet Office's view is that in some circumstances this may be justified on value-for-money grounds – for example, where using mutually agreed exits would be less expensive than the cost of staff time taken to deal with cases and any special severance payments that might be involved.

⁷ Cabinet Office, *Civil Service Management Code*, November 2016, paragraph 11.1.6.

⁸ HM Treasury, *Guidance on Public Sector Exit Payments: Use of Special Severance Payments*, July 2025.

⁹ The level of statutory redundancy pay depends on an employee's age and length of service. Employees are entitled to half a week's pay for each full year of employment where they were under 22; one week's pay for each full year of employment where they were aged between 22 and 40; and one and a half week's pay for each full year of employment where they were 41 or over. The maximum statutory redundancy pay an individual can receive is £21,570.

Continued Types of exit schemes



The Cabinet Office is currently conducting a pilot of mutually agreed exits with nine departments and arm's-length bodies (ALBs). At the start of August 2025, departments and ALBs had applied for mutually agreed exits for 30 employees, at a total cost of between £1.32 million and £1.64 million. The Cabinet Office expects these numbers to increase as the process is extended to more departments in 2025.

The Cabinet Office approves all applications for mutually agreed exits and will monitor the process when it is introduced more widely to the civil service. It will monitor take-up of mutually agreed exits in particular, as it is difficult to predict the extent to which departments are likely to use the process.

HM Treasury told us that other public sector workforces have not yet sought permission from it to adopt similar mutually agreed exit processes (where this approval would be required under the guidance on public sector exit payments, and where such processes are not already in place).

Approval of exits

Under the civil service redundancy and compensation spend control, departments are required to seek approval from the Cabinet Office for individual exits or bulk schemes under the CSCS. In addition, Cabinet Office ministerial approval is needed for any exit scheme involving 20 or more staff, or any individual exit exceeding £95,000 in value.¹⁰ The Cabinet Office's assurance process for its redundancy and compensation spend control involves checking against the 2016 *Civil Service Redundancy Principles* protocol, including whether the organisation has taken steps to avoid the need for redundancy.

HM Treasury guidance specifies that approval from the Chief Secretary to the Treasury is required for special severance payments of £100,000 or more, and for payments to an individual earning over £174,000. HM Treasury approval is also required for special severance payments considered to be novel, contentious or repulsive.¹¹

Central approval processes require departments and organisations to explain how their schemes will affect the organisation and its workforce, and to demonstrate that the exits and associated payments are consistent with value for money. For example, in their applications to run exit or redundancy schemes, departments must set out their rationale for the schemes, including restructuring or downsizing the organisation; refreshing the leadership or aligning with long-term workforce planning; and/or skills or abilities no longer being required. Both Cabinet Office and HM Treasury guidance emphasise that exits must be justifiable on cost and value-for-money grounds. The Cabinet Office, for example, requires departments to specify an expected payback period for their exit or redundancy schemes (the payback period is the time it takes for salary and other staff cost savings to exceed the initial costs of the exit payments).



¹⁰ Cabinet Office, *Civil Service Compensation Scheme: Scheme Application Form – Guidance for Completion of Bulk Exits*, July 2022, page 3. Because of the redundancy and compensation spend control, and the CSCS being a contractual scheme, civil service exit payments just need Cabinet Office approval and do not also need HM Treasury approval (unless they fall under the categories specified in HM Treasury guidance, as set out above).

¹¹ HM Treasury, *Guidance on Public Sector Exit Payments: Use of Special Severance Payments*, July 2025, paragraphs 3.5, 3.12.

Challenges for government



Government departments and organisations face significant challenges in designing and implementing exit schemes. We have identified the following challenges which relate to the impact on organisational and workforce capability, and the value for money of the schemes.

While many of these challenges involve risks which need to be managed, these must be set against the opportunities for organisations to reassess and restructure so that they can better meet their wider priorities and purpose.

Organisational and workforce impact



Challenge one:

Ensuring organisations can keep delivering core activities effectively, with fewer staff

- Government departments and organisations running large exit or redundancy schemes must ensure **they can still meet their core activities**, such as delivering public services or devising and implementing policies, with fewer staff than before.

Making this happen requires good strategic business and workforce planning, so that organisations have a strong understanding of their changed operational capabilities and how to meet the demands on them with a reduced workforce.

- In particular, departments and organisations need to assess the extent of **potential disruption to services or projects in the short term**, as the immediate impact of exits and redundancies is first felt. They should also consider any knock-on impacts of their reduced staffing on other departments or organisations they work with.
- Exits and redundancies can provide the opportunity to **reassess existing organisational structures and processes**. Restructures of this kind offer the potential to reflect updated organisational priorities or improve efficiency, for example by streamlining operations or reducing overstaffing and duplication of roles.



Challenge two:

Retaining skilled and high-performing staff, while enabling poorer performers to leave

- In designing their exit and redundancy schemes, departments and organisations face a crucial challenge of **retaining people with necessary or critical skills**. Decision-making on exits and redundancies must be aligned with strategic workforce planning, so that the organisation's skills profile following exit and redundancy schemes matches the organisation's current and future needs.
- For voluntary schemes, a common concern is **how to stop high performers leaving** – otherwise known as avoiding 'regrettable exits'. Employee performance needs to be considered explicitly when making decisions on exits, alongside criteria based on skills, as the two are not necessarily the same. Fair and consistent decision-making requires comparable employee performance data, but this may be more of a

challenge for organisations that have moved away from formally assessing and rating the performance of their staff.

- The introduction of mutually agreed exits reiterates the importance of organisations having **effective performance management arrangements** and strong line manager capability. Organisations must be able to identify substandard performance, and then take appropriate actions that result in either the poor performance being successfully addressed or poor performers leaving.
- Departments and organisations face the challenge of designing schemes that enable poor performers to leave, but **without financially rewarding them for substandard performance**. To avoid creating perverse incentives, organisations will need to take care over how payment terms are set for mutually agreed exits, and consider how these compare with the standard tariff available under other exit and redundancy processes.

Continued Challenges for government



Challenge three:

Considering the needs of both leaving and remaining staff

- Periods of large-scale exits and redundancies and associated restructuring programmes are often a highly stressful time for employees – particularly if they are perceived as taking a long time. **Being open and transparent** with all employees about staff reductions or restructures can help to minimise uncertainty and any concerns about some employees being unfairly treated. The timing of communications is important, as releasing information too early can be damaging if there is not enough detail available to reduce stress and anxiety among staff.
- Departments and organisations need to pay attention to **maintaining morale and productivity among remaining staff**. This involves providing appropriate support to staff staying in the organisation to ensure they are not demoralised or their work is not disrupted by colleagues leaving. It also requires reviewing team and individual responsibilities and workloads, so that remaining staff are not overburdened as a result of staff exits. Beyond the immediate short term, organisations need to ensure that staff find continued employment there attractive (for example, by offering clear career progression and promotion opportunities).
- Departments and organisations should also ideally **treat staff who are leaving with appropriate respect**. This might, for example, involve recognising the contribution that those leaving the organisation have made to it, rather than being seen simply as a resource or cost to be cut. Organisations will need to ensure managers have adequate capability to support both leaving and remaining staff throughout the process.

Value for money



Challenge four:

Minimising the cost of exits and redundancies

- Departments and organisations need a sound understanding of the likely **total costs of exits and redundancies**. This would involve modelling of exit/redundancy scheme costs and anticipated savings, including the expected payback period – the timeframe by which the cost of exit payments for departing staff is overtaken by savings in salaries and other staff costs.
- **Exit payment terms** need to be set at the right level. For civil service redundancies (both voluntary and compulsory), payment tariffs are automatically set out in the CSCS. For voluntary exit schemes, departments and organisations have scope to explore the flexibility over the payment tariff offered. It may be helpful for them to benchmark payment terms against comparable public sector organisations and the private sector.
- **Cabinet Office and HM Treasury approval processes** need to provide appropriate challenge to proposed exit and redundancy schemes on cost and value-for-money grounds. High-value exit packages, in particular, need to receive an appropriate degree of scrutiny.




Challenge five:

Taking a system-wide approach to government exits and redundancies

- Departments and organisations are typically required to consider **redeploying staff to other roles** to avoid the costs of exits and redundancies and improve allocative efficiency (for example, where skills no longer needed in one department might be needed elsewhere). However, staff redeployment takes a lot of coordination, and it can be difficult to move civil servants across departmental boundaries. There can also be a stigma attached to ‘surplus’ staff if they are assumed to be poor performers.

Continued Challenges for government



- Some aspects of voluntary exit schemes, such as payment tariffs, can vary across the civil service and wider public sector, as individual employers decide the terms of their own schemes to match their needs and circumstances. However, in some situations, there may be a value-for-money case for central authorities such as the Cabinet Office or HM Treasury to encourage **consistency of approach or benchmarking** when it comes to exits – for example, in the application of the mutually agreed exits process – to help avoid costly or unfair disparities in treatment between civil servants in similar circumstances.
 - This point also applies to how **employee records** are kept across the civil service. Ensuring there are complete and consistent records on employees' length of service would make it more straightforward to work out entitlements accurately, particularly where civil servants have worked in several departments.
 - There are safeguards against staff who have left through exit or redundancy schemes being **re-employed or engaged as consultants** in a relatively short space of time. Returners typically have to pay back some of their original exit payments if they are re-employed in the same sector. However, civil service leavers can find employment elsewhere in the public sector without having to return exit or redundancy payments, and vice versa.
 - **Pension administrators** play a vital role by calculating compensation and pension benefits for employee exits and redundancies. They need to have the capacity to deal with the higher volumes of work involved with exit and redundancy schemes coming from a variety of organisations (particularly where there are many in a short period of time), to avoid delays to those schemes and associated costs. This might, for example, require pension administrators to have earlier visibility of planning for exits and redundancies, so that they can in turn prepare for the additional demands on them.
- **Challenge six:**
Ensuring longer-term value for money
- Departments and organisations need to ensure the **sustainability of staff reductions** achieved through exit and redundancy programmes. This means they need to make efforts to keep staff numbers from creeping up again once immediate pressures to pare back costs are lifted. This might, for example, require organisations to streamline their structures and their priorities.
 - Exit and redundancy schemes can have an impact on **long-term pension costs**. Schemes which allow early access to unreduced pensions (these include civil service voluntary exits and voluntary redundancies) mean the full unreduced value of pension payments is made for a longer period, increasing the total payout per person and overall pension costs. This contrasts with early retirement schemes, which typically involve a reduction in pension payments if pensions are claimed before normal retirement age.

Framework for auditing government exits and redundancies



This section sets out a framework for assessing how government employee exits are conducted. It can be used by departments and other public sector organisations to review the design and implementation of schemes, and by audit teams and others conducting external scrutiny to assess how government has carried out its programmes of staff exits.

There are four top-level questions to consider when conducting an employee exit scheme in government.

1. **Strategic purpose:** Is it clear what the exit scheme is trying to achieve, and were alternative options explored?
2. **Scheme design:** Is the design of the exit scheme fair and consistent with long-term workforce planning, and does it provide value for money?
3. **Delivery:** How effectively has the organisation delivered the exit scheme and managed the staff reductions?
4. **Governance, monitoring and evaluation:** Has the organisation put appropriate governance and oversight arrangements in place and evaluated the overall impact of the exit scheme?

The following pages provide more detail on these questions, including subsidiary questions to flesh out the top-level questions, evidence to look for when considering each question, and criteria/metrics to help with evaluating evidence. The framework does not set out a maturity matrix or seek to define what good/best practice looks like, as this may not be the same for different organisations and sectors and will depend on the objectives of the scheme.

This framework sets expectations for organisations reducing staff as part of cost-cutting, efficiency improvements or restructuring in response to changing priorities. It is not intended for organisations that are closing, although many of the criteria may still apply. Unless stated otherwise, we consider the questions, evidence and criteria relevant to all types of bulk exit schemes – including voluntary exits, voluntary redundancies and compulsory redundancies. The framework is designed for assessing bulk schemes rather than individual cases.



Continued Framework for auditing government exits and redundancies



1. Strategic purpose: Is it clear what the exit scheme is trying to achieve, and were alternative options explored?

Audit question	Evidence to look for (such as data, documents, processes)	Criteria/metrics to help with evaluating evidence
1.1 Objectives: Is it clear what the scheme is trying to achieve?	<p>Statement of what the scheme is intended to achieve (such as from the application to the Cabinet Office for scheme approval and supporting business case). For example, the objectives could be cost reduction, reducing overlap/duplication of roles, or restructuring or reprofiling the skills composition of the workforce.</p> <p>Cross-reference between the business case for the scheme, and business, financial and workforce plans.</p>	<p>Whether the objectives are clear and realistic and explain what the priority objectives are and what success would look like.</p> <p>Extent to which the objectives of the scheme reflect the organisation's wider strategic objectives.</p> <p>Consistency of the business plan for the staff exit/ redundancy scheme with wider business, financial and workforce plans – including using the same planning timeframes and assumptions.</p>
1.2 Considering a range of options: Were alternative ways of meeting the scheme objectives considered?	<p>Options appraisal setting out options considered (such as from the application to the Cabinet Office for scheme approval and supporting business case). For example, this is likely to include alternatives to staff exits (such as reduced hours, recruitment freezes or redeployment) as well as different staff exit/ redundancy schemes.</p> <p>Justification for the chosen approach, including alignment with scheme objectives and value-for-money considerations.</p>	<p>Range of options for meeting objectives considered in options appraisal, in line with relevant guidance.</p> <p>Clear justification for the chosen approach.</p>



Continued

Framework for auditing government exits and redundancies



2. Scheme design: Is the design of the exit scheme fair and consistent with long-term workforce planning, and does it provide value for money?

Audit question	Evidence to look for (such as data, documents, processes)	Criteria/metrics to help with evaluating evidence
<p>2.1 Terms of the scheme: Are the selection criteria and compensation terms for the scheme clearly defined, consistent with the scheme objectives and appropriate?</p>	<p>Eligibility criteria for the scheme, and selection criteria/weighting for assessing applicants, along with a justification for these.</p> <p>Compensation terms for the schemes, including compensation payments, qualifying periods, payment caps (for above/below pension age) and pension implications.</p> <p>Safeguards included in the terms of the scheme to prevent leavers being re-employed or engaged as consultants within the time period specified within the scheme rules (six months for the Civil Service Compensation Scheme). This should include arrangements for identifying and recovering compensation payments made to individuals who re-enter employment within the recovery period.</p> <p>For voluntary exit schemes, benchmarking of compensation terms with recent and similar schemes in other organisations. There should also be an explanation for the chosen tariff and whether the targeted exits could be achieved with a lower tariff.</p> <p>Legal advice sought on the design of the scheme and whether this was followed.</p> <p>See also questions 2.2 on assessing value for money, 2.3 on protecting organisational capability, and 2.4 on ensuring the scheme design is fair.</p>	<p>Whether selection criteria and weighting are consistent with the overall objectives of the scheme, and whether they are clearly defined with an objective way of measuring people against them.</p> <p>For voluntary and compulsory redundancy, whether the compensation terms meet legal standards and comply with relevant government regulations for the sector (for example, the Civil Service Compensation Scheme, Local Government Pension Scheme or Agenda for Change).</p> <p>For voluntary exit schemes, the consistency of payment terms with those from recent and similar schemes in other bodies in the public sector. They should also strike the right balance between encouraging poor performers to leave and not rewarding or incentivising poor performance.</p> <p>See also questions 2.2 on assessing value for money, 2.3 on protecting organisational capability, and 2.4 on ensuring the scheme design is fair.</p>



Continued Framework for auditing government exits and redundancies



2. Scheme design: Is the design of the exit scheme fair and consistent with long-term workforce planning, and does it provide value for money?

Audit question	Evidence to look for (such as data, documents, processes)	Criteria/metrics to help with evaluating evidence
2.2 Assessing value for money: Did the organisation fully assess the value for money of the scheme as well as alternative options?	<p>Analysis of the full cost of implementing the scheme, set against the expected savings, and the timetable for realising those savings. This should cover both direct costs (such as exit payments, additional pension liabilities, recruitment, redeployment/career transition services and administrative or legal expenses), indirect costs (such as the impact of service disruption, reduced productivity and legal costs arising from disputes), direct savings (such as salary, national insurance, pension contributions, overtime pay and other benefits) and indirect savings (such as workspace costs, IT support, professional subscriptions, management and supervision time and HR administration).</p> <p>Analysis should include relevant information on targeted roles, such as contract terms of staff, average length of service, average pay levels, performance levels and average age.</p> <p>Use of investment appraisal techniques such as payback period or net present value to assess affordability and value for money.</p> <p>Analysis of the sensitivity of costs and benefits to changes in the operating environment and different take-up scenarios.</p> <p>Modelling of the cost, savings and payback period of different options, with a justification for why the chosen option represents the best value for money and strategic fit.</p>	<p>Completeness of cost analysis, including both direct and indirect costs and savings.</p> <p>Robustness of cost and savings assumptions.</p> <p>Contingency allowed for cost and savings to allow for uncertainty and different take-up scenarios.</p> <p>Clear value-for-money justification for the chosen scheme.</p>



Continued Framework for auditing government exits and redundancies



2. Scheme design: Is the design of the exit scheme fair and consistent with long-term workforce planning, and does it provide value for money?

Audit question	Evidence to look for (such as data, documents, processes)	Criteria/metrics to help with evaluating evidence
<p>2.3 Protecting organisational capability in the scheme design: Did the organisation review its operating model to ensure the scheme is designed to meet its objectives, aligns with workforce plans and protects organisational capability?</p>	<p>Reviews of the current operating model and working practices to identify the most effective way to achieve the scheme's objectives. This should include a review of the most efficient and effective way to deliver its core activities with fewer staff, or a different profile of staff (for example, restructuring plans to reduce duplication of roles, plans to streamline operations or changes to delivery expectations).</p> <p>Analysis of the potential impact of the staff exits on service/policy delivery and performance in the immediate and longer term.</p> <p>Analysis of current and future workforce requirements and supply, and workforce plans for addressing any skills and capability gaps (see our NAO framework on workforce planning for more information).</p> <p>Analysis of the skills and capabilities that are crucial to the delivery of high-priority and high-value activities (both current and future) and that need to be retained in the scheme; as well as skills and capabilities that are over-represented in the proposed organisational structure and that offer opportunities for staff reductions.</p> <p>Statement about how the scheme aligns with workforce plans (for example, from the application to the Cabinet Office for scheme approval and supporting business case).</p> <p>Details of how lessons from previous staff exit and redundancy schemes have informed the design of the current scheme.</p>	<p>The proposed operating model and supporting implementation plans clearly outline how the organisation will function with fewer staff or a different staffing profile, and the plans, taken in aggregate, seem sufficient to enable the organisation to continue meeting its strategic objectives without an unplanned deterioration in quantity or quality.</p> <p>Whether the organisation understands its current and future workforce needs and has suitable plans in place to address any skills and capability gaps (our NAO framework on workforce planning may be helpful in assessing this).</p> <p>The chosen scheme and selection criteria are consistent with long-term workforce plans. For example, critical skills/roles are excluded from eligibility criteria, overstaffing/duplication of roles is addressed, and there are criteria to stop high performers exiting.</p> <p>Also see question 4.3 on the impact of the scheme on long-term workforce plans.</p>



Continued Framework for auditing government exits and redundancies



2. Scheme design: Is the design of the exit scheme fair and consistent with long-term workforce planning, and does it provide value for money?

Audit question	Evidence to look for (such as data, documents, processes)	Criteria/metrics to help with evaluating evidence
<p>2.4 Ensuring the scheme design is fair and informed by consultation where required: Did the organisation take appropriate steps to ensure the scheme design was fair, including through clear and open communication with staff and unions, and meaningful consultation where required?</p>	<p>Information on measures taken to assess and prevent potential discrimination (for example, from equality impact assessments).</p> <p>Formal communication with staff and unions, including on the rationale for the schemes, the number and job roles affected, the proposed approach and criteria for selecting staff, and the process/timelines for implementation. This should include details of the process for communicating with staff who are away from work (such as on sick leave, maternity/paternity leave, career breaks or other types of authorised absence).</p> <p>Details of the consultation process and timelines, including details of how staff and unions were able to provide feedback, ask questions and raise concerns (both formally and informally).</p> <p>Written communication summarising feedback from staff/unions and management's response.</p> <p>For redundancy schemes, information on steps taken to avoid redundancies, the process for redeploying staff to other roles and the selection criteria for those roles.</p> <p>Staff and union perceptions on the clarity and openness of communication, whether there was meaningful consultation (where required) and whether the scheme design is fair. For example, this could be from surveys, feedback forums and communication with unions.</p>	<p>Eligibility and selection criteria are fair, non-discriminatory and compliant with the Equality Act 2010. They avoid criteria that may directly or indirectly discriminate.</p> <p>The timeliness of communication on potential exit schemes. For voluntary exits, this should be long enough for employees to consider whether to apply (at least two weeks), and for redundancy schemes it should be early enough for staff and unions to engage in consultation.</p> <p>Clarity of communication with staff and unions, including on the reasons for the scheme, and whether there was sufficient detail for informed responses.</p> <p>Redundancy consultations with staff and unions follow required timeframes and processes in line with legal and sector-specific rules such as the 2016 <i>Civil Service Redundancy Principles</i> protocol.</p> <p>Whether management adequately demonstrated that they have taken feedback into account.</p> <p>For redundancies, appropriate steps have been taken to avoid redundancies in line with legal and sector-specific rules, and there is a clear and transparent process for redeploying staff to other roles, with clear selection criteria.</p>



Continued

Framework for auditing government exits and redundancies



3. Delivery: How effectively has the organisation delivered the exit scheme and managed the staff reductions?

Audit question	Evidence to look for (such as data, documents, processes)	Criteria/metrics to help with evaluating evidence
3.1 Fairness of the selection processes: Were selection decisions for the scheme made fairly and was there transparency over the process and outcome?	<p>Information communicated to staff on how they will be assessed, including the scoring criteria and weighting, the composition of the decision panel, the moderation process and how they can appeal.</p> <p>Process for communicating decisions and the rationale to staff.</p> <p>Declarations of interest for selection panel members; and details of training/guidance provided to panel members on diversity, inclusion and unconscious bias.</p> <p>Details of how the organisation assessed and monitored equality impacts and potential bias, including a review of the overall profile of staff selected for the scheme – such as age, gender and other protected characteristics.</p> <p>Employees' perspective on whether the process was fair and transparent (for example, from staff surveys, employee feedback and communication with unions).</p> <p>Details of any appeals, including the number submitted, reasons given, legal advice received and whether it was followed, and the outcomes.</p>	<p>Transparency over scoring criteria, weighting and the decision-making process.</p> <p>At least two people on the decision panel to reduce bias, and a moderation process to ensure consistency (for example, peer review or use of an HR/independent moderator).</p> <p>Impact of decisions on the organisation's equality and diversity indicators.</p> <p>How many appeals are upheld (for example, successful appeals can result in additional exits which may not have been budgeted for).</p>

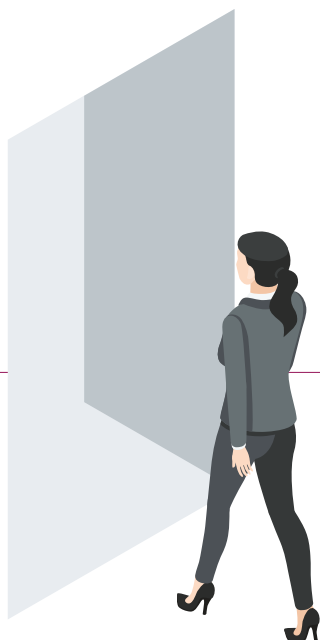


Continued Framework for auditing government exits and redundancies



3. Delivery: How effectively has the organisation delivered the exit scheme and managed the staff reductions?

Audit question	Evidence to look for (such as data, documents, processes)	Criteria/metrics to help with evaluating evidence
3.2 Protecting organisational capability and value for money in decision-making: Did the organisation take account of organisational capability and value for money in its decision-making?	<p>Records of individual scores, decisions and the rationale for these, along with evidence used in assessments.</p> <p>Details of how the organisation assessed the collective skills profile of staff selected for the schemes, to ensure the overall workforce impact was aligned to business needs. For example, this is likely to include analysis of skills, grade and performance.</p> <p>Data on the performance and skills of leavers compared to those who remained.</p> <p>Details of any compensation made in excess of payment caps for that sector, and the approval sought and granted.</p>	<p>Whether selection decisions were consistent with the agreed criteria and weightings, and whether they took account of the scheme's objectives, the individual's skills in relation to future workforce needs, their performance, cost implications and overall value for money.</p> <p>Quality/completeness of information and data used in decision-making, such as on individual performance and skills, and the cost implication of decisions.</p> <p>Percentage of staff that exited who were high-performing or had critical skills.</p> <p>Clear rationale and appropriate sign-off for any payments made in excess of the payment cap for that sector or special severance payments.</p> <p>Whether spending on exits could have been avoided or minimised, such as flexibility to make lower-than-standard tariffs for voluntary exits, and avoiding payments in lieu of notice.</p> <p>Also see question 4.3 on the longer-term impact on organisational capability.</p>



Continued Framework for auditing government exits and redundancies



3. Delivery: How effectively has the organisation delivered the exit scheme and managed the staff reductions?

Audit question	Evidence to look for (such as data, documents, processes)	Criteria/metrics to help with evaluating evidence
3.3 Minimising disruption: Did the organisation take appropriate action to minimise the disruption caused by staff exits and monitor the operational impact?	<p>Support/training given to employees to adapt to new ways of working and minimise the disruption from employees leaving.</p> <p>Knowledge transfer processes implemented before staff exits, to minimise loss of institutional knowledge.</p> <p>Reviews of the impact of exits/redundancies on remaining employees' workloads (for example, from timesheets).</p> <p>Information used to track the immediate impact of the staff exits/redundancies on the delivery of services/core activity, including on performance and productivity.</p> <p>Assurance arrangements and feedback loops to trigger remedial action if key deliverables are not being met or if performance dips.</p> <p>Staff perspectives on whether they have been sufficiently supported to minimise the disruption from colleagues leaving; for example, from staff surveys and informal feedback.</p>	<p>Enough time allowed to implement the scheme to prevent immediate loss of skills disrupting current or ongoing projects.</p> <p>Uptake of staff training/support.</p> <p>Trends in service quality, performance and productivity before and after staff exits, and (where relevant) time to return to pre-exit performance.</p> <p>Whether issues were appropriately escalated if deliverables were not met or performance or productivity dipped.</p> <p>Assessment of quality of data on performance and productivity.</p>



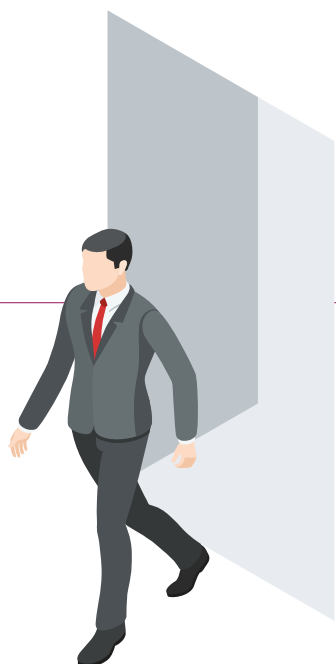
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Framework for auditing government exits and redundancies



3. Delivery: How effectively has the organisation delivered the exit scheme and managed the staff reductions?

Audit question	Evidence to look for (such as data, documents, processes)	Criteria/metrics to help with evaluating evidence
3.4 Morale of staff: Has the organisation taken appropriate actions to support both exiting and remaining staff to deal with the impact of uncertainty and reductions in the workforce?	<p>Support provided to exiting and remaining staff (for example, counselling, employee assistance programmes, career advice, CV and interview coaching).</p> <p>Training and/or support provided to managers on how to handle difficult conversations and lead people in challenging times/through change.</p> <p>For redundancy schemes, details of the organisation's redeployment process and career transition services, including the number of staff in the redeployment pool and number who were offered and accepted alternative roles within the organisation or in other departments/public sector organisations.</p> <p>Processes and feedback loops for monitoring staff engagement and morale before, during and after redundancies. For example, this could be from staff surveys, absence rates, turnover, productivity measures and complaints/grievances.</p> <p>Staff feedback from Q&A sessions, debriefs and other forums, along with information on how concerns have been addressed.</p> <p>Union perspectives on morale/engagement.</p>	<p>Uptake of employee/manager support.</p> <p>For redundancy schemes, percentage of staff in redeployment pools who were offered suitable alternative employment within the organisation or in other departments/public sector organisations.</p> <p>Trends in measures of employee engagement and morale before and after the staff exit scheme.</p> <p>Whether management have escalated, and has taken action in response to, dips in morale or engagement.</p>



Continued

Framework for auditing government exits and redundancies



4. Governance, monitoring and evaluation: Has the organisation put appropriate governance and oversight arrangements in place and evaluated the overall impact of the exit scheme?

Audit question	Evidence to look for (such as data, documents, processes)	Criteria/metrics to help with evaluating evidence
4.1 Governance and oversight: Were governance and assurance arrangements in place for the exit scheme?	<p>The strategy and plan for delivering the staff exit/redundancy programmes, with a budget, timetable, key performance indicators and milestones.</p> <p>Roles and responsibilities for oversight and delivery.</p> <p>Risk register and management plan with actions for managing risks.</p> <p>Reporting on key deliverables, performance measures and risks.</p> <p>Assurance arrangements/feedback loops to trigger remedial action if key deliverables are not met.</p>	<p>Roles clearly defined and assigned to those with the appropriate level of responsibility.</p> <p>Milestones and performance measures met/missed.</p> <p>Whether issues have been appropriately escalated if milestones or deliverables not met.</p>
4.2 Evaluating value for money: Has the organisation assessed whether the scheme met its objectives and delivered value for money?	<p>Evaluation process established to assess whether the scheme met its objectives.</p> <p>Data on the full cost of the scheme and the savings and other benefits, including the timing of these. This should include direct and indirect costs and savings.</p> <p>Analysis of the payback period.</p> <p>Feedback loops for evaluation outcomes to inform future staff exits/redundancies.</p> <p>Information on measures taken to ensure the sustainability of staff exits achieved through the scheme and prevent numbers creeping up again (for example, to prevent redundant roles or old ways of working being revived).</p>	<p>Whether objectives of the scheme were met.</p> <p>Cost, savings, other benefits and the payback period were in line with those anticipated at planning.</p> <p>Lessons from previous staff exit/redundancy schemes have been applied to subsequent ones.</p> <p>Whether staff reductions or changes in the composition of staff were maintained over the longer term.</p>

Continued

Framework for auditing government exits and redundancies



4. Governance, monitoring and evaluation: Has the organisation put appropriate governance and oversight arrangements in place and evaluated the overall impact of the exit scheme?

Audit question	Evidence to look for (such as data, documents, processes)	Criteria/metrics to help with evaluating evidence
4.3 Impact on long-term organisational capability: Has the organisation assessed the longer-term impact of the scheme on organisational capability and workforce needs?	<p>An updated analysis of current and projected staffing levels and skills, and how well these align with the organisation's current and future needs (see our NAO framework on workforce planning).</p> <p>Changes made to workforce plans since the exit scheme.</p> <p>Data on recruitment activity since the scheme, along with current job vacancies and unfilled posts – broken down by role/skill, grade and location.</p> <p>Evaluations of the long-term impact of the staff exits/redundancies on the delivery of services/policies.</p>	<p>Whether the staff exits or redundancies have created new skills gaps or made existing ones worse. For example, the organisation may have changed workforce plans to take account of skills/capability lost during the scheme.</p> <p>Whether the organisation has recruited for roles previously held by staff who left through the exit or redundancy scheme, or filled those positions through the use of consultants/agency staff.</p> <p>No unplanned deterioration in productivity, quality or performance over the longer term.</p>

Further resources



Key government resources

- The Cabinet Office and Civil Service Pensions have produced [guidance to support employers in completing the Civil Service Compensation Scheme \(CSCS\) application form](#) (2022) for different types of exits. The guidance also sets out which approvals are needed for exit schemes, and expected timings.
- The [Civil Service Compensation Scheme application form](#) (2023) needs to be submitted by departments to the Cabinet Office for approval for all exit schemes.
- The Cabinet Office's [Civil Service Redundancy Principles protocol agreement](#) (2016) provides guidance on redundancy procedures across the civil service to ensure best practice. Key principles of the agreement include committing to taking measures to avoid compulsory redundancies, consulting with trade unions from the outset, workforce planning being undertaken prior to any restructuring, and ensuring a civil service-wide approach to handling exits.
- HM Treasury's [Guidance on Public Sector Exit Payments: Use of Special Severance Payments](#) (2025) sets out how departments, executive agencies, non-departmental public bodies and other public sector organisations subject to the requirements of [Managing Public Money](#) should manage special severance payments (defined as payments made on termination that are not based on a contractual, statutory or legal entitlement). The guidance also sets out the approvals process for payments which are not delegated to the relevant departmental accounting officer.
- Government guidance for all employers on [making staff redundant](#) (on GOV.UK) also covers employee rights, including statutory redundancy pay.
- The Advisory, Conciliation and Arbitration Service (Acas) is an independent public body which provides free and impartial advice to employers, employees and their representatives. Its [Managing staff redundancies](#) (2025) is designed to help employers carry out redundancies fairly and legally, and goes through ten steps to follow during the process.

Key NAO resources

- [Government workforce planning – audit framework](#) (2025) contains a structured set of questions to test the quality of workforce planning in government.
- [Managing early departures in central government](#) (2012) examines the potential for government departments to achieve savings from early departures, including how well placed departments were to make informed decisions and manage risks to value for money.
- [A framework for managing staff costs in a period of spending reduction](#) (2010) sets out a framework for effective management of staff costs in a challenging environment of cost reduction in public services.
- [Managing staff costs in central government](#) (2011) uses our managing staff costs framework to provide a high-level review of how staff costs have been managed in central government.
- [Central government staff costs](#) (2015) assesses the reduction of civil service staff costs, including whether departments managed their workforces strategically to make sustainable reductions.

Key professional body resources

- The Chartered Institute of Personnel and Development (CIPD) is a professional association for those working in human resource management. Its [Redundancy: Guidance for people professionals](#) (2024) (access restricted to CIPD members) sets out nine key steps for handling a redundancy.
- CIPD has also published a shorter [factsheet](#) which suggests alternatives to redundancy and provides guidance on managing redundancy when unavoidable.