

**Civil Service Commission
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Extraordinary Retirement Income Complement Scheme (ERICs)

Civil Service Commission: Briefing Paper

Purpose

The Extraordinary Retirement Income Complement Scheme (ERICs) is a structural reform designed to protect the integrity of the Civil Service by reshaping the incentive landscape that governs senior officials' post-service behaviour. ERICs introduces a new equilibrium in which long-term independence becomes the rational, self-interested choice for public servants.

We invite the Commission to consider whether ERICs aligns with the principles of integrity and impartiality the Commission is mandated to uphold under the Constitutional Reform and Governance Act 2010, and to recommend its consideration by the Cabinet Office and relevant parliamentary committees.

Why the Commission Should Care

The Civil Service Commission's mandate is to uphold merit, impartiality, and public trust. The greatest threat to these principles is not individual misconduct but systemic incentive failure: the revolving-door dynamic that allows future private-sector employment to distort present-day regulatory decisions.

The current regime under ACOBA provides advisory guidance with a maximum two-year cooling-off period, no enforcement power, and voluntary compliance. Corporations simply wait out the restriction. Recent high-profile transitions from senior Treasury and regulatory positions to regulated financial institutions demonstrate the inadequacy of existing mechanisms.

ERICs directly addresses this failure by altering the payoff surface on which senior officials make career decisions.

How ERICs Changes the Incentive Topology

Two competing pathways currently exist for senior officials:

Path A (Integrity): Impartial regulation throughout career, standard pension, no post-service premium.

Path B (Capture): Perceived or actual partiality during service, lucrative private-sector role in the regulated domain post-retirement.

Because Path B offers outsized financial upside with limited enforcement risk, it often dominates rational decision-making. ERICs reverses this gradient through three mechanisms:

First, a new high-value integrity peak. A substantial deferred-compensation package payable only if the official avoids employment in their regulatory domain for a defined period.

Second, a steep penalty cliff for breach. Automatic forfeiture of all deferred compensation, mandatory public disclosure, and civil recovery of any payments received from prohibited employment.

Third, structural barriers against circumvention. Restrictions extend to consultancies, advisory roles, lobbying positions, and indirect influence channels. Persons of Significant Control over covered officials are subject to monitoring to prevent capture through ostensibly junior intermediaries.

The result is a system where the expected value of independence exceeds the expected value of capture.

Core Design Elements

Eligibility

ERICs applies to senior officials in high-capture sectors including technology, finance, energy, and pharmaceuticals. Covered positions include Permanent Secretaries, Directors-General, board members of arm's-length regulatory bodies, and Special Advisers above defined seniority thresholds. Eligibility begins after a minimum period of qualifying service.

Compensation Model

The deferred package must be calibrated to exceed the expected private-sector premium, otherwise it fails to shift behaviour. Based on observed post-service compensation patterns for former senior officials in financial services and technology regulation, the following indicative bands are proposed for consultation:

Grade	Deferred Package	Exclusion Period
Tier 1: Permanent Secretary, Head of Regulator	£5,000,000	15 years
Tier 2: Director-General, Deputy Head of Regulator	£3,000,000	12 years
Tier 3: Director, Senior Policy Lead, Senior SpAd	£1,000,000	10 years

These figures are calibrated against observed private-sector compensation for former senior officials in regulated industries. The principle is straightforward: the public must outbid the private interest for the official's post-service loyalty.

Persons of Significant Control

Capture does not always target the decision-maker directly. Sophisticated actors may instead cultivate relationships with individuals who exercise informal influence over covered officials: private secretaries, key advisers, or those with access to the official's decision-making process.

ERICs therefore introduces a Persons of Significant Control (PSC) monitoring regime. Any individual identified as having significant influence over a covered official's regulatory decisions is subject to disclosure requirements and post-service monitoring. Employment of a PSC by a regulated entity within five years of the covered official's departure triggers enhanced scrutiny and creates a rebuttable presumption of indirect circumvention.

This addresses the vulnerability whereby ostensibly junior staff—who would not themselves qualify for ERICs coverage—become vectors for capture of the officials they serve.

Regulatory Domain Definition

The prohibition applies to employment within the official's regulatory domain, defined by reference to Standard Industrial Classification (SIC) codes maintained in a public schedule. The ERICs Administrator is empowered to add or remove SIC codes by statutory instrument subject to negative resolution procedure. This creates legal certainty while preserving flexibility to respond to evolving industry structures.

Restrictions cover direct employment, consultancy, board membership, advisory roles, registered lobbying, and any arrangement where the former official receives compensation (directly or indirectly) from an entity within the prohibited sector.

Family and Associate Provisions

Direct prohibition of family members' employment raises insurmountable legal obstacles under Article 8 ECHR and basic privity of contract principles. ERICs therefore adopts a disclosure-and-disgorgement model.

Covered officials must disclose any immediate family member's employment in the regulated sector. If compensation to a family member from a regulated entity exceeds market rate by a defined margin (to be determined through consultation, indicatively 20%), this creates a rebuttable presumption of circumvention. The burden shifts to the official to demonstrate the compensation was not connected to their regulatory role. Failure to rebut triggers forfeiture proceedings.

Funding

Sustainable funding models include a levy on regulated sectors (structured as a percentage of existing compliance costs, hypothecated to the ERICs fund), integration with Civil Service pension infrastructure as an enhanced tier, and recycling of forfeitures from ERICs breaches into future payments. Initial capitalisation could derive from recovered proceeds in regulatory enforcement actions or ring-fenced allocations.

The scheme should be designed to be self-sustaining within five years of establishment.

Oversight and Administration

An independent ERICs Administrator manages the scheme with audit powers, transparent reporting, and rapid enforcement mechanisms. The Administrator is appointed by a cross-party parliamentary committee (not ministerial appointment) and is themselves subject to ERICs-equivalent restrictions, funded from the same pool. This prevents capture of the oversight body itself.

The Administrator maintains the public schedule of covered positions and prohibited sectors, investigates potential breaches, initiates forfeiture proceedings, and publishes an annual transparency report.

International Precedent

ERICs is not without precedent. Singapore's ministerial salary framework explicitly links high public-sector compensation to corruption prevention, operating on the principle that competitive pay reduces the incentive for improper conduct. While the Singapore model addresses in-service rather than post-service behaviour, it demonstrates that mechanism design—altering payoff structures rather than appealing to virtue—can achieve governance objectives.

The United Kingdom has an opportunity to establish global leadership in post-service integrity mechanisms, creating a framework that other jurisdictions may subsequently adopt.

Implementation Priorities

Primary legislation establishing the ERICs Authority with statutory powers.

Secondary legislation defining covered positions, exclusion periods, and compensation schedules.

Appointment of the independent ERICs Administrator through cross-party parliamentary process.

Publication of the regulatory domain schedule (SIC code groupings).

Pilot implementation in sectors with highest historical capture risk (financial services, technology, pharmaceuticals).

Success Indicators

Measurable reduction in post-service transitions into regulated industries within five years of implementation.

Increased public trust in the impartiality of regulatory decisions, measured through established survey instruments.

Stronger internal confidence among civil servants that integrity is rewarded rather than penalised, measured through Civil Service People Survey.

The Ask

ERICs requires primary legislation and falls outside the Civil Service Commission's direct implementation authority. However, the Commission's endorsement of the principle—that integrity should be structurally incentivised rather than merely exhorted—would carry significant weight.

We respectfully invite the Commission to:

1. Consider whether ERICs aligns with the principles of merit, impartiality, and integrity that the Commission is mandated to uphold.
2. Recommend consideration of ERICs by the Cabinet Office, the Committee on Standards in Public Life, and relevant parliamentary committees.
3. Provide any observations on the proposed design elements that would strengthen alignment with Civil Service values.

Conclusion

ERICs is not a behavioural appeal. It is mechanism design. It ensures that serving the public interest is not merely virtuous, but strategically optimal. By reshaping the incentive topology that governs post-service decisions, ERICs protects decent public servants from undue pressure, eliminates the rational case for capture, and restores public confidence that regulatory decisions are made solely in the public interest.

The scheme is self-funding, perpetual, and aligned with the Commission's core mandate. We commend it to the Commission's consideration.

Yours faithfully,

Eric M.W. Masaba

**Inventor of the dynamic rideshare app boom since 2005 (Patent US11,485,164)
Predictor of Credit Contagion (see attached letters)**