

Early Retirement and Redundancy Compensation Policy

1. Introduction

Mansfield District Council recognises the need to manage redundancy and early retirements in a fair and transparent way, particularly in respect of severance payments and compensation that may be awarded.

2. Purpose

- 2.1 The purpose of this policy is to inform employees of the Authority's approach to awarding redundancy and early retirement payments.
- 2.2 This policy is supported by the Council's Policy on Pension Discretions.
- 2.3 Provisions of how to inform, consult and select when handling redundancies is detailed in the Council's Restructuring and Redundancy Policy.

3. Scope

- 3.1 The policy applies to all employees of the Authority covered by the terms of the National Joint Council for Local Government Services and employees covered by the Craft Agreement. This includes full-time, part-time and temporary employees
- 3.2 Employees covered by the Joint Negotiating Committees for Chief Officers and Chief Executives, and NJC posts nominated as the Council's Monitoring and Section 151 Officers have particular provisions applied to them. In these cases, this policy will be applied as closely as possible subject to such modification as may be required due to those provisions.

4. Redundancy

4.1 Definition of Redundancy

Redundancy is potentially a fair reason to dismiss an employee as set out in the Employment Rights Act 1996 (ERA). A statutory definition is cited in s.139 (1) of the ERA but essentially redundancy occurs where:

- The establishment where the employee works closes down.
- The need for workers carrying out a certain type of work has ceased or reduced. (The work itself may not have reduced - it is the need for the employees that is the test); or
- There is a change in the place of work of the employee.

- 4.2 Redundancy attracts a redundancy payment which is payable under statutory legislation.



4.3 Employees affected by redundancy, will be considered under the provisions of the Council's Redeployment Policy.

4.4 **Redundancy Situations**

4.4.1 Compulsory redundancy will only be instigated when all other reasonable available means of managing business needs have been considered and exhausted.

4.4.2 In accordance with the Redundancy and Restructuring Policy, Heads of Service and Directors should identify and quantify possible redundancies and make every effort to identify posts and therefore individuals who are at risk of redundancy.

4.4.3 The Council will endeavour to ensure that all reasonable means are utilised to effectively manage employee redundancies arising out of redundancy situations.

4.4.4 To reduce the possibility of compulsory redundancy, the following measures may be considered where appropriate:

- the possibility of releasing a “not at risk” employee to avoid an “at risk” employee being made compulsorily redundant (this is known as “substitution” or “bumping”), dependent upon available posts, transferability of skills experience, timescale and budget
- voluntary reduction in hours may be appropriate where a redundancy situation could be avoided by a number of employees reducing their hours.
- job sharing
- voluntary redeployment: dependent upon available posts, transferability of skills experience, timescale and budget
- early retirement: seeking expressions of interest from employees who are willing to volunteer themselves for early retirement.
- voluntary redundancy: seeking expressions of interest from employees who are willing to volunteer for voluntary redundancy.

4.5 **Voluntary Redundancy**

4.5.1 The basic principles as regards voluntary redundancy are:

- there is a need to reduce staff numbers in the volunteers' service area
- releasing the volunteer will allow another employee at risk to secure continued employment
- the remaining staff have the skills, qualifications and experience to fill the remaining posts and ensure continued excellent service delivery
- voluntary redundancy will only be considered where there is no prospect of redeployment to a suitable post.

4.5.2 The Managing Director has the authority to agree individual cases of voluntary redundancy, with or without early retirement, taking account of the financial implications.



- 4.5.3 There is no guarantee that every request for voluntary redundancy will be agreed and employees expressing an interest will not then be bound to accept the severance package offered.
- 4.5.4 Applicants for voluntary redundancy will not normally be considered where they are currently the subject of disciplinary, performance capability or attendance management procedures which may lead to their dismissal.
- 4.5.6 In the event that there are more volunteers than reductions required, selection will be made using a skills audit to ensure service delivery can be maintained and account will be taken of the cost to the Council of agreeing the redundancy in each case.
- 4.5.7 There will be no right of appeal in respect of non- selection for voluntary redundancy.

4.6 **The Redundancy Payment:**

- 4.6.1 Any employee with a minimum of two years' continuous service, who is made redundant, following the deletion of their post from the Establishment, will be entitled to a statutory redundancy payment.
- 4.6.2 Under Regulation 5 of the 2006 Discretionary Compensation Regulations Mansfield District Council has chosen to apply discretion and to enhance the redundancy payment, in accordance with the statutory formula, to a compensation payment based upon an employee's gross weekly pay.
- 4.6.3 The amount of statutory redundancy payment depends on an employee's age, length of service and the amount of their normal contractual weeks pay:

The matrix used for the calculation of the redundancy payment in line with the statutory formula is detailed in Appendix 1.

- 4.7.4 The Council will not award compensatory weeks in excess of the basic redundancy entitlement as per the Council's Pensions Discretions Policy.
- 4.7.5 Employees who receive compensation for redundancy will be required to pay back this payment if they secure alternative employment with a body covered by the Local Government Modification order within 4 weeks of the date of termination of employment.

5. **Efficiency Termination**

5.1 Definition of Efficiency Termination

There is no statutory definition of termination "in the interests of the efficient exercise of the employing authority's functions" usually referred to as "in the interests of the efficiency of the service." It is for the employer to certify in each case that the



employee has ceased employment in the interests of the efficient exercise of the employer's functions.

- 5.2 The provisions for the Council to effect a termination 'in the interests of the efficiency of the service' will be used in exceptional cases only and will be subject to the agreement of the Managing Director.
- 5.3 The distinction between efficiency and redundancy is that in the case of redundancy the resultant vacancy is not filled and in cases of efficiency of the service termination, a statutory redundancy payment does not apply.
- 5.4 The circumstances in which employment may be terminated on efficiency grounds are not simply reorganisation/restructuring but are more generally related to health/ability/age or personal/domestic considerations.
- 5.5 Appropriate cases are those involving an employee requesting an element of compassion e.g. the application of the provisions may be justified in a case of intermittent ill-health where a person does not qualify for immediate payment of pension benefits on grounds of permanent incapacity; or where an employee with long service becomes unable to adapt to modern methods or to a change of post and the Council cannot accommodate them elsewhere.
- 5.6 A decision on each case must be reached 'on the grounds of the efficient discharge of the Council's functions' and not merely on the basis of financial savings for the Council, this being necessary in order to comply with the appropriate pension regulations (as appropriate).
- 5.7 **The Efficiency Termination Compensation Payment**
- 5.8 There is no statutory requirement to pay compensation if your employment is terminated on the grounds of efficiency.
- 5.9 The Council has determined that a severance payment will be made and is calculated using the matrix detailed in Appendix 2 which allows for a 1.5 multiplier if the business case supports this approach.
- 5.10 Both redundancy and efficiency termination attract full pension entitlement for Local Government Pension Scheme (LGPS) members aged 55 or over.

6. Early Retirement

6.1 Definition

"Retirement" is used in the context that pension benefits are payable to the employee on leaving the Council or upon application.



- 6.2 There are different grounds that determine if benefits are payable and the level of those benefits as well as the age and length of service of the employee. The grounds are:

Voluntary Retirement, Redundancy or Efficiency, Flexible Retirement or Ill-health

- 6.3 Local authorities may, at their discretion, grant compensatory benefits to employees who cease their employment prematurely on the grounds of redundancy or in the interests of the efficiency of the service.
- 6.4 In order to comply with the Employment Equality (Age) Regulations 2006, local authorities are required to develop and publish their own policy on the award of any discretionary payments in compensation for loss of employment. A full copy of Mansfield District Council's Policy on Pension Discretions is available from the intranet or HR team.
- 6.5 For further information on flexible retirement please refer to the Council's Flexible Retirement Policy. Ill-Health retirement is covered in the Attendance Management Policy.
- 6.6 **Early retirement applying the "85 year rule".**

- 6.6.1 An amendment to the Local Government Pension Scheme (LGPS) in April 2008 removed the "85 year" rule but protected all current members who attain age 60 by 31st March 2016 and phased protection for those attaining age 60 between 1st April 2016 and 31st March 2020:

- 6.6.2 The 85 year rule applies when the combined sum of the employee's age and length of service is in excess of 85 years. Normally under the LGPS Regulations the following applies:

Employees over age 60 may retire without the employer's consent and without actuarial reduction to pension.

Employees between age 55 and 60 can retire with the employer's permission without actuarial reduction to pension if they are leaving on redundancy or in the interests of the efficiency of the service.

6.7 Early retirement outside the "85 year rule":

- 6.7.1 Employees aged 55 years or over who are made redundant or retire in the interests of business efficiency are entitled to benefits being payable immediately without actuarial reduction.
- 6.7.2 Under LGPS Regulations employees aged between 55 and 60 who do not qualify under the 85 year rule may retire with the employer's consent and with actuarial reduction if they chose to leave the organisation before their 60th birthday.



- 6.7.3 Employees aged 60 or over who do not meet the 85 year rule can retire with actuarial reduction, without the permission of the employer.
- 6.8 Due to the number of variables that affect these calculations and them being subject to frequent change it is strongly advised that in all cases a specific quotation of costs should be sought from the Pensions Office prior to financial decisions being made.

7. Process

For all cases of voluntary and compulsory redundancy, early retirement or efficiency termination:

- 7.1 Before any business case is submitted, managers should take all appropriate steps to avoid a redundancy situation occurring, such as natural wastage, redeployment, retraining or the reorganisation of work. They should also consider the option of requesting volunteers for redundancy elsewhere in the organisation where their release would provide redeployment opportunities for those at risk. These considerations should be reflected in the business case that is submitted.
- 7.2 The Head of Paid Service (Managing Director) will consider the business case submitted in writing by the Corporate Director/ Head of Service in order to select posts for redundancy and/or determine whether efficiency and early retirement requests can be supported.
- 7.3 The Managing Director's consideration will include the potential in each individual case for "payback" over a 2.5 year period, that is the cost of the individual's early retirement or efficiency termination, including pension strain and any consequential costs, offset against overall savings from the deletion of the post from the Establishment and targeted efficiency savings that need to be met from the service. This time limit may be extended at the discretion of the Managing Director.
- 7.4 In order to ensure consistency across departments, the Managing Director (or Personnel Committee for JNC employees) can only award severance and compensation payments in line with those specified in sections four , five and six of this policy.
- 7.5 Any appeal against compensation levels awarded will be referred to a nominated, independent, employment law consultant in writing. The Managing Director (or Personnel Committee for JNC employees) will have regard to the recommendation of the consultant in coming to a decision.
- 7.6 To ensure and embed consistency and fairness, an annual report of redundancy and early retirement decisions will be produced by the Managing Director and considered by the Personnel Committee. Any recommendation on amendments to the operation of the policy will be made to Full Council.



8. Appeal against Compensation Awards

8.1 Following consideration by the Managing Director, the recommended outcome will be reported to the relevant Corporate Director/ Head of Service, and in turn to the post holder, with details of the appeals process. In the event of there being concern about the level of compensation awarded, an appeal may be submitted either by:

- The Corporate Director/ Head of Service of the department concerned, or
- The post holder.

The grounds for the Appeal must be:

- Incorrect application of this policy.
- Incorrect compensation being awarded.

8.2 The person making the appeal will need to write, stating the grounds for appeal within 14 calendar days of being notified of the Managing Director's decision. Appeals should be normally be dealt with within 28 calendar days of receipt of the written appeal being submitted. In the event that this timescale cannot be met, a revised timescale will be discussed with all parties concerned.

8.3 The appeal will provide the opportunity to the employee or Corporate Director/Head of Service to state why they consider the initial award to be unacceptable and why they consider that the award should be reviewed. This should be returned to the HR Manager, by the given date.

8.4 If the employee is graded at Head of Service or above the appeal will be made to the Personnel Committee. The same timescales apply.

8.5 The appeal will be referred to a nominated, independent, employment law consultant, who will receive submissions in writing. The role of the consultant will be to advise the Managing Director/ Personnel Committee

8.6 The Managing Director/ Personnel Committee will have regard to the recommendation of the Consultant in reaching a final decision.

8.7. The decision of the Managing Director/ Personnel Committee will:

- Confirm the original decision or substitute an alternative assessment, which could result in an increase or decrease in the level of compensation granted.
- Be binding with no further internal right of appeal.
- The employee will be advised of the outcome of the decision in writing

8.8 This procedure is intended to apply to appeals against the level of compensation determined through the application of the Council's discretionary awards criteria only.



The Council has a policy on LGPS Employer Discretions and how they are applied which supports this policy.

- 8.9 The procedure for Appeals against selection for redundancy is detailed in the Restructuring and Redundancy Policy.

9. Related Policies and Procedures

- Policy on Employer Discretions November 2010 - Local Government Pension Regulations 2008 and 2010.
- Restructuring and Redundancy Policy
- Redeployment Policy
- Flexible Retirement Policy
- Voluntary reduction in Hours Scheme.

Implementation date:	December 2010
Review date:	As required in line with legislation
Originator:	Mariam Amos – HR
Last amended:	December 2010



AGE	Service (years)																			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
17	1																			
18	1	1.5																		
19	1	1.5	2																	
20	1	1.5	2	2.5																
21	1	1.5	2	2.5	3															
22	1	1.5	2	2.5	3	3.5														
23	1.5	2	2.5	3	3.5	4	4.5													
24	2	2.5	3	3.5	4	4.5	5	5.5												
25	2	3	3.5	4	4.5	5	5.5	6	6.5											
26	2	3	4	4.5	5	5.5	6	6.5	7	7.5										
27	2	3	4	5	5.5	6	6.5	7	7.5	8	8.5									
28	2	3	4	5	6	6.5	7	7.5	8	8.5	9	9.5								
29	2	3	4	5	6	7	7.5	8	8.5	9	9.5	10	10.5							
30	2	3	4	5	6	7	8	8.5	9	9.5	10	10.5	11	11.5						
31	2	3	4	5	6	7	8	9	9.5	10	10.5	11	11.5	12	12.5					
32	2	3	4	5	6	7	8	9	10	10.5	11	11.5	12	12.5	13	13.5				
33	2	3	4	5	6	7	8	9	10	11	11.5	12	12.5	13	13.5	14	14.5			
34	2	3	4	5	6	7	8	9	10	11	12	12.5	13	13.5	14	14.5	15	15.5		
35	2	3	4	5	6	7	8	9	10	11	12	13	13.5	14	14.5	15	15.5	16	16.5	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14.5	15	15.5	16	16.5	17	
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15.5	16	16.5	17	17.5	
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16.5	17	17.5	18	
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17.5	18	18.5	
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18.5	19	
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19.5	
42	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
44	3	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	
45	3	4.5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
46	3	4.5	6	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	
47	3	4.5	6	7.5	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
48	3	4.5	6	7.5	9	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	
49	3	4.5	6	7.5	9	10.5	12	13	14	15	16	17	18	19	20	21	22	23	24	
50	3	4.5	6	7.5	9	10.5	12	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	
51	3	4.5	6	7.5	9	10.5	12	13.5	15	16	17	18	19	20	21	22	23	24	25	
52	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	25.5	
53	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19	20	21	22	23	24	25	26	
54	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	20.5	21.5	22.5	23.5	24.5	25.5	26.5	
55	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22	23	24	25	26	27	
56	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	23.5	24.5	25.5	26.5	27.5	
57	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25	26	27	28	
58	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	26.5	27.5	28.5	
59	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28	29	
60	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	29.5	
61+	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	

Proposed discretionary payments for Efficiency of the Service leavers

APPENDIX TWO

Expressed in number of weeks up to a maximum of £

		SERVICE																																					
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38
AGE																																							
17		1.5																																					
18		1.5	3																																				
19		1.5	3	4.5																																			
20		1.5	3	4.5	6																																		
21		1.5	3	4.5	6	7.5																																	
22		1.5	3	4.5	6	7.5	9																																
23		1.5	3	4.5	6	7.5	9	10.5																															
24		1.5	3	4.5	6	7.5	9	10.5	12																														
25		1.5	3	4.5	6	7.5	9	10.5	12	13.5																													
26		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15																												
27		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5																											
28		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18																										
29		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5																									
30		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21																								
31		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5																							
32		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24																						
33		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5																					
34		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27																				
35		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5																			
36		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30																		
37		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5																	
38		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33																
39		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5															
40		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36														
41		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36	37.5													
42		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36	37.5	39												
43		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36	37.5	39	40.5											
44		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36	37.5	39	40.5	42										
45		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36	37.5	39	40.5	42	43.5									
46		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36	37.5	39	40.5	42	43.5	45								
47		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36	37.5	39	40.5	42	43.5	45	46.5							
48		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36	37.5	39	40.5	42	43.5	45	46.5	48						
49		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36	37.5	39	40.5	42	43.5	45	46.5	48	49.5					
50		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36	37.5	39	40.5	42	43.5	45	46.5	48	49.5	51				
51+		1.5	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30	31.5	33	34.5	36	37.5	39	40.5	42	43.5	45	46.5	48	49.5	51	52			

Employees aged 51 and above should apply the figures quoted for age 51