



ABERDEEN
CITY COUNCIL

**VOLUNTARY
SEVERANCE/ EARLY
RETIREMENT POLICY
AND BENEFITS**

*Agreed by the Finance, Policy and Resources
Committee of 19 April 2016*

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SECTION 1 - INTRODUCTION

Policy Statement

Employees should, wherever possible, be able to continue working for as long as they wish and are able to do so. However, we equally recognise that in some circumstances it may be in the interests of the organisation for employees to be allowed to leave prematurely, and receive compensatory benefits, where this will assist the Council to meet its aims.

Local Government works in an environment of constant change, where achieving Best Value is a statutory requirement and where public accountability is necessary. There is a need to review and continually improve performance and service provision by undertaking work more efficiently and effectively.

At the same time, we recognise our responsibility to protect security of employment and the need to retain the skills and knowledge of our workforce. At times, however, changes will result in people becoming deskilled or even surplus to requirement and on occasion a need to reduce the size of the workforce in a particular area will arise. Whilst every reasonable effort will be made to reskill and/or redeploy employees in these circumstances, employees faced with this situation may instead express an interest in leaving prematurely and this may be supported by the employee's Service as a means of effectively addressing organisational change.

When dealing with cases under this policy, we will treat employees with respect, sensitivity and care.

What the policy covers

This policy explains the circumstances where an employee can be considered for premature release from their employment, the compensatory benefits that may apply and how applications for release under this policy will be assessed and progressed.

The policy adheres to the Local Government Pension Scheme (Scotland) Regulations 2014 , the Local Government Discretionary Payments and Injury Benefits (Scotland) Regulations 1998 (including any subsequent amendments), and relevant preceding regulations as well as the Employment Rights Act 1996.

SECTION 2 – SCOPE AND ELIGIBILITY

Who is covered by this policy?

This policy applies to all employees of the Council (excluding teachers and those covered by SNCT conditions who have separate provisions) with **at least two years' continuous service** and who are leaving the Council prematurely either on grounds of redundancy or efficiency.

When applying the process that applies to this policy, allowances will be made for those employees whose first language is not English or who have difficulty expressing themselves to ensure they understand its provisions.

When the policy applies

This policy applies in situations where

- i) an employee chooses to apply for voluntary severance or early retirement or;
- ii) an employee finds themselves in a position where their job is deleted from the structure and is in a potential redundancy situation (in which case the provisions of the Managing Redundancy policy must be observed (See note 1))
- iii) to avoid a redundancy situation elsewhere a “bumped” redundancy may be identified

Employees who choose to apply for release under this policy **are not guaranteed to have their application accepted or approved**. Management reserves absolute discretion to decide whether to accept any individual application under this policy. The decision whether to accept a particular application will depend on the Council's need to retain the types of knowledge, skills and competencies that it considers to be essential to meet its future organisational aims, the need to retain people with different skills and other circumstances it considers to be appropriate to the delivery of services.

The objective of this policy is to permit the premature release of an employee, with the appropriate compensatory benefits, where at least one of the following criteria is met:

- to assist with workforce management to ensure that we have the *“right people with the right skills in the right place at the right time”*
- where fewer employees are needed to carry out some or all of the work
- to assist in the provision of more responsive, efficient and cost-effective services
- to assist with the retention of employees and maintenance of a balanced workforce
- to achieve a balanced budget

The cost to the Council of an employee leaving under this policy will be critically evaluated against the financial savings and other quantifiable organisational benefits derived from the employee's release.

Each case under this policy will be considered on its own individual merits. **Management's decision on whether or not to accept or reject an individual application is final with accepted cases ultimately requiring approval by the relevant committee conveners.**

Note 1 – relationship to Managing Redundancy Policy

This policy complements, and should be read in conjunction with, the Council's Managing Redundancy Policy, where applicable.

Note 2 – considering cases where there is no cost benefit

Cases of early release under this policy should normally only be supported where there is a financial benefit to the Council. However, in exceptional circumstances, it may be appropriate for the Council to consider favourably an application where a cost would arise. Such cases would need to be carefully documented to demonstrate the non-financial factors that justified application of this policy. It is emphasised that cases must be exceptional and any costs would need to be reasonable.

When the policy does not apply

- This policy will not be used to address substandard work performance and/or poor attendance; this will be dealt with through the appropriate Council policy.
- The Council has separate policies/processes for flexible and ill-health retirement.

Options available to employees

There are two choices open to employees.

Employees who qualify for the Rule of 85 and who do not require employer's consent to retire early and access their pension benefits do not qualify for Option 1. All other employees with at least two years' continuous service may apply for Option 1.

The second option is ONLY open to employees who are members of the Local Government Pension Scheme (LGPS) and can access their pension benefits by reason of redundancy or efficiency of the service.

Option 1 – Voluntary Severance

The opportunity to apply for "voluntary severance" is open to all qualifying employees. This may arise in situations where there is a potential redundancy or efficiency of the service. This is irrespective of the employee being a member of

the LGPS, or not. The benefits that will apply are shown as a one off voluntary severance payment in accordance with the ready reckoner detailed at Appendix 1.

Option 2(a) – Early Retirement on the grounds of Redundancy

The opportunity to apply for “Early Retirement on the grounds of redundancy” is restricted to employees in the LGPS who are able to access their pension benefits without reduction. In cases where a request for early retirement is supported by the Council the benefits that will apply include immediate access to pension benefit without reduction and a one off redundancy payment in accordance with the ready reckoner detailed at Appendix 2.

Option 2(b) - Early retirement on the grounds of Efficiency of the Service

With regard to early retirement on the grounds of efficiency of the service, again this is restricted to employees who are able to access their pension benefits without reduction whose cases are supported. No redundancy payment will apply in such cases.

Difference between “voluntary severance” and “early retirement”

“**Voluntary severance**” applies to all qualifying employees covered by this policy.

“**Early retirement**” is applicable only to those employees in the LGPS who, under the pension regulations, are able to access their pension benefits.

The benefits are likely to differ depending on whether an employee is leaving under voluntary severance or early retirement, however, the process for making and dealing with applications is the same.

SECTION 3 - EMPLOYER INITIATED EARLY RELEASE

The **employer** can initiate an employee's early release under this policy in the following situations:

1. Redundancy

Where, in accordance with the Managing Redundancy Policy, a reduction in the workforce is seen as necessary by the employer and employees are invited to express an interest in volunteering to leave the Council's employment.

2. Bumped Redundancy

Bumped redundancies may be considered in accordance with the provisions of the Managing Redundancy Policy.

3. Efficiency of the service

Where an employee's early release will result in clear and demonstrable savings and an improvement in service delivery.

APPLICATION PROCESS FOR "EMPLOYER INITIATED" EARLY RELEASE

The **employer** may initiate application(s) for early release where the following situations arise:

- i) On Redundancy Grounds - where a reduction in the workforce is seen as necessary by the employer and employees are invited to express an interest in volunteering to leave the Council's employment
- ii) On grounds of Efficiency of the Service – where there is a clear and demonstrable financial benefit (savings) and service efficiency to the Council by approving an individual request.

Other situations may arise from time to time and it will be for the Head of Human Resources to determine the process after due consultation with the trades unions.

The process for employees wishing to be considered under this section is detailed below.

Invitation to volunteer

If it should become necessary for the Council to consider releasing employees prematurely under this policy, management will notify the directly affected employees (i.e. employees within the work location, section or service directly affected) and invite them to make an application under this policy within a prescribed time limit.

At the discretion of management, employees not directly affected may also be invited to apply for release under this policy (under a "bumped redundancy")

arrangement) where this will create redeployment opportunities for employees at risk of redundancy.

The invitation process will be as follows:

Step	Action
1	Management identifies invitation pool.
2	Management consult affected employees and appropriate trades unions on proposed action.
3	Invitations to express an interest in leaving under the policy communicated by letter to affected employees. Letter will include a note of interest form and invitation will be for a defined period.
4	Employee expresses an interest in release under the policy. Where appropriate (i.e. where there is a saving under the 'cost efficiency test') employee issued with an estimate of benefits. (In cases where there is no saving, an estimate of benefits may not be issued).
5	Employee invited to make a formal declaration for release under the scheme, including indicating the option which they are requesting i.e. voluntary severance or early retirement. The invitation will be available for a defined period.
6	Management is required to provide a supporting statement which is signed off by the Director.
7	Management consults trades unions on employees being supported for release on redundancy grounds.
8	Relevant Committee Conveners asked to approve applications being supported by the Chief Executive.
9	Management notifies employees of decision and where appropriate issues notice.

Cost Efficiency Test

The total cost of releasing an employee on a voluntary basis (i.e. early retirement), comprising strain on the fund, and redundancy payment where applicable, or voluntary severance payment, will require to be recouped and financial benefit to the Council must be evidenced at the end of five years following the last day of employment of the employee concerned. The savings will be assessed by calculating the total compensation costs that are associated with the application and offsetting these against the reduction in employment costs over the five year period.

The calculations associated with releasing an employee on a voluntary basis must be undertaken in every case and verified with a representative of the Head of Finance. There may be exceptional circumstances where cases involve modest costs that cannot be recouped over the required 5 year period. In such exceptional circumstances the Cost Efficiency Test may be set aside but this must have the support of the relevant Director and Director of Corporate Governance and then agreed by the relevant Conveners.

SECTION 4 – EMPLOYEE INITIATED EARLY RELEASE

Where an employee wishes to explore the possibility of leaving the Council's employment under this policy they must initially discuss their interest in early release with their Service Manager. Only where the provisions of the "**Cost Efficiency Test**" detailed above are met will cases be recommended for support.

Limit on number of expressions of interest by an employee

An employee may express an interest in early release under this policy only once in any rolling 12 month period (except where they are part of an invited group by the employer).

APPLICATION PROCESS FOR "EMPLOYEE INITIATED" EARLY RELEASE

The process for employees applying to be considered under this section is detailed below. It recognises that, at times, it may be of mutual benefit for an employee to leave the employment of the Council but this must be in accordance with the provisions detailed earlier in this policy. The Council is under no obligation to grant any application for voluntary severance/early retirement but it is recognised that an employee may in certain circumstances retire early and access pension benefits as determined within the Local Government Pension Scheme.

Step	Action
1	Employee discusses their interest in release under the policy with their Service Manager and where agreed submits an expression of interest form.
2	Manager considers whether they could support the employee's release using the criteria set out in this policy.
3	Manager meets with the employee to discuss outcome of assessment and confirms their decision in writing. If an application cannot be supported this is the end of the process and the following steps do not apply.
4	If an application is provisionally supported, a letter will be sent to the employee to invite them to make a formal declaration for release under the policy including the option that they are requesting to be applied. The letter will include an estimate of benefits and a declaration form. The invitation will be available for a defined period.
5	Management is required to provide a supporting statement which is signed off by the Director.
6	Management consults trades unions on employee(s) being supported for release on redundancy grounds.
7	Relevant Committee Conveners asked to approve applications being supported by the Chief Executive.
8	Management notifies employees of decision and where appropriate issues notice.

SECTION 5 - COMPENSATORY BENEFITS PAYABLE

The compensatory benefits payable to employees being released under this policy will depend on the employee's age and, length of continuous service, whether they are leaving on redundancy or efficiency grounds and whether they are members of the LGPS.

In accordance with the discretions that are available to an employer, the Council shall apply the following benefits:-

1) For employees who **VOLUNTEER** for release under the Policy

1.1 Voluntary Severance

The benefit that will apply to an employee who has their declaration for voluntary severance approved by the Council, will be a **Voluntary Severance Payment**. This payment is payable to all qualifying employees to whom this policy applies who have their declaration for voluntary severance approved by the Conveners. This is irrespective of them being an LGPS member or not.

The **Voluntary Severance Payment** applies where an employee chooses to leave the Council's employment on a voluntary basis (i.e. the employee has not been issued with a dismissal notice on the grounds of redundancy). They will receive a one off lump sum "**Voluntary Severance Payment**" based on their age and completed years of service (see ready reckoner at **Appendix 1**). The voluntary severance payment **includes** any statutory redundancy payment for which the employee would qualify.

A week's pay will be the employee's basic pay up to the statutory maximum payment*. For employees whose basic pay exceeds the statutory maximum payment their payment will be the statutory maximum payment PLUS 33% of the difference between the statutory maximum payment and the employee's basic weekly pay.

See **Note 5** for circumstances under which a voluntary severance payment can be withheld or reduced.

*Refer to Gov.uk website www.gov.uk for up-to-date statutory maximum week's pay figure for redundancy purposes.

1.2 Early Retirement on Grounds of Redundancy (this option only applies to members of the LGPS who are able to access their pension benefits by reason of redundancy)

Where an employee in the LGPS **VOLUNTEERS** for early retirement on the grounds of redundancy and qualifies under the pension regulations (i.e. LGPS Member aged 55 and over OR aged 50 and over if in the scheme on 5 April 2006, with a minimum of two years membership) to immediately access their pension benefits by virtue of release on redundancy grounds and this is approved by the Conveners they will qualify for the following:

1.2.1 Where an employee chooses to leave the Council's employment on a voluntary basis (i.e. the employee has not been issued with a dismissal notice on the grounds of redundancy) a one off lump sum "**Voluntary Redundancy Payment**" based on their age and completed years of service (see ready reckoner at **Appendix 2**). The voluntary redundancy payment **includes** any statutory redundancy payment for which the employee would qualify.

A week's pay will be the employee's basic pay up to the statutory maximum payment*. For employees whose basic pay exceeds the statutory maximum payment their payment will be the statutory maximum payment PLUS 33% of the difference between the statutory maximum payment and the employee's basic weekly pay.

1.2.2 In addition to the Voluntary Redundancy Payment the employee will qualify for immediate access to pension benefits. For those employees who have been members of the LGPS for **less than 2 years** they will receive a refund of pension contributions.

*Refer to Gov.uk website www.gov.uk for up-to-date statutory maximum week's pay figure for redundancy purposes.

Note 3 – Mutually Exclusive Benefits – Early Retirement on the grounds of Redundancy

The benefits under 1.1 and 1.2 above are mutually exclusive. Where an employee qualifies and chooses the benefits under 1.2 the benefits under 1.1 will not apply. Such an employee can opt for the benefits under 1.1 instead of 1.2 (assuming qualification).

1.3 Efficiency of the Service

In certain situations it may be in the Council's interest to allow employees to leave on the grounds of efficiency of the service. This will normally be where an employee is on a protected salary and there is still a requirement for the post they occupy to remain on the structure. By releasing the employee there must be a saving to the Council (please refer to the paragraph on the cost efficiency test).

Where an employee who is in the LGPS is able to access their pension benefits this will normally be supported by the employer, without actuarial reduction. However, as there is no redundancy situation there will be no one off voluntary redundancy payment.

Where an employee is unable to access their pension benefits through an efficiency of the service case, (or does not wish to access their pension benefits) they may, assuming qualification, choose to request their case be considered under the voluntary severance option under 1.1 above. (Please refer to Note 4).

Note 4 – Mutually Exclusive Benefits – Early Retirement on the grounds of Efficiency of the Service

Where the Council determines that the Efficiency of the Service case does not satisfy the cost efficiency test, the employee may request their case be considered under 1.1 above (assuming qualification). It should be noted that the benefits under 1.1 and 1.3 are mutually exclusive.

1.4 Early Retirement with actuarial reduction

There are circumstances, if there is not a redundancy or efficiency of service, where an employee in the LGPS may request to retire early (i.e. leave employment and be permitted to access their pension benefits). Where the employee is aged 55 and over and under 60, employer's consent is required. In such cases, where the employee is able to access their pension benefits under the pension regulations, any actuarial reduction will be applied to the employee's benefits, in accordance with the Council approved pension discretions. The Council will consider each request on its individual merit, with there being no obligation on the employer to approve any such application.

Rule of 85 protection may be available to some employees, with the Pensions Section able to provide details where required.

2) For employees in a compulsory redundancy situation

All employees in a **COMPULSORY** redundancy situation (i.e. have been placed on contractual notice of compulsory redundancy) will have the statutory minimum provisions applied which are:

- Half a week's pay for each full year of service where age during year is less than 22
- One week's pay for each full year of service where age during year is 22 or above, but less than 41.
- One and a half weeks' pay for each full year of service where age during year is 41+

The ready reckoner shown at Appendix 3 indicates the number of weeks an employee will be entitled to. The rate of weekly pay will be up to the Weekly Statutory Maximum* payment.

*Refer to Gov.uk website www.gov.uk for up-to-date statutory maximum week's pay figure for redundancy purposes.

3) Calculating One Off Payments

Payment shall be calculated by using the appropriate ready reckoner shown in the attached appendices where an employee's age and length of continuous service will determine the number of weeks' pay to which they will be entitled.

Once the number of weeks' entitlement is determined, the payment can be calculated by multiplying this by the weekly statutory maximum payment*. This is the entitlement for employees in a compulsory redundancy situation.

For those in a voluntary severance or early retirement due to redundancy situation (i.e. have not been served with a compulsory redundancy notice) whose weekly rate is greater than the weekly statutory maximum payment, the payment will be increased to the value equivalent of 33% of the difference between the weekly statutory maximum payment and the basic weekly pay of the employee at the time of leaving.

A number of example calculations are shown at Appendix 4

*Refer to Gov.uk website www.gov.uk for up-to-date statutory maximum week's pay figure for redundancy purposes.

4) Pension "added years" for members of the LGPS

The Council will **not** normally exercise its discretion to award added pension years to employees seeking early retirement who are members of the LGPS. Only in cases where there are exceptional circumstances determined by the Chief Executive in consultation with the Convener of the Finance, Policy and Resources Committee on recommendation of the relevant Director shall added years be considered and granted.

5) Qualifying Service for Redundancy Purposes

The qualifying service for calculating a severance/redundancy payment is **continuous** service with an organisation covered by the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Orders, which cover local authorities and related bodies. This must be a minimum of 2 years. Continuity of employment is broken if the period of time between an employee leaving and re-entering local authority service exceeds one week.

See **Note 5** for circumstances under which a statutory redundancy payment can be withheld or reduced.

Note 5 – when redundancy/severance payments can be reduced or withheld

When calculating a redundancy/severance payment, the Council will apply normal basic contractual pay, capped at the statutory maximum payment, except where the employee behaves in such a way that any mitigation of the redundancy dismissal has not been possible (e.g. not co-operating with the redeployment search).

There is likely to be a loss of entitlement to a redundancy payment (or voluntary severance payment due to be made on redundancy grounds) where:

- (1) the employee commences employment with an organisation covered by the Redundancy Payments Modification Orders within 4 weeks of their leaving date**
- (2) the employee is redeployed to another job in the Council before the end of their notice period**
- (3) the employee refuses an offer of suitable alternative employment**
- (4) the employee leaves employment before the leaving date set by the Council**
- (5) the employee is dismissed for some other reason during their notice period**

Note 6 – annual leave and notice periods

Normally any balance of annual leave should be used before leaving and the employee will continue in employment during their contractual notice period. This will avoid the need to pay in lieu of notice or for untaken annual leave and thereby reduce costs.

Employees are usually entitled to one week's notice for each year of service up to a maximum of 12 weeks` notice. The service counted for calculating notice is all continuous local authority service with an organisation covered by the Modification Orders.

Notice periods can be waived by mutual consent with there being no facility to pay in lieu of notice.

Restrictions on returning to employment with Aberdeen City Council

The following re-employment restrictions will apply to employees who have volunteered and accepted an offer made under this policy.

- **Restrictions for employees who accept an offer of Voluntary Severance / Early Retirement.**

Where an employee has an application for voluntary severance/early retirement approved by the Council, there will be an expressed and clear undertaking that where an application is approved the employee shall not apply for or accept paid work for Aberdeen City Council for a period of at least 24 months from the last date of employment. This provision also includes returning as an agency worker or working for Aberdeen City Council as an independent consultant.

This restriction can be waived if the person concerned either:

- i) agrees to refund the difference in value between the voluntary severance payment they actually received and what the statutory minimum redundancy payment would have been plus any one off 'strain on the fund' payment the Council has made to the LGPS in respect of the person accessing their pension early.
- ii) requests this restriction to be waived due to a significant change in their personal circumstances and this is agreed by the relevant Director. The Director must be satisfied that there would be significant service benefit to allow the person to be considered for future paid service.

- **Provisions for Employees who are made compulsorily redundant.**

No such restrictions apply to employees who are made compulsorily redundant, although by statutory provisions they will lose their right to their redundancy payment if they are re-employed by the Council, or employed by a body covered by the Modification Orders, within 4 weeks of their leaving date.

SECTION 6: REVIEW OF THE POLICY

HR and Customer Service will review this policy every 3 years. It will nevertheless be subject to continual review and amendment in light of experience of its operation, employment best practice and statutory requirements. Changes will only be made following normal consultation arrangements.

Appendix 1

Ready reckoner for calculating a voluntary severance payment (this includes any entitlement to a statutory redundancy payment)

		<i>Service (Years)</i>																		
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Age (years)																				
	17	3																		
18	3	4																		
19	3	4	5.5																	
20	3	4	5.5	7																
21	3	4	5.5	7	8.5															
22	3	4	5.5	7	8.5	9.5														
23	4	5.5	7	8.5	9.5	11	12.5													
24	5.5	7	8.5	9.5	11	12.5	14	15												
25	5.5	8.5	9.5	11	12.5	14	15	16.5	18											
26	5.5	8.5	11	12.5	14	15	16.5	18	19.5	20.5										
27	5.5	8.5	11	14	15	16.5	18	19.5	20.5	22	23.5									
28	5.5	8.5	11	14	16.5	18	19.5	20.5	22	23.5	25	26								
29	5.5	8.5	11	14	16.5	19.5	20.5	22	23.5	25	26	27.5	29							
30	5.5	8.5	11	14	16.5	19.5	22	23.5	25	26	27.5	29	30.5	31.5						
31	5.5	8.5	11	14	16.5	19.5	22	25	26	27.5	29	30.5	31.5	33	34.5					
32	5.5	8.5	11	14	16.5	19.5	22	25	27.5	29	30.5	31.5	33	34.5	36	37				
33	5.5	8.5	11	14	16.5	19.5	22	25	27.5	30.5	31.5	33	34.5	36	37	38.5	40			
34	5.5	8.5	11	14	16.5	19.5	22	25	27.5	30.5	33	34.5	36	37	38.5	40	41.5	42.5		
35	5.5	8.5	11	14	16.5	19.5	22	25	27.5	30.5	33	36	37	38.5	40	41.5	42.5	44	45.5	
36	5.5	8.5	11	14	16.5	19.5	22	25	27.5	30.5	33	36	38.5	40	41.5	42.5	44	45.5	47	
37	5.5	8.5	11	14	16.5	19.5	22	25	27.5	30.5	33	36	38.5	41.5	42.5	44	45.5	47	48	
38	5.5	8.5	11	14	16.5	19.5	22	25	27.5	30.5	33	36	38.5	41.5	44	45.5	47	48	49.5	
39	5.5	8.5	11	14	16.5	19.5	22	25	27.5	30.5	33	36	38.5	41.5	44	47	48	49.5	51	
40	5.5	8.5	11	14	16.5	19.5	22	25	27.5	30.5	33	36	38.5	41.5	44	47	49.5	51	52.5	
41	5.5	8.5	11	14	16.5	19.5	22	25	27.5	30.5	33	36	38.5	41.5	44	47	49.5	52.5	53.5	
42	7	9.5	12.5	15	18	20.5	23.5	26	29	31.5	34.5	37	40	42.5	45.5	48	51	53.5	56.5	
43	8.5	11	14	16.5	19.5	22	25	27.5	30.5	33	36	38.5	41.5	44	47	49.5	52.5	55	58	
44	8.5	12.5	15	18	20.5	23.5	26	29	31.5	34.5	37	40	42.5	45.5	48	51.5	53.5	56.5	59	
45	8.5	12.5	16.5	19.5	22	25	27.5	30.5	33	36	38.5	41.5	44	47	49.5	52.5	55	58	60.5	
46	8.5	12.5	16.5	20.5	23.5	26	29	31.5	34.5	37	40	42.5	45.5	48	51	53.5	56.5	59	62	
47	8.5	12.5	16.5	20.5	25	27.5	30.5	33	36	38.5	41.5	44	47	49.5	52.5	55	58	60.5	63.5	
48	8.5	12.5	16.5	20.5	25	29	31.5	34.5	37	40	42.5	45.5	48	51	53.5	56.5	59	62	64.5	
49	8.5	12.5	16.5	20.5	25	29	33	36	38.5	41.5	44	47	49.5	52.5	55	58	60.5	63.5	66	
50	8.5	12.5	16.5	20.5	25	29	33	37	40	42.5	45.5	48	51	53.5	56.5	59	62	64.5	67.5	
51	8.5	12.5	16.5	20.5	25	29	33	37	41.5	44	47	49.5	52.5	55	58	60.5	63.5	66	69	
52	8.5	12.5	16.5	20.5	25	29	33	37	41.5	45.5	48	51	53.5	56.5	59	62	64.5	67.5	70.	
53	8.5	12.5	16.5	20.5	25	29	33	37	41.5	45.5	49.5	52.5	55	58	60.5	63.5	66	69	71.5	
54	8.5	12.5	16.5	20.5	25	29	33	37	41.5	45.5	49.5	53.5	56.5	59	62	64.5	67.5	70	73	
55	8.5	12.5	16.5	20.5	25	29	33	37	41.5	45.5	49.5	53.5	58	60.5	63.5	66	69	71.5	74.5	
56	8.5	12.5	16.5	20.5	25	29	33	37	41.5	45.5	49.5	53.5	58	62	64.5	67.5	70	73	75.5	
57	8.5	12.5	16.5	20.5	25	29	33	37	41.5	45.5	49.5	53.5	58	62	66	69	71.5	74.5	77	
58	8.5	12.5	16.5	20.5	25	29	33	37	41.5	45.5	49.5	53.5	58	62	66	70	73	75.5	78.5	
59	8.5	12.5	16.5	20.5	25	29	33	37	41.5	45.5	49.5	53.5	58	62	66	70	74.5	77	80	
60	8.5	12.5	16.5	20.5	25	29	33	37	41.5	45.5	49.5	53.5	58	62	66	70	74.5	78.5	81	
61*	8.5	12.5	16.5	20.5	25	29	33	37	41.5	45.5	49.5	53.5	58	62	66	70	74.5	78.5	82.5	

61* - The table stops at age 61 because for employees age 61 and over, the payment remains the same as for age 61.

The above table shows the entitlement in weeks.

Appendix 2

Ready Reckoner for calculating an Early Retirement (on the grounds of redundancy) payment (this includes any entitlement to a statutory redundancy payment)

		<i>Service (Years)</i>																		
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Age (years)																				
	50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25	
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½	
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26	
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½	
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27	
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½	
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28	
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½	
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29	
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½	
61*	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30	

61* - The table stops at age 61 because for employees age 61 and over, the payment remains the same as for age 61.

The above table shows the entitlement in weeks.

Ready reckoner for calculating a compulsory redundancy payment

		<i>Service (Years)</i>																		
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Age	(years)																			
17	1																			
18	1	1½																		
19	1	1½	2																	
20	1	1½	2	2½																
21	1	1½	2	2½	3															
22	1	1½	2	2½	3	3½														
23	1½	2	2½	3	3½	4	4½													
24	2	2½	3	3½	4	4½	5	5½												
25	2	3	3½	4	4½	5	5½	6	6½											
26	2	3	4	4½	5	5½	6	6½	7	7½										
27	2	3	4	5	5½	6	6½	7	7½	8	8½									
28	2	3	4	5	6	6½	7	7½	8	8½	9	9½								
29	2	3	4	5	6	7	7½	8	8½	9	9½	10	10½							
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11	11½						
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12	12½					
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13	13½				
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14	14½			
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15	15½		
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	16½	17
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17	17½
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½	18
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18	
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½	
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19	
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½	
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24	
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½	
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25	
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½	
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26	
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½	
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27	
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½	
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28	
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½	
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29	
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½	
61*	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30	

61* - The table stops at age 61 because for employees age 61 and over, the payment remains the same as for age 61.

The above table shows the entitlement in paid weeks.

Worked Examples of Calculating Voluntary Severance and Early Retirement (on the grounds of redundancy) Payments in accordance with Ready Reckoners shown at Appendices 1, 2 and 3

Example 1: - Calculating the Voluntary Severance payment for an employee whose basic weekly pay is BELOW the Statutory Maximum Weekly wage*

If an employee is 45 years old with 15 years' service the ready reckoner (Appendix 1) shows the severance payment will be based on 47 weeks' pay.

If this employee's basic weekly pay is £350.00 (this is currently below the statutory maximum payment) the severance payment is calculated as:

$$47 \text{ weeks} \times £350.00 = \mathbf{£16,450}$$

Example 2 – Calculating the Voluntary Severance payment for an employee whose basic weekly pay is ABOVE the Statutory Maximum Weekly wage*

If, however, an employee of the same age and service years as example 1 has a basic weekly pay of £680.00 (this is currently above the statutory maximum weekly payment*). The same ready reckoner is used but in this case the statutory maximum weekly payment* is subtracted from the employee's basic weekly wage and the resulting figure is multiplied by the number of weeks shown on the ready reckoner then further multiplied by 33%.

$$\text{i.e. } £680.00 - £479.00 = £201 \times 47 \text{ weeks} = £9447 \times 33\% = £3117.51$$

This then is added to the number of weeks shown on the ready reckoner multiplied by the Statutory Maximum Weekly payment

$$\text{i.e. } 47 \text{ weeks} \times £479.00 = £22513$$

Total severance payment is the sum of these two calculations

$$\text{i.e. } \mathbf{£3117.51 + £22513 = £25630.51}$$

Example 3 - Calculating the voluntary redundancy payment for an employee who has applied for Early Retirement on the grounds of redundancy whose basic pay is BELOW the Statutory Maximum Weekly wage*

If an employee is 56 years old with 20 years' service the ready reckoner (Appendix 2) shows the severance payment will be based on 27.5 weeks.

If this employee's basic weekly wage is £320.00 (this is currently below the statutory maximum payment) the severance payment is calculated as:

$$27.5 \text{ weeks} \times £320.00 = \mathbf{£8,800}$$

Example 4 - Calculating the voluntary redundancy payment for an employee who has applied for Early Retirement on the grounds of redundancy whose basic pay is ABOVE the Statutory Maximum Weekly wage*

If, however, an employee of the same age and service years as example 3 has basic weekly pay of £680.00 (this is currently above the statutory maximum weekly payment). In this case the statutory maximum weekly payment* is subtracted from the employee's basic weekly pay and the resulting figure is multiplied by the number of weeks then further multiplied by 33%.

$$\text{i.e. } £680.00 - £479.00 = £201 \times 27.5 \text{ weeks} = £5527.50 \times 33\% = £1824.07$$

This then is added to the number of weeks shown on the ready reckoner multiplied by the statutory maximum weekly payment*

$$\text{i.e. } 27.5 \text{ weeks} \times £479.00 = £13,172.50$$

Total severance payment is the sum of these two calculations

$$\text{i.e. } £1824.07 + £13,172.50 = £14,996.57$$

Example 5 – Calculating a compulsory redundancy payment for an employee whose basic weekly pay is ABOVE the statutory maximum weekly payment*.

If an employee is 36 years' old with 10 years' service with a basic weekly pay of £750.00. The ready reckoner (Appendix 3) shows the redundancy payment will be based on 10 weeks' pay and the statutory maximum weekly payment* will be applied.

$$\text{i.e. } 10 \text{ weeks} \times £479.00 = £4790.00$$

Example 6 – Calculating a compulsory redundancy payment for an employee whose basic weekly wage is BELOW the statutory maximum weekly payment*.

If an employee who is 48 years old with 22 years' service and whose basic weekly pay is £250.00. The ready reckoner (Appendix 3) shows the redundancy payment will be based on 23.5 weeks' pay and the employee's basic weekly pay will be applied.

$$\text{i.e. } 23.5 \text{ weeks} \times £250.00 = £5,875.00$$

* This is the statutory maximum weekly payment for redundancy pay purposes which is £479.00 (correct as at 6th April 2016). Please refer to Gov.uk website for up to date figure www.gov.uk.

SUMMARY OF EMPLOYEE'S OPTIONS AVAILABLE FOR VOLUNTARY SEVERANCE / EARLY RETIREMENT APPLICATION

1. COMPENSATORY BENEFITS PAYABLE – MAIN OPTIONS UNDER THE POLICY

(FOR EMPLOYEES WHO VOLUNTEER FOR RELEASE)

	<u>Option 1 Voluntary Severance</u>	<u>Option 2 Early Retirement with redundancy</u>	<u>Option 3 Early Retirement – Efficiency of Service</u>
<u>Benefits</u>	<ul style="list-style-type: none"> Voluntary Severance payment based on age and length of service (see ready reckoner at Appendix 1) Note: this includes any redundancy payment where applicable. 	<ul style="list-style-type: none"> Immediate access to pension benefits without reduction by reason of redundancy. Voluntary redundancy payment based on age and length of service (see ready reckoner at Appendix 2). 	<ul style="list-style-type: none"> Immediate access to pension benefits without reduction.
<u>Qualification & Notes</u>	<ul style="list-style-type: none"> LGPS membership not required. Applies to both redundancy and efficiency of service cases. Can apply to all employees covered by the policy (excluding those who qualify for the Rule of 85 and who do not require employer's consent to retire early). Employer's consent is required. 	<ul style="list-style-type: none"> LGPS Member, over 2 years' service, aged 55 and over (or aged 50 and over if in the scheme on 5/4/06). Can be considered for voluntary severance payment under option (1) (assuming qualification) but only as an alternative if pension benefits above are deemed to be unaffordable for the Council or the employee does not wish to access their pension benefits. Option (1) and (2) are, however, mutually exclusive. Employer's consent is required where redundancy is voluntary. 	<ul style="list-style-type: none"> LGPS Member over 2 years' service aged 55 and over (or aged 50 and over if in the scheme on 5/4/06) No voluntary redundancy or voluntary severance payment applies. Can be considered for voluntary severance payment under option (1) (assuming qualification) but only as an alternative if pension benefits above are deemed to be unaffordable for the Council or the employee does not wish to access their pension benefits. Option (1) and (3) are, however, mutually exclusive. Employer's consent is required.

2. COMPENSATORY BENEFITS PAYABLE – OTHER OPTION UNDER THE POLICY

(FOR EMPLOYEES WHO VOLUNTEER FOR RELEASE)

	<u>Early Retirement with actuarial reduction</u>
<u>Benefits</u>	<ul style="list-style-type: none">• Immediate access to pension benefits with actuarial reduction (benefits will be reduced).
<u>Qualification & Notes</u>	<ul style="list-style-type: none">• Over 2 years LGPS membership• Employer's consent is required if LGPS member is aged 55 and over and under 60.

3. FOR EMPLOYEES IN A COMPULSORY REDUNDANCY SITUATION

<u>Compulsory Redundancy</u>
<ul style="list-style-type: none">• Statutory redundancy payment only (see ready reckoner at Appendix 3).

