



ABERDEEN
CITY COUNCIL

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

February 2010

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SECTION 1 - INTRODUCTION

1.1 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 vision, values and 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. This is a primary aim of our workforce strategy. 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 therefore always treat employees with respect, sensitivity and care.

1.2 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 regulations contained in the Scottish Teachers' Superannuation Scheme. There are 3 main sets of regulations which govern the STSS

- the Teachers' Superannuation (Scotland) Regulations 2005 (SSI 2005/393) (as amended)
- the Teachers (Compensation for Premature Retirement and Redundancy) (Scotland) Regulations 1996 (SI 1996/2317) (as amended)
- the Teachers' Superannuation (Additional Voluntary Contributions) (Scotland) Regulations 1995 (SI 1995/2814) (as amended)

The regulations and amendments that apply to the STSS can be viewed on the Scottish Public Pension Agency web-site at www.sppa.gov.uk/scot_teachers

SECTION 2 – SCOPE AND ELIGIBILITY

2.1 Who is covered by this policy

This policy applies to all teaching employees of the Council with **at least two years' continuous service** who are leaving the Council prematurely on grounds of either 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.

2.2 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 Compulsory Transfer Policy for Teachers and/or Protocol on the Management of Excess Teaching Staff and/or 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 and our workforce strategy which is 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.**

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

2.3 When the policy does not apply

- This policy will not be used to address sub standard work performance and/or poor attendance; this will be dealt with either through the GTC Code of Practice on Teacher Competence and/or the Managing Attendance procedure
- The Council has separate policies/processes for flexible and ill-health retirement

2.4 Options available to employees

There are two choices open to employees. The first option applies to all employees. The second option is ONLY open to employees who are members of the STSS and can access their pension benefits with the consent of the employer.

Option 1 – Voluntary Severance

The opportunity to apply for "voluntary severance" is open to ALL 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 STSS, 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 STSS who are able to access their pension benefits with the consent of the employer. 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, with the consent of the employer, whose cases are supported. No redundancy payment will apply in such cases.

2.5 Difference between “voluntary severance” and “early retirement”

“**Voluntary severance**” applies to all employees covered by this scheme

“**Early retirement**” is applicable only to those employees in the STSS 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 scheme in the following situations. **It should be noted that in cases of employer initiated early release, any access to pension benefits will be to Premature Retirement, with the actuarial reduction being met by the employer.**

3.1 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

3.2 Bumped Redundancy

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

3.3 Efficiency of the service

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

3.4 Application Process for “Employer Initiated” Early Release

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

- 3.4.1 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
- 3.4.2 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 trade unions.

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

3.5 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.

3.5 Invitation Process Step by Step Guide

The invitation process will be as follows:

Step	Action
1	Management identify 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 to be released i.e. voluntary severance or early retirement. The invitation will be available for a defined period
6	The Service Management is required to provide a supporting statement and signed off by the Service Director

7	Management consult trades unions on employees being supported for release on redundancy grounds
8	Relevant Committee Convenors asked to approve applications being supported by the Chief Executive
9	Management notifies employees of decision and where appropriate issues notice.

3.7 Cost Efficiency Test

The total cost of releasing an employee on a voluntary basis i.e. mandatory compensation, voluntary redundancy payment / 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 City Chamberlain. 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 Service Director and Director for Corporate Governance and then agreed by the relevant Convenors.

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 Head Teacher. Only where the provisions of the "**Cost Efficiency Test**" detailed above are met will cases be recommended for support. **In cases of employee initiated release, the cost efficiency test will be applied to determine whether or not the actuarial reduction will be met by the employer.**

4.1 Limit on number of expressions of interest by an employee

An employee may express an interest in early release under this scheme only once in any rolling 12 month period. In cases where the employee has expressed an interest and the employer subsequently invites applications, the employee **will** be eligible to submit another expression of interest, even though the twelve month period has not expired.

4.2 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 STSS.

4.3 Process for Expressing Interest Step by Step Guide

Step	Action
1	Employee discusses their interest in release under the policy with their Head Teacher 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	The Service Management is required to provide a supporting statement and signed of by the Service Director
6	Management consult trades unions on employee(s) being supported for release on redundancy grounds
7	Relevant Committee Convenors 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 STSS.

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

For employees who VOLUNTEER for release under the Policy

5.1 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 employees to whom this policy applies who have their declaration for voluntary severance approved by the conveners. This is irrespective of them being a member of the pension scheme 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.

5.2 Early Retirement on Grounds of Redundancy (this option only applies to members of the STSS who are able to access their pension benefits with the employer's consent)

Where an employee in the STSS **VOLUNTEERS** for early retirement on the grounds of redundancy and qualifies under the pension regulations (i.e. Pension Scheme Member aged 55 and over OR from age 50 for any existing member on 31 March 2009 with minimum 2 years membership who leaves on or before 5 April 2010) to immediately access their pension benefits with the consent of the employer, and this is approved by the conveners, they will qualify for the following payments:

5.2.1 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 weeks' 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

5.2.2 Normally, employees who are members of STSS can receive a refund of their contributions when they leave the STSS if they have not qualified for benefits.

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.

5.3 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 STSS 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 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 to be considered under 1.1 above. It should be noted that the benefits under 1.1 and 1.3 are mutually exclusive.

5.4 Early Retirement with actuarial reduction

There are circumstances where an employee in the STSS may request to retire early. Teachers aged 55 or over who have pensionable or excluded employment on or after 1 July 2002 can apply for Actuarially Reduced Pension Retirement. In such cases, the consent of the employer is required, but such consent cannot be withheld for more than 6 months from the date on which the request is made.

If there is not a redundancy or efficiency of the service (see below) an employee may apply to retire early (i.e. leave employment and be permitted to access their pension benefits.) In such cases where the employee, under the pensions regulations, is able to access their pension benefits, which will be actuarially reduced, the Council will consider each request on its individual merit. There is no obligation on the employer to approve any such application.

5.5 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 is

- Half a week's pay for each full year of service where age during year 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 weeks an employee will be entitled to. The rate of weekly pay will be up to the Weekly Statutory Maximum payment*

5.6 Calculating One Off Payments

Payment shall be calculated by using the appropriate ready reckoner shown at appendices 1, 2 and 3 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

5.7 Pension Enhancement

The Council will **not** normally exercise its discretion to award enhanced pension benefits to employees seeking early retirement who are members of the STSS. Only in cases where there are exceptional circumstances determined by the Director of Corporate Governance on recommendation of the Service Director and approved by the Convenors of Education, Culture and Sport and Finance and Resources shall enhancement be considered and granted.

5.8 Qualifying Service for Redundancy Purposes

The qualifying service for calculating a severance /redundancy payment is a **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.

5.9 Phased Implementation Schedule

The compensatory benefits in respect of enhanced pension years, one-off voluntary severance and redundancy payment outlined above represent the final position of the policy. There will be a phased introduction of these compensatory benefits in accordance with the table shown below

	Added Years for Pension	Voluntary Severance/ Voluntary Redundancy Payment
Application Approved		
Before 1 May 2010 (leaving date can be beyond 1 May 2010)	Up to 3 years enhancement <ul style="list-style-type: none"> • 1 Added Year pro-rated for pension membership for 10 years continuous service and over • 2 Added Years pro-rated for pension membership for 20 years continuous service and over. • 3 Added Years pro-rated for pension membership for 30 years continuous service and over. 	Payment in accordance with number of weeks shown in the relevant ready reckoner up to the statutory maximum payment* value (currently £380.00) Plus 50% of the difference between basic pay and statutory maximum payment
Before 1 st May 2011 (leaving date can be beyond 1 May 2011)	Up to 1 year enhancement <ul style="list-style-type: none"> • 1 Added Year pro-rated for pension membership for 10 years continuous service and over 	Payment in accordance with number of weeks shown in the relevant ready reckoner up to the statutory maximum payment* value Plus 40% of the difference between basic pay and statutory maximum payment
Final Scheme – full implementation will be from 1 st May 2011	Nil Years enhancement	Payment in accordance with number of weeks shown in the relevant ready reckoner up to the statutory maximum payment* value Plus 33% of the difference between basic pay and statutory maximum payment

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, there is no facility to pay in lieu of notice.

Note 7 – income tax on compensatory payments

For those employees who only qualify for lump sum payments, (e.g voluntary severance / redundancy) the Council is advised by HMRC that any such payment will be tax free as long as it does not exceed £30,000, but this will depend on the rules determined by HMRC that apply at the time.

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 12 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 maximum redundancy payment would have been.
- ii) requests this restriction to be waived due to a significant change in their personal circumstances and this is agreed by the Service Director. The Service Director must be satisfied that there would be significant service benefit to allow the person to be considered for future paid service.
- iii) the Service Director can agree to waive this restriction in respect of appointments to the Teacher Relief Pool where there is exceptional need to expand the pool of relief teachers.

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

No such restrictions apply to employees who are made compulsory 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 PROCEDURE

Human Resources will monitor the arrangements of this policy in light of needs of the Council's business, employment best practice and statutory requirements.

Appendix 1

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

		Service (Years)																		
		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)

		Service (Years)																		
		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.

Appendix 3

Ready reckoner for calculating a compulsory redundancy payment

		Service (Years)																		
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Age (years)	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	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17	
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½	
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 who's 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 wage 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 who's 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 rate 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%.

$$\text{i.e. } £680.00 - £380.00^* = £300 \times 47 \text{ weeks} = £14,100 \times 33\% = £4,653.00$$

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

$$\text{i.e. } 47 \text{ weeks} \times £380.00 = £17,860$$

Total severance payment is the sum of these two calculations

$$\text{i.e. } \mathbf{£17,860 + £4,653 = £22,513}$$

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:

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

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 a basic weekly wage 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 wage and the resulting figure is multiplied by the number of weeks then further multiplied by 33%.

$$\text{i.e. } \text{£}680.00 - \text{£}380.00 = \text{£}300 \times 27.5 \text{ weeks} = \text{£}8,250 \times 33\% = \text{£}2,722.50$$

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

$$\text{i.e. } 27.5 \text{ weeks} \times \text{£}380.00 = \text{£}10,450$$

Total severance payment is the sum of these two calculations

$$\text{i.e. } \text{£}2,722.50 + \text{£}10,450 = \text{£}13,172.50$$

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

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

$$\text{i.e. } 10 \text{ weeks} \times \text{£}380.00 = \text{£}3,800.00$$

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 severance payments will be based on 23.5 weeks pay and the employee's basic weekly wage will be applied.

i.e. 23.5 weeks X £250.00 = £5,875

* This is the Statutory maximum weekly payment which is £380.00 (correct as at 1st October 2009) Please refer to BIS website for up to date figures www.berr.gov.uk.

Appendix 5

Actuarially Reduced Benefits

The following factors are applicable to those members whose NPA is 60.

AGE	0	1	2	3	4	5	6	7	8	9	10	11
Complete years												
55	0.773	0.776	0.780	0.783	0.786	0.790	0.793	0.796	0.800	0.803	0.806	0.810
56	0.813	0.817	0.820	0.824	0.827	0.831	0.834	0.838	0.841	0.845	0.848	0.852
57	0.855	0.859	0.863	0.866	0.870	0.874	0.878	0.881	0.885	0.889	0.893	0.896
58	0.900	0.904	0.908	0.912	0.916	0.920	0.924	0.928	0.932	0.936	0.940	0.944
59	0.948	0.952	0.957	0.961	0.965	0.970	0.974	0.978	0.983	0.987	0.991	0.996

The following factors are applicable to those new members who joined the scheme after 1 April 2007 and whose NPA is 65.

AGE	0	1	2	3	4	5	6	7	8	9	10	11
Complete years												
55	0.582	0.585	0.587	0.590	0.592	0.595	0.597	0.600	0.602	0.605	0.607	0.610
56	0.612	0.615	0.617	0.620	0.623	0.625	0.628	0.631	0.633	0.636	0.639	0.641
57	0.644	0.647	0.650	0.653	0.655	0.658	0.661	0.664	0.667	0.670	0.672	0.675
58	0.678	0.681	0.684	0.687	0.690	0.693	0.696	0.699	0.702	0.705	0.708	0.711
59	0.714	0.717	0.721	0.724	0.727	0.730	0.734	0.737	0.740	0.743	0.747	0.750
60	0.753	0.757	0.760	0.764	0.767	0.771	0.774	0.778	0.781	0.785	0.788	0.792
61	0.795	0.799	0.803	0.807	0.810	0.814	0.818	0.822	0.826	0.830	0.833	0.837
62	0.841	0.845	0.849	0.853	0.857	0.861	0.866	0.870	0.874	0.878	0.882	0.886
63	0.890	0.894	0.899	0.903	0.908	0.912	0.917	0.921	0.925	0.930	0.934	0.939
64	0.943	0.948	0.953	0.957	0.962	0.967	0.972	0.976	0.981	0.986	0.991	0.995

Worked Example (1) – Premature Retirement

Benefits payable to a 55 year old teacher with 34 years continuous service and a pensionable salary of £40,000 per annum:

SPPA Pension	$1/80 \times 34 \times £40,000 \times 0.773 =$	£13,141
ACC Pension _(mandatory compensation)	$1/80 \times 34 \times £40,000 \times 0.227 =$	£3,859
Total Pension		£17,000
SPPA Lump Sum	$3/80 \times 34 \times £40,000 \times 0.773 =$	£39,423
ACC Lump Sum _(mandatory compensation)	$3/80 \times 34 \times £40,000 \times 0.227 =$	£11,577
Total Lump Sum		£51,000
Capitalised Cost of Mandatory Compensation to ACC		£87,252

Worked Example (2) – Actuarially Reduced Pension

Pension payable to a 55 year old teacher with 34 years continuous service and a pensionable salary of £40,000 per annum:

Actuarially Reduced Pension	$1/80 \times 34 \times £40,000 \times 0.773 =$	£13,141
Actuarially Reduced Lump Sum	$3/80 \times 34 \times £40,000 \times 0.773 =$	£39,423

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 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"> STSS membership not required Applies to both redundancy and efficiency of service cases Can apply to all employees covered by the policy Employer's consent is required 	<ul style="list-style-type: none"> STSS Member, over 2 years service, aged 55 and over PLUS from age 50 for any existing member on 31/03/2009 with minimum 2 years membership who leaves on or before 05/04/2010 Can be considered for voluntary severance payment option under (1) 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 	<ul style="list-style-type: none"> STSS Member over 2 years service aged 55 and over PLUS from age 50 for any existing member on 31/03/2009 with minimum 2 years membership who leaves on or before 05/04/2010 No voluntary redundancy, or voluntary severance payment applies Can choose to be considered for voluntary severance payment instead of this option. Option (1) and (3) are, however, mutually exclusive. Employer's consent is required

2. COMPENSATORY BENEFITS PAYABLE – OTHER OPTIONS UNDER THE POLICY

(FOR EMPLOYEES WHO VOLUNTEER FOR RELEASE)

Early Retirement with actuarial reduction

Benefits

- Immediate access to pension benefit with actuarial reduction (benefits will be reduced)

Qualification & Notes

- Aged 55 or over with pensionable or excluded employment on or after 1 July 2002
- Employer consent required, but such consent cannot be withheld for more than 6 months
- No employer consent required if aged over 60

3. FOR EMPLOYEES IN A COMPULSORY REDUNDANCY SITUATION

Compulsory Redundancy

- Statutory redundancy payment only (see ready reckoner at Appendix 3)