

Appendix 3

Existing Policy

Termination by Reason of Redundancy or in the Interests of the Efficiency of the Service, including Early Retirement

1 General Policy: Redundancy

Without prejudice to the Council's discretion to treat every case on its merits, the Council's general redundancy payments policy is based on the statutory redundancy payment as follows:

- for service up to the age of 21 – employees made redundant are entitled to 0.5 actual weeks pay (without any salary cap) for each completed year of service during that period;
- for service between 22 - 41 years of age – employees made redundant are entitled to 1 actual weeks pay (without any salary cap) for each completed year of service during that period;
- for service over 41 years of age – employees made redundant are entitled to 1.5 actual weeks pay (without any salary cap) for each completed year of service during that period.

The maximum number of years continuous service that can be counted for statutory redundancy payments purposes is 20. The redundancy payment is calculated according to statutory provisions but using actual contractual weekly pay rather than the statutory maximum.

The formula set out above includes both the redundancy payment (including the statutory element) and the discretionary lump sum.

The general policy applies only to redundancy, and not to efficiency, situations.

The general redundancy payments policy applies only to employees with two or more year's continuous service with a body listed in the Redundancy Payments (Continuity of Employment in Local Government, Etc) (Modification) Order.

2 Exceptional Discretionary Policy: Redundancy or Efficiency

The Council may use its discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006 (as amended), in exceptional circumstances, and only where the relevant employee has not received an additional period of membership or an additional pension (see section 3 below) to pay a lump sum of up to a total of 2 years (104 weeks) actual pay without any salary cap as a compensatory payment to any employee (eligible for the Local Government Pension Scheme), whose employment is terminated by reason of redundancy or in the interests of the efficiency of the service, including early retirement. This discretion can only be exercised within six months of termination and will be in exceptional circumstances and on a case-by-case basis, to be determined by the Corporate Director of each relevant department or, where appropriate, by the Chief Executive (in relation to a Corporate Director) or by Corporate Services Committee (in relation to the Chief Executive). Any redundancy (under Part XI Employment Rights Act 1996) and any enhanced compensation payments (under regulation 5 of these Regulations) on top of redundancy shall be deducted from any lump sum payable under this section.

The Council will have regard to the extent to which the exercise of discretionary powers, unless properly limited, could lead to a serious loss of confidence in the public service. The following factors will be taken into account when deciding whether to award a compensatory payment and, if a compensatory payment is made, the amount of that payment:

- Individual financial and other personal circumstances
- The Council's interests, including corporate and service imperatives
- The Council's fiduciary duty, including its duty to protect the interests of Council Tax payers and to exercise prudence and propriety
- Overall work record of the employee, including performance, attendance, length of service, level of responsibility and disciplinary record
- Any other factor relevant to the individual case

Redundancy and efficiency payments will be met from service department budgets.

3 Augmentation

The Council has discretion to

- (i) Increase an active member of the LGPS's membership (i.e. add years) by a maximum of ten additional years; and
- (ii) Award an active member an additional pension of up to £5000 per annum under Regulations 12 and 13 respectively of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007 (as amended).

Regulation 12 allows the Council to award an active member additional membership at any time up to the termination of employment (non-redundancy) or in the six months following termination (redundancy). In the latter case any increase shall be backdated to the date of termination. Regulation 13 additional pension is payable from the same date as the underlying pension becomes payable and can be paid in addition to any increased membership under Regulation 12.

The Council's general policy on such augmentation is that no extra membership or pension should be granted, subject to exceptional individual circumstances. However, as an exception to the general augmentation policy, the Council will use these augmentation provisions to give pension scheme members the option on a redundancy or efficiency dismissal of converting all of any discretionary compensation payment (less the statutory or contractual redundancy payment) into additional pensionable service under Regulation 12 up to a maximum of ten years.

4 Further information

Additional information about this policy can be obtained from:

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