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# Voluntary Early Retirement and Voluntary Redundancy **Scheme**

| <b>DOCUMENT CONTROL</b>                           |   |
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| <b>POLICY NAME</b>                                | <b>Voluntary Early Retirement and Voluntary Redundancy <a href="#">Scheme</a></b> |
| Department  | Human Resources   |
| Telephone Number                                  | 01443 444501<br>01443 444502<br>01443 444503                                      |
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## 1. POLICY STATEMENT

This statement is prepared in accordance with the regulations of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and the Local Government Pension Scheme Regulations 2013 (as Amended) which require each Local Government Pension Scheme (LGPS) employer to formulate and record its policy on early retirement and or redundancy.

The policy will be reviewed periodically and if following a review, it is determined that the policy needs to be altered, then a statement of the amended policy will be published.

When formulating and reviewing policy, due regard will be taken to the extent to which the exercise of discretionary powers (in accordance with the policy), unless properly limited, could lead to a serious loss of confidence in the public service and is satisfied that the policy is workable; affordable and reasonable having regard to the foreseeable costs; has regard to service delivery needs and recognises the need for consistency, fairness and equity in employee relations.

The Schemes will apply to the following groups of staff:

- JNC for Chief Executives
- JNC for Chief Officers
- NJC for Local Government Services
- JNC for Craft and Associated Employees
- Staff employed under Soulbury terms and conditions (excluding those staff in the Teachers Pension Scheme [TPS])
- JNC Youth & Community Workers (excluding those staff in the TPS)

### **Calculating a Week's Pay**

The calculation of any compensatory payment will be based on an actual week's pay for an employee but capped to a maximum payment based on the statutory weekly wage (currently £475 per week increasing to £479 w.e.f. 6<sup>th</sup> April 2016). The week's pay for the purpose of calculating the statutory redundancy payment is calculated in accordance with s.226 of the Employment Rights Act, as follows:

- If notice is given, the calculation date is the date on which the statutory notice would have been given to terminate the contract on the relevant date. In this situation, the calculation date is arrived at by counting the length of statutory notice backwards from the relevant date.
- If no notice has been given then the calculation date is the same as the relevant date i.e. the date on which the employment ends.

## **Applications to the Voluntary Early Retirement Panel**

An employee wishing to retire under the schemes must make an application using the appropriate forms, which are available from Human Resources.

Applications under these schemes will be made to the Council's Voluntary Early Retirement Panel constituted by elected Members of the Council. All applications for early retirement will be considered objectively.

## **Restrictions**

As part of an employees voluntary application, they will acknowledge that given the Council's obligation to safeguard employment for those who may otherwise be made redundant, they will be precluded from returning to employment within Rhondda Cynon Taf Council in accordance with the Scheme as follows:

Staff accessing their pension benefits via early retirement, in addition to the compensatory redundancy will be precluded from returning to any employment (including temporary, casual or agency) within the Council;

Staff accessing the compensatory redundancy only will be precluded from returning to any employment (including temporary, casual or agency) within the Council for a two year period effective from their date of termination.

## **Notice periods**

In normal circumstances the retiring or redundant employee will serve a notice period in accordance with the individual's contractual rights or statutory entitlement, whichever is the greater, although the entitlement to notice may be waived by the employee concerned.

## **Implementation of Policy Statement**

The revised schemes will come into operation on the 1<sup>st</sup> April 2016 and will continue in force until such time as the Council resolves that they should be discontinued or amended.

Nothing in this policy statement or its schemes can override the statutory provisions of the Local Government Superannuation Acts, or any other relevant legislation or regulations.

## SCHEMES

**These schemes will apply to those employees who are selected for redundancy and who have a minimum two years' qualifying employment.**

### **2. SCHEME 1 - VOLUNTARY EARLY RETIREMENT WITH REDUNDANCY (OVER 55 & MEMBER OF LOCAL GOVERNMENT PENSION SCHEME) – EXCLUDES STAFF IN TPS**

This scheme will apply to pensionable employees who are eligible to retire early under the Local Government Pension Scheme (LGPS) Regulations 2013, but who have not reached normal retirement and whose post becomes redundant in the interest of the efficiency of the service.

Those employees who qualify will be offered benefits in line with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) (Miscellaneous) Regulations 2006. An employee who retires under this scheme will be entitled to receive:

- an annual retirement pension and lump sum allowance both based on actual reckonable service up until 31<sup>st</sup> March 2008 at 1/80<sup>th</sup> and 3/80<sup>ths</sup> respectively, of an employee's final pensionable salary, along with
- an annual retirement pension based on actual reckonable service from 1<sup>st</sup> April 2008 up until March 2014 at 1/60<sup>th</sup>, of an employee's final pensionable salary, along with
- an annual retirement pension based on actual reckonable service from 1<sup>st</sup> April 2014 at 1/49<sup>th</sup>, of an employee's career average pay, together with
- a statutory redundancy payment calculated in accordance with Regulation 5(2) of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. Payment will be based upon an employees actual weeks pay (but capped to a maximum payment based on the statutory weekly wage) up to a maximum of 30 weeks pay according to age and service.
- Under Regulation 6, this statutory payment will then be enhanced by way of a Compensatory payment. This Compensatory payment will take the form of a multiplication factor of 1.666 times the statutory redundancy payment equivalent to a maximum of 50 weeks pay.

**NB - No 'added years' pensionable service will be given by the Council.**

**3. SCHEME 2 - VOLUNTARY REDUNDANCY (OVER 55 AND NOT A MEMBER OF LOCAL GOVERNMENT PENSION SCHEME OR UNDER 55 REGARDLESS OF WHETHER THEY ARE MEMBERS OF THE LOCAL GOVERNMENT PENSION SCHEME) – EXCLUDES STAFF IN TPS**

Those employees who qualify will be offered benefits in line with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) (Miscellaneous) Regulations 2006. An employee who retires under this scheme will be entitled to receive:

- a statutory redundancy payment calculated in accordance with Regulation 5(2) of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. Payment will be based upon an employees actual weeks pay (but capped to a maximum payment based on the statutory weekly wage) up to a maximum of 30 weeks pay according to age and service.
- Under Regulation 6, this statutory payment will then be enhanced by way of a Compensatory payment. This Compensatory payment will take the form of a multiplication factor of 1.666 times the statutory redundancy payment equivalent to a maximum of 50 weeks pay.