

## Early Termination of Employment (Discretionary Compensation)

1. The Council has to have a published policy on its position on the use of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006. At its meeting in February 2007, cabinet agreed that its policy was as follows:

### **Redundancy**

2. In cases of redundancy the Council will:
  - calculate the compensation and statutory redundancy payment on the employee's actual week's pay.
  - link compensation payments to the Government's statutory redundancy payment calculator, using a multiplier of 2
  - allow employees in membership of the Local Government pension Scheme (LGPS) to convert the lump-sum compensation payment into added years of service in accordance with the formula to be published by the Government, such decision to be taken before the employee's termination date.
  - not make use of the augmentation provisions of regulation 52 of the LGPS.
  - not offset the statutory redundancy payment against pensions or lump sums which are paid from the Local Government Pension Scheme.

### **Joint Appointments**

3. In cases where a joint appointment is terminated, the Council will:
  1. calculate the compensation and statutory redundancy payment on the employee's actual week's pay.
  2. in redundancy cases, link compensation payments to the Government's statutory redundancy payment calculator, using a multiplier of 2
  3. allow employees in membership of the LGPS to convert the lump-sum compensation payment into added years of service in accordance with the formula to be published by the Government, such decision to be taken before the employee's termination date.
  4. not make use of the augmentation provisions of regulation 52 of the LGPS.

5. not offset the statutory redundancy payment against pensions or lump sums which are paid from the Local Government Pension Scheme.

### **Efficiency**

4. In “efficiency” cases, the Council will:
  - consider making a one-off payment, based on the merits of each individual case, up to the maximum permitted under the new regulations (i.e. 104 weeks’ pay calculated on a sum up to the employee’s actual week’s pay) taking into account continuous service with employees listed under the Redundancy Payments (Continuity of Employment in Local Government etc) (Modification) Order 1999).
  - allow employees in membership of the LGPS to convert the lump-sum compensation payment into added years of service in accordance with the formula to be published by the Government, such decision to be taken before the employee’s termination date.
  - not make use of the augmentation provisions of regulation 52 of the LGPS.
5. Only in exceptional cases would the payment exceed 60 weeks’ pay (the maximum proposed for redundancy cases.) Factors to be taken into account in awarding compensation would include:
  - Overall reasonableness, including benefits to the Council tax payer by he employee leaving the Council’s service.
  - Direct financial savings to be incurred by the employee leaving the Council’s service.
  - Employee relations considerations.
6. Employees who are members of the Local Government Pension Scheme will be given the option of converting compensation payments into additional pensionable service on a strictly cost-neutral basis, in accordance with the formula published by the Government.