

<b>ARMAGH CITY, BANBRIDGE &amp; CRAIGAVON BOROUGH COUNCIL</b>	
<b>Document Reference Number:</b>	
<b>Title of Policy:</b>	Severance & Redundancy Policy
<b>No of Pages (including appendices):</b>	17
<b>Version:</b>	One
<b>Issue Date:</b>	April 2020
<b>Policy Nominated Officer:</b>	Head of HR & OD
<b>Equality screened/Rural Impact Assessed by:</b>	Niamh Shannon
<b>Equality screening/Rural Impact Assessment date:</b>	27 January 2020
<b>Amendment Version</b>	Two
<b>Issue Date:</b>	1 October 2020
<b>Sent out by:</b>	
<b>Approved by:</b>	
<b>Review Date:</b>	29 September 2020

## **AMENDMENT RECORD SHEET**

Remove and destroy old pages. Insert new pages as indicated.

<b>Revision Number</b>	<b>Page Number</b>	<b>Date Revised</b>	<b>Description of Revision</b>

## Contents

1.0	Introduction	Page 3
2.0	Scope	Page 3
3.0	Key Definitions	Page 3
4.0	Procedure General Principles & Considerations	Page 4
5.0	Voluntary Severance	Page 4
6.0	Redundancy (to include Voluntary & Compulsory)	Page 6
7.0	Redundancy Payments	Page 13
8.0	Redundancy & Pension	Page 14
9.0	Pay in Lieu of Notice & Annual Leave	Page 15
10.0	Tax and Deductions	Page 16
11.0	Monitoring & Review	Page 16
	Appendix 1	Page 17

## 1.0 Introduction

Armagh City, Banbridge & Craigavon Borough Council (the Council) will use its best endeavours to avoid compulsory redundancies. The Council however recognises that from time to time, a number of internal and external factors impact on how services are delivered which in turn impacts on the number of employees required. The Council also accepts that there may be situations where employees may express an interest in severance.

The Severance & Redundancy Policy aims to ensure that all employees will be treated fairly and the process applied is transparent and objective. The principles of the policy will be applied to voluntary severance and both voluntary and compulsory redundancy situations.

This Policy should not be read in isolation and employees are encouraged to refer to the Council's Pension Discretionary Policy.

## 2.0 Scope & Entitlement

2.1 This Severance & Redundancy Policy covers all employees of the Council who cease employment where:

- On the grounds of business efficiency, it is in the interest of the Council that an employee should leave the Council's employment; or
- An employee is dismissed by reason of redundancy.

2.2 From 1 April 2020 to 31 March 2021, any redundancy payment will be enhanced by a multiplier of 3.46. From 1 April 2021, the multiplier will reduce to 2.2. The reason for this is to allow the Council to complete any ongoing work in relation to structure transformation.

## 3.0 Key Definitions

3.1 For the purposes of the Policy, the key definitions are as follows:

**Voluntary Severance** – where an employee leaves the Council's service on a voluntary basis and is awarded compensation for loss of future employment. Any termination is by agreement and may be in response to a corporate exercise or to an individual expression of interest.

**Compulsory Redundancy** – the Employment Rights (Northern Ireland) Order 1996 defines a redundancy situation (see section 6.1). This will arise where the employee is terminated on the grounds of compulsory redundancy in accordance with the agreed criteria noted within this Policy.

**Voluntary Redundancy** – voluntary redundancy can be requested and considered where a pool has been identified as part of a compulsory redundancy process. Where a compulsory redundancy exercise occurs, voluntary redundancy will, where

appropriate, be requested and considered in the first instance from within the identified pool.

**Redundancy Payments (Continuity of Employment in Local Government, etc (Modification) (Amendment) Order 2001** – Legislation which allows for previous service with certain associated employers to count towards calculating the period of continuous service for redundancy payment provided there has been no break of at least a statutory week in service. (HR to provide list of associated employers.)

#### **4.0 Procedure General Principles and Considerations**

- 4.1 Nothing in this Policy can take precedence over the statutory provisions that authorise the Council to pay pension scheme benefits, statutory redundancy benefits or compensatory benefits. The final decision regarding any discretionary payment will be made by the Council.
- 4.2 Where an employee has received a benefit under the Severance Policy, they cannot be re-employed by the Council, including as a casual worker or on a consultancy basis within a 2 year period.
- 4.3 Where an employee has received a benefit under the Severance & Redundancy Policy they are prevented from accepting employment with another Council (or other organisation recognised within the Modification Order) for at least 6 weeks after their leaving date.
- 4.4 Where an employee, with more than 1 post, including any casual posts, is successful in their application for voluntary severance they are unable to remain in any additional post and their employment with the Council will cease.
- 4.5 Where an employee, with more than 1 post, is made redundant from a particular post, they may remain in the additional post but they cannot, from the date of redundancy, accept an increase in hours in their current post, an offer of employment for any additional post or accept any casual work in any capacity within a 2 year period.

#### **5.0 Voluntary Severance**

- 5.1 From time to time, the Council may seek expressions of interest in voluntary severance. Alternatively, employees may request that they be considered for voluntary severance at any time in their employment. In these situations, if voluntary severance is agreed, the termination date will be by mutual agreement. As the reason for the termination itself is by mutual agreement you will be required to work your notice period and no pay in lieu of notice will be given. Voluntary severance requests should be submitted to the relevant Head of Department (or Strategic Director, where appropriate).

#### **5.2 Assessing Applications for Voluntary Severance**

- 5.2.1 When considering an application for voluntary severance under the scheme, the appropriate Head of Department/Strategic Director must:
- Request HR to calculate the estimated redundancy payment (and checked by Payroll) and if relevant, request the appropriate pension quotes/costs from NILGSOC
  - Prepare a comprehensive assessment of service delivery implication, including how they plan to cover the deleted post and the financial implication of any offer being considered;
  - Consult with the Head of Finance regarding the financial implications of the severance package.

5.2.2 There is no guarantee that any request for voluntary severance will be approved or agreed.

5.2.3 If a decision is taken to refuse an application for voluntary severance, the employee will be invited to attend a meeting with their Line Manager and will be provided with feedback on the reasons why their application has not been supported.

#### 5.2.4 Replacement Strategy/Financial Implications

If an employee is to be granted voluntary severance, the appropriate Head of Department/Strategic Director must clearly identify efficiency savings and/or operational improvements that may be implemented. Generally any proposal will be expected to include the deletion or redesign of the employee's or related post. This could include techniques such as job re-design and/or alternative service delivery methods. The list below is not exhaustive but provides an indication of the type of situations that could be considered to achieve the necessary savings:

- The employee will not be replaced and the post will be deleted;
- The employee will not immediately be replaced, thus leaving the post vacant, using vacancy management to support savings required;
- The employee will be replaced, but an alternative vacant post in the departmental structure will be deleted;
- The vacant post will be redesigned in the interests of operational improvements
- The vacant post will be re-designed on a lower/higher grade;
- The vacant post will be filled on a part time basis
- A budget will be deleted either on a one off or rolling basis;

5.2.5 A voluntary severance proposal can normally only be approved where financial savings of 100% of the employment costs can be recovered over a period of up to 3.25 years.

### 5.3 Approval Process

5.3.1 EMT, along with the relevant Head of Department will consider each application on their own merits including the costs and savings to the Council and the impact on the existing service/team.

5.3.2 Whilst decisions on severance should be based on financial benefit, consideration must also be given to operational improvements and on-going service delivery.

- 5.3.3 Only where it can be demonstrated that financial savings of normally 100% of the employee costs will be recovered over a period of no more than 3.25 years and that the proposal is in the interests of the Council will the application and offer be approved.
- 5.3.4 Where an individual's costs do not fall within the 3.25 year payback period, a reduced Enhanced Redundancy Payment may be negotiated.
- 5.3.5 Where the voluntary severance request has been approved by EMT, the Chief Executive will give final approval for those posts at Tier 4 and below. For those posts above Tier 4, Head of HR&OD will bring the business case before Council for final approval.
- 5.3.6 Where a voluntary severance request is approved on the basis of the post being deleted or amended, the Head of Finance will ensure the necessary changes are made to the relevant department's budget and establishment.
- 5.3.7 There is no right of appeal against a refusal to grant a voluntary severance request.
- 5.3.8 All documentation relating to voluntary severance applications (whether granted or not) will be retained in accordance with the Council's Retention and Disposal Policy by the HR&OD Department for future audit purposes.

## **6.0 Redundancy (to include Voluntary and Compulsory)**

### **6.1 Definition of Redundancy**

The Employment Rights (Northern Ireland) Order 1996 outlines that a redundancy situation arises where a dismissal is wholly or mainly because the Council:

- Has ceased, or intends to cease, to carry on a particular function or role of its business for the purposes of which the employee was so employed or;
- Has ceased, or intends to cease, to carry on a particular function or role of its business in the place where the employee was so employed or;
- Requirements for employees to carry out work of a particular kind has ceased or diminished or are expected to cease or diminish or;
- Requirements for the employees to carry out work of a particular kind, in the place where they were so employed, has ceased or diminished or are expected to cease or diminish.

- 6.2 Employees who have less than 2 years service or who are on a temporary contract will be managed in line with their contract of employment.

### **6.3 Consultation**

The Trade Union & Labour Relations (Northern Ireland) Order 1996 requires the Council to formally consult "in good time" with recognised Trade Unions.

- 6.3.1 The aim of collective consultation is to avoid the termination of employment contracts, minimise the number of employees affected and mitigate the consequences of any proposed compulsory redundancies. This consultation process

will enable Trade Unions to formulate constructive proposals for consideration and work with the Council to achieve the above objectives. Collective consultation will be undertaken with a view to reaching an agreement.

- 6.3.2 Although as much time as practical will be provided, the Council will abide by the statutory minimum timeframes for consultation which are as follows:
- Where it is proposed that 19 or fewer employees could potentially be made redundant from one establishment no collective consultation is required, however in accordance with good practice, the Council will consult with relevant Trade Unions at least 30 days prior to the first dismissal takes effect. The requirement for individual consultation with those affected will still apply.
  - Where it is proposed that between 20-99 employees could potentially be made redundant from one establishment in a 90 day period, collective consultation will commence at least 30 days before the first dismissal takes effect.
  - Where it is proposed that 100 or more employees could potentially be made redundant from one establishment in a 90 day period, collective consultation will commence at least 90 days before the first dismissal takes effect.
- 6.4 Whilst the above indicates the minimum collective consultation period, the Council will endeavour to provide earlier notice where possible. The collective consultation process may end before the expiry of these periods. Consultation will be meaningful and allow time for considered responses to be received.
- 6.5 In accordance with legislation, the Council will initially provide the following information to the recognised Trade Unions, outlining:
- The reason(s) for potential redundancy;
  - The number and descriptions of employees proposed for redundancy;
  - The total number of employees of any such description employed at the establishment in question;
  - The proposed method of selection for redundancy;
  - The proposed method of carrying out the dismissals including the time period;
  - The proposed method of calculating the amount of redundancy payments to be made to those who are dismissed.
- 6.6. Information will also be provided to relevant Trade Unions where there are implications for employees not directly affected by the redundancies. For example, those employees whose roles or working arrangements may differ as a result of the redundancies being made. Employees who are absent from the workplace during the consultation process such as on career break, long term sick, or maternity/adoption leave will be provided with the relevant notification and information. Council will also be aware of the special considerations that need to be given to those on Maternity Leave, Adoption Leave or Shared Parental Leave during a redundancy situation.
- 6.7 The Council will also notify the relevant Government Department when there is a proposal to make 20 or more employees redundant at one establishment over a period of 90 days, as is the statutory requirement.
- 6.8 The Council recognises certain Trade Unions for collective bargaining purposes and will consult with these Trade Unions on potential redundancies. Information will also

be provided directly to affected employees where necessary and appropriate. Following the commencement of the formal consultation process with Trade Unions, information will be provided to affected employees as quickly as possible thereafter.

## 6.9 Alternative Measures to Redundancy

Where the need for redundancies has been identified, attempts in the first instance will be made to avoid compulsory redundancies by considering a number of options including:

- Restrictions on recruitment/vacancy management
- Voluntarily reduced hours;
- Reduction in overtime;
- Short time working;
- Redeployment, including retraining of employees;
- Career breaks/ sabbaticals;
- Discontinuing temporary employees / agency staff;
- Natural turnover;
- Voluntary severance;
- Voluntary redundancy; and
- Any other cost saving initiative which may be available

6.10 Once a pool of employees has been identified, no vacancy at their current rate and 2 grades below will be automatically advertised for recruitment. Where possible, each post will be considered for redeployment against the pool of employees, with the aim of reducing the numbers that may require to be made redundant.

## 6.11 Identifying potential pools for Compulsory Redundancy

6.11.1 The Council will in the first instance determine the pool of employees from which the compulsory redundancies will be made. For consultation purposes, each site is usually a separate “establishment”, however it may be more appropriate in some cases to identify an organised group of staff across different sites e.g. employees with a particular job title. The pool will be determined by the service or function reducing or ceasing.

6.11.2 The selection pool will be discussed with Trade Unions and where possible agreed in line with legislative requirements.

6.11.3 If a unique post is identified for redundancy affecting a single employee, depending upon the tasks of the role, there may be a pool of one.

## 6.12 Voluntary Redundancy

6.12.1 Before a situation arises where there is a potential for a compulsory redundancy exercise, a voluntary redundancy option may be considered to enable all employees with over 2 years service, within the specific pool identified (see 6.11), to apply to be considered for voluntary redundancy.



6.12.2 There is no right to voluntary redundancy and EMT will make the final decision on which volunteers to accept on the selection principles outlined below.

### 6.13 Assessing Applications for Voluntary Redundancy

6.13.1 When considering an application for voluntary redundancy, the Head of Department/Strategic Director must:

- Request HR to calculate the estimated redundancy payment (and checked by Payroll) and if relevant, request the appropriate pension quotes/costs from NILGSOC
- Prepare a comprehensive assessment of service delivery implications, including the operational and financial implications of any offer being considered;
- Consult with the Head of Finance on the financial implications of the severance package;
- Present to EMT for a final decision;
- Where more than one employee from the same pool/unit requests voluntary redundancy, and where necessary, the selection process will be used to determine the employees who may be further considered. Whilst this will provisionally determine the selection process, consideration must also be given to the financial cost of any offer(s) being assessed before any final determination is made.

### 6.14 Replacement Strategy / Financial Implications for Voluntary Redundancy

6.14.1 If an employee is to be granted voluntary redundancy, the Head of Department/Strategic Director must clearly identify efficiency savings and/or operational improvements that will be implemented. Generally any proposal will be expected to delete the employee's or a related post, however it is accepted that where more than one employee is involved, in some circumstances this may require the team to be redesigned or a restructure of a unit, resulting in the creation of a post at a lower level.

### 6.15 Approval Process for Voluntary Redundancy

6.15.1 The EMT will consider all relevant factors, including the cost and savings to the Council and the operational implications.

6.15.2 Whilst decision on voluntary redundancy should be based on the financial benefit, consideration must also be given to on-going service delivery to ensure it is in the interests of the Council.

6.15.3 The Chief Executive will approve those cases at Tiers 4 and below and the Head of HR&OD will bring all details on higher posts to Council for final approval.

6.15.4 Once approved, the Head of Finance will ensure the necessary changes are made to the Service's budget and establishment.

6.15.5 There is no right of appeal against any refusal to grant a voluntary request.

6.15.6 All documentation relating to voluntary redundancy applications (whether granted or not) will be retained in accordance with the Council's Retention and Disposal Policy by HR&OD for future audit purposes.

#### 6.16 Compulsory Redundancy

6.16.1 Where all alternatives have been explored and a situation arises where a compulsory redundancy exercise is required, the process set out below will apply.

#### 6.17 Selection Criteria – Compulsory Redundancy

6.17.1 Where there remain more employees than jobs in the identified pool (see 6.11), selection criteria will have to be applied in order to select the required number of employees for redundancy. Selection criteria must be as objective as possible, measurable and justifiable in order to ensure the fair and transparent selection of employees for redundancy.

6.17.2 The redundancy selection criteria should be objective wherever possible, precisely defined and capable of being applied in an independent and consistent manner to all employees. This is to ensure that the process is conducted fairly. The criteria that will be used can include:

- Qualifications
- Essential skills, experience, knowledge and competencies to undertake the post;
- Standards of work and performance
- Disciplinary record;
- Sickness & Attendance record.

6.17.3 Each criteria used will be scored. Weighting may be applied to the criteria which will be developed at the time of each redundancy exercise to meet the needs of the Council at that time. This information will be held with the HR&OD Department and will not be available to managers making the assessments to ensure objectivity. Those employees with the lowest scores will be selected for redundancy.

6.17.4 Any absence relating directly to an employee's pregnancy or disability may be discounted when an employee's attendance record is considered. The Council will ensure that when it applies the above selection criteria it does not discriminate against any employee because of their age, race, disability, sex, sexual orientation, marriage/civil partnership, gender reassignment, pregnancy or maternity, religion or political opinion. Reasonable adjustments will be applied where appropriate.

6.17.5 The blend or matrix of criteria used may differ between each selection exercise undertaken by the Council and this will be discussed with Trade Unions as part of the consultation process.

#### 6.18 Compulsory Redundancy Implementation Process

6.18.1 Stage 1 – Information Meeting

A brief meeting will be held with all affected employees and the relevant manager with a representative from the HR&OD Department. The purpose of the meeting will be to advise the employees that they are at risk of redundancy. At this meeting the manager will provide brief reasons for the redundancy and the process to be followed along with the appropriate timescales. This meeting should be a consultative meeting only and is an opportunity to provide information on the reasons and process to be used along with exploring options to reduce the need for redundancies. It should be made clear to the employees that no decision has been made at this stage as to whether they will be made redundant. Employees can be asked to consider their position with regards to suitable alternative employment at this stage.

6.18.2 The Manager will also write to all employees within the pool to confirm that they are at risk of redundancy and outline the selection process and timescales to be applied.

6.18.3 Before stage 3 the affected employees should have the opportunity to comment on the proposed selection criteria.

6.18.4 Stage 2 – Scoring

The employees contained in the established “pool” will be scored using the agreed criteria by the relevant Manager. Their Manager must consult with the HR&OD Department for assistance in completing the scoring exercise. Once all scoring is completed the scoring sheet will be issued to the relevant employee for their consideration. No weighting will be applied at this stage.

6.18.5 Stage 3 – Individual Meetings

A meeting will be arranged with each employee, providing at least 5 days’ notice, to discuss and assess the scoring. This is an opportunity for employees to challenge the scoring (if appropriate), raise concerns or any specific matter that arises from their own assessment. The Manager and a representative from HR&OD will be present and each employee will have the right to be accompanied by a Trade Union Representative or fellow employee at these meetings.

Employees should be allowed enough time to reasonably consider their individual scoring and the redundancy proposal in general, for example alternative actions that should be considered to avoid redundancy. Managers should give consideration to any reasonable representations the employee makes.

6.18.6 Stage 4 – At Risk Redeployment & Re-training and Down-Grading/Regrading

Those at risk of redundancy will have an opportunity to meet with a representative from the HR&OD Department or other advisors where appropriate, e.g. LRA, Citizens Advice Bureau, Employment and Benefits Office etc. This will help facilitate the redeployment process and will also provide an opportunity to discuss and consider any possible re-training opportunities.

6.18.7 Where an employee accepts down-grading/regrading as an alternative to redundancy, pay will be retained on a mark-time basis (personal to the post holder) for a period of 5 years or until the new salary rises to that level (whichever occurs first).

6.18.8 Stage 5 – Notice of Redundancy

After consideration of any representations and where there is no alternative to redundancy, a meeting should be convened with each employee to advise them of

the outcome of the scoring process. The relevant Manager and a representative from the HR&OD Department should be present to confirm the decision in relation to whether the employee has been selected for redundancy. The employee will have the right to representation at this meeting as outlined at 6.18.5.

- 6.18.9 Where an employee has been selected, they will be issued with written notice of redundancy and will be placed on the redeployment list for the purposes of seeking suitable alternative employment. The minimum periods of notice employees are entitled to is based on their length of continuous service and will be as per their contract of employment.
- 6.18.10 Information will also be provided in relation to the proposed termination date and entitlement to payments including any outstanding leave or over-used leave to be deducted, all of which will be confirmed in writing. Generally, employees will be required to work their full notice period, although in specific circumstances, pay in lieu of notice may be more appropriate. During the notice period, employees are entitled to reasonable time off to assist in the search for other employment.
- 6.18.11 The relevant Manager will write out within 5 working days confirming their decision and provide information on the appeal process.

#### 6.19 Stage 5 – Appeal Process

- 6.19.1 Any employee who has been selected for redundancy and who is dissatisfied with the way in which the Council has applied the redundancy selection criteria, or who believes that he/she has been unfairly disadvantaged by the selection criteria or not given a fair opportunity to put forward representations, can request a formal review of his/her selection for redundancy.
- 6.19.2 The review should be lodged within 5 working days of the formal notification of redundancy being given. The request for a review should be submitted to the Head of HR & OD, who will arrange for a review hearing to be heard within 5 days of receipt of the request, or as soon as possible thereafter. The review hearing will be chaired by a Head of Department (or Strategic Director, where appropriate) not connected to the original selection process. The same Head of Department/Strategic Director will consider all review cases received from the same pool, unless this is impractical.
- 6.19.3 The outcome of the review process will be communicated to the employee in writing within 5 working days of the review hearing. The decision of the review hearing will be final.

#### 6.20 Alternative Employment

- 6.20.1 In compulsory redundancy situations employees will be added to the redeployment list and considered for posts at their current grade or 2 grades below.
- 6.20.2 Trail periods will be offered for a period of 4 weeks.
- 6.20.3 Employees will be made aware of the consequences of accepting or refusing an offer of suitable alternative employment. For example, should the employee unreasonably refuse an offer of suitable alternative employment, the employee will lose the right to

a redundancy payment. Suitable alternative employment will generally be a post at a similar level, grade and status.

- 6.20.4 Consideration will also be given to reasonable adjustments that can be made to posts, where appropriate in line with the Disability Discrimination legislation.
- 6.20.5 Employees selected for compulsory redundancy will also be afforded reasonable time off to look for work or to arrange training. The employee should submit their request in writing to their Line Manager, outlining the reason for the time they require, within a reasonable timeframe for the manager to consider the request.
- 6.20.6 If an employee finds employment external to the Council and wishes to leave before the end of their notice period they will lose the right to any outstanding period of notice pay. If the employee wishes to leave prior to their termination date they must submit their request in writing to their Head of Department/Strategic Director, where appropriate and consideration will be given to this.
- 6.20.7 If a redundant member of staff is offered alternative employment with another Council or organisation detailed within The Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order before the date of the redundancy and the termination of his/her contract, and the new job starts within 6 weeks of the date of redundancy payment, no redundancy payment is due and continuity or service for statutory redundancy purposes is preserved.

## 6.21 Employee Support

The Council will offer appropriate support to employees at risk of redundancy which may include:

- Access to counselling;
- Support for dealing with stress;
- Financial/welfare benefits advice;
- Job search techniques – self marketing skills, CV writing, networking skills & opportunities, interview skills & techniques;
- Computer and internet access skills.

## 7.0 **Redundancy Payments**

- 7.1 An employee made redundant with 2 or more years' continuous service is entitled to a redundancy payment. There are 2 components that make up a total redundancy payment in the Council– Contractual Redundancy Pay and Discretionary Compensation Payment.

### 7.2 Contractual Redundancy Pay

- 7.2.1 The Contractual Redundancy Payment (based on a contractual week's pay (rather than the statutory maximum for redundancy payments) is calculated in accordance with the Employment Rights (Northern Ireland) Order 1996.

7.2.2 It operates on the following basis:

- Employees aged 22 and under - 0.5 weeks pay for each year on continuous service.
- Employees aged between 23 and 40 – 1 weeks pay for each year of continuous service
- Employees aged 41 and over – 1.5 weeks pay for each year of continuous service

A copy of a **Ready Reckoner** for calculating the number of weeks' pay due is attached as **Appendix 1**.

A maximum of 20 complete years of continuous service will be taken into account when determining entitlement to redundancy pay.

7.2.3 A week's pay is the amount an employee would normally receive under his/her contract on the date of the cessation. If a week's pay varies for any employee an average pay over the 12 weeks prior to the date on which the employee is given notice of their redundancy will be used.

7.2.4 The reference period will only relate to elements paid for in the normal course of employment. It will, for example, not include any payment received for arrears of pay or any travel related expenses.

7.2.5 For the purpose of this policy continuous service is service with employers listed in the Redundancy Payments (Continuity of Employment in Local Government, etc (Modification) (Amendment) Order 2001, where there has been a break of 7 days or less between employments.

7.3 Compensation Payment

7.3.1 The Compensation Payment is calculated by applying a multiplier of 3.46\* (see note) to the calculated Contractual Redundancy Payment (based on a contractual weeks' pay) to give the overall Enhanced Redundancy Payment, ie:

*Contractual Redundancy entitlement (comprising the number of weeks' pay due x contractual weekly rate of pay) = Contractual Redundancy Payment*

*Contractual Redundancy Payment (based on a contractual week's pay) x 3.46 = Overall Enhanced Redundancy Payment*

*Overall Enhanced Redundancy Payment - Contractual Redundancy Payment = Compensation Payment*

**Note:** The Enhanced Redundancy Payment is **inclusive** of the Statutory Redundancy Payment (i.e. an employee **will not receive both** an Enhanced Redundancy and a Contractual Redundancy Payment).

7.3.2 The Enhanced Redundancy Payment is subject to an overall maximum of 104 weeks' pay in total.

- 7.3.3 Employees should be aware that where a redundancy payment exceeds the limit imposed by HMRC, tax is payable on the excess amount.

*\*3.46 Multiplier to be amended to 2.2 on [1 April 2021]*

## **8.0 Redundancy and Pension**

- 8.1 If you are a member of the NILGOSC pension scheme then being made redundant will have implications. Pension payments are separate to any severance scheme or statutory redundancy payment that you may receive.

- 8.2 Minimum retirement age for the Local Government Pension Scheme is 55.

- 8.3 If you are made redundant before 55, your benefits will be deferred until you reach your normal pension age which is the same as your state pension age. This means that the benefits you will have built up to the date of redundancy are kept in the scheme and will be increased each year in line with inflation.

As a deferred member you will have the option to claim your benefit early or to apply for early payment on the grounds of ill health, but you should note that your pension will be reduced accordingly for each year of your normal retirement age.

Alternatively you may be able to transfer your benefits to your new employers pension scheme.

- 8.4 There is additional protection for you if you are aged 55 or over and you leave your job either due to redundancy or business efficiency. In this case the benefits that you will have built up to the date of leaving are paid to you immediately without any reductions. You cannot postpone payment of these benefits and the Council will meet any costs for paying your benefits early. This means that on top of any redundancy payment made to you by the Council, you will be paid a pension and you can also give up part of this pension for a tax free lump sum, subject to HMRC limits. Your pension benefits are payable for life, will rise each year in line with inflation and will still be payable even if you get another job.

- 8.5 Employees are encouraged to contact NILGOSC directly for further information.

## **9.0 Payment in Lieu of Notice and Annual Leave**

- 9.1 In general, in cases where severance is granted by reason of efficiency, voluntary severance or voluntary redundancy the employee will be considered to be leaving the employment of the Council by mutual consent. It is expected that the employee will work their notice period but if the employee wishes to leave early this may be agreed and no further notice pay will be due. Termination dates, will in most cases, be by agreement, however the Council reserves the right to withdraw an offer if the termination date proposed by an employee is not suitable.

- 9.2 In compulsory redundancy situations, employees will also be required to work their notice period. Where this is not the case the employee may receive a payment in

lieu of notice (which will be subject to tax and National Insurance) and any compensation payment or other contractual payments if applicable

- 9.3 Services should ensure that employees take any unused annual leave entitlement (and TOIL and flexi) prior to the agreed termination date. In certain circumstances and particularly in a compulsory redundancy situation, a payment in lieu of outstanding annual leave may be authorised in advance of the agreed termination date (any unused TOIL will not be paid).

## **10.0 Tax and Deductions**

- 10.1 A compensation payment may be subject to the deduction of income tax depending upon the level of the termination package. There is a current tax free threshold of £30k

Anything above that will be subject to tax for the employee and from April 2020, the Council will need to pay Employers NIC.

- 10.2 It is a condition of this Policy that any outstanding payments due to the Council will be deducted from the final salary and / or compensation payment.

## **11.0 Monitoring and Review**

- 11.1 The HR & OD Department will monitor the effectiveness of this Policy on an ongoing basis. Amendments will be made as and when deemed necessary and where appropriate, after consultation with recognised trade unions.
- 11.2 The change in the multiplier of 3.46 to 2.2 will be made automatically on 1 April 2021 without the need for any additional consultation.



Appendix 1

**READY RECKONER TABLE**

Service (Years)	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Age (Years)																				
18*[1]	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	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*[2]	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30	

18\*[1] - It is possible that an individual could start to build up continuous service before age 16, but this is likely to be rare, and therefore we have started the table at age 18.

61\*[2] -The same figures should be used when calculating the redundancy payment for a person aged 61 and above.