

ITEM NO.....



REDUNDANCY PROCEDURE

4 February 2011

1 PURPOSE OF REPORT

1.1 The purpose of the report is to ask the Board to approve the Redundancy Procedure.

2 SUMMARY

2.1 The Redundancy Procedure will only be used in circumstances when all other avenues have been exhausted. However, efforts will be made to avoid or mitigate the need for redundancies but where this is not possible the final outcome is termination by reason on redundancy.

3 MAIN REPORT

3.1 The Procedure covers all employees including staff on temporary or fixed term contracts. It is the intention, by involving the trade union, managers, employees and human resource staff to help avoid or minimise the effects of any redundancies. However, redundancy is a dismissal regardless of whether and employee volunteers or is selected.

3.2 Consultation will take place as early as possible and the Assessor will notify the trade unions and staff. This consultation process will be done before any final decision is reached.

3.3 Steps will be taken to avoid redundancy wherever possible by exploring other possibilities such as natural wastage, reductions in overtime working, support for voluntary reductions in hours or other flexible working option requests, extended leave and voluntary early release.

4 FINANCIAL IMPLICATIONS

4.1 When redundancy is approved, the employee will be entitled to a statutory redundancy payment. The payments are between 1 and 30 weeks pay which may be enhanced by the Joint Board by multiplying the statutory payment by 2.2.

5 ENVIRONMENTAL IMPACT

5.1 There are no adverse environmental impacts arising from this report.

6 RECOMMENDATIONS

6.1 Lothian Valuation Joint Board is recommended to:

- a) Approve the Redundancy Procedure.

Appendix

1. Draft Redundancy Procedure

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ASSESSOR

4 February 2011

DRAFT



REDUNDANCY PROCEDURE

Personnel & Office Services
January 2011

REDUNDANCY PROCEDURE
(covering all employees)

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VOLUNTARY EARLY RELEASE ARRANGEMENT

(covering all employees)

1 INTRODUCTION

- 1.1 This Procedure will be used when circumstances require the Joint Board to make redundancies.
- 1.2 Employees will be dealt with fairly and the Procedure will be consistently applied across the Joint Board in a way that is non-discriminatory. Employees will have the right to be accompanied by a Trade Union (TU) representative or a work colleague at all formal meetings under this Procedure.
- 1.3 Trade Union representatives will be granted reasonable time off with pay, subject to service needs, to attend redundancy consultation meetings as appropriate.
- 1.4 While efforts will be made to avoid or mitigate the need for redundancies, there may be occasions where this is not possible and the final outcome is termination of employment by reason of redundancy.

2 SCOPE & KEY STAKEHOLDER RESPONSIBILITIES

- 2.1 The Procedure covers all employees. This includes those on temporary and fixed term contracts where the reason for termination is compulsory redundancy.
- 2.2 The key stakeholders who can help to avoid or minimise the effects of redundancies include the Assessor; the Trade Unions; Line Managers; employees and Human Resources. Their main responsibilities are outlined in Appendix A.

3 REDUNDANCY DEFINITION

- 3.1 Redundancy is defined in law as a dismissal for one of the following reasons -:
 - a) employer has ceased, or intends to cease the business for which the employee was employed;
 - b) employer has ceased, or intends to cease the business in the place where the employee was employed; or
 - c) the requirement for employees to carry out work of a particular kind has ceased or diminished, or is expected to cease or diminish.
- 3.2 Redundancy is a dismissal regardless of whether an employee volunteers or is selected. Redundancy scenarios may include where-:
 - a service is withdrawn or a specialist unit closes
 - staffing needs to be reorganised to meet organisational, budget or curricular changes
 - staffing reductions cannot be achieved in other ways

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4 INFORMATION & CONSULTATION OBLIGATIONS

- 4.1 As early as possible, the Assessor will notify the Trade Unions and staff of the possibility of redundancy and initiate consultation. This must be before any final decision has been reached.
- 4.2 The consultation period should at least comply with the minimum periods set out below and may be extended by mutual agreement. The consultation process should be completed **before** notices of redundancy are issued.

No. of proposed redundancies	Minimum consultation period (normally before notice is issued)
<20 or single redundancies	30 days
20-99	30 days
100+	90 days

- 4.3 Information to be provided to the Trade Unions (and City of Edinburgh Council Employee Relations) in writing by the Assessor will include:-
- reason(s) for the redundancy dismissal proposals
 - numbers and categories of staff it is proposed to make redundant
 - total number employed in each category at the establishment where redundancies are proposed
 - proposed method of selecting employees for redundancy
 - how and when the redundancy dismissals will be effected
 - the formula for calculating redundancy payments
 - other relevant details on the work area such as the level of vacancies, overtime, and use of agency staff etc.
- 4.4 Where 20 or more redundancies are proposed, City of Edinburgh Council Employee Relations will notify the Secretary of State (BIS) (on behalf of the Joint Board). A copy of the completed HR1 form will be provided to the Assessor and the Trade Union.
- 4.5 Consultation must still take place with the Trade Unions even where those affected are not Trade Union members or the reductions may be achieved through voluntary means. Consultation must be carried out with a view to reaching agreement and include ways to:-
- avoid the redundancies or reduce the numbers involved
 - mitigate the consequences of redundancy
 - allow for any counter-proposals to be considered
- 4.6 All employees affected by a redundancy proposal should be invited by their line manager to a consultation meeting (in a group or on a one-to-one basis) to discuss the possibility of redundancy and how this will impact on them directly. The employees should be informed in advance of the planned meeting, its purpose and that a Trade Union representative or a work colleague may accompany them.

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5 STEPS TO AVOID REDUNDANCY

- 5.1 The Joint Board and the Trade Unions will actively explore ways to avoid the need for redundancies and maximise the opportunities for staff. Steps that may be considered include:-
- natural wastage (that is turnover, normal age retirements etc., non-filling of vacancies, recruitment management)
 - reductions in overtime working
 - reviewing the use of agency contract workers and consultants
 - support for voluntary reductions in hours or other Flexible Work Option requests
 - other cost reducing measures such as extended leave, breaks etc.
 - voluntary early release
 - redeployment to suitable alternative employment within the Joint Board
 - help from internal/external agencies to find work outside the Joint Board.
- 5.2 These options should be actively explored during the consultation period.

6 SELECTION FOR REDUNDANCY

- 6.1 Employees may be identified as surplus and potentially redundant in a number of different ways:-
- a) already in a supernumerary position and at risk of redundancy;
 - b) automatically identified as surplus because they are in a unique post or employed at a particular centre/location which is to close; or
 - c) selected from a "pool" using selection criteria.
- 6.2 Where it is necessary to select employees for redundancy, the **Process for Selection of Surplus Employees** at Appendix B will apply. The Joint Board will consult with the Trade Unions in determining the selection "pool(s)" and the selection criteria.

7 FORMAL NOTIFICATION OF REDUNDANCY

- 7.1 A redundancy is a dismissal in law. Where an employee is identified for redundancy and dismissal is being considered the nominated officer with authority to dismiss will write to the employee (supported by Human Resources) to:-
- a) set out the grounds on which it is considering dismissal;
 - b) invite him/her to a meeting to discuss the matter (including any outcome of the application of the redundancy selection criteria); and
 - c) provide a right of appeal against the decision (see section 14).
- 7.2 /....

- 7.2 The employee has the right to be accompanied at the meeting(s) by a Trade Union Representative or a work colleague.

8 VOLUNTEERS FOR REDUNDANCY

- 8.1 The Assessor will consider volunteers for redundancy from within an affected area where that would achieve the required reduction(s) and where other measures will not resolve the situation.
- 8.2 The Assessor may also consider volunteers for redundancy who are doing similar roles in other unaffected parts of the Joint Board, where this would allow an otherwise redundant employee to move into the post. This is known as a “bumped redundancy”. The functions, duties and grade of the posts must be broadly similar, the arrangement must be agreed by both sides and it must result in a net reduction of one post.
- 8.3 A volunteer for redundancy who is supported by the Assessor will be eligible for redundancy terms as set out in Section 11.
- 8.4 The actual payment level will be subject to the case satisfying the Joint Board’s costs/savings test. Payment may be reduced only where that is necessary to provide the required financial benefit (25% of annual pay/salary). However, payments will not be reduced below the minimum statutory redundancy level.
- 8.5 Support for volunteers is entirely discretionary and the Joint Board reserves the right to:-
- a) retain employees whose specialist knowledge, qualifications and experience are needed to meet business needs and maintain organisational balance;
 - b) not support a volunteer on the basis of cost and affordability; and
 - c) to decide between competing cases with due regard to the Joint Board’s interests, cost and affordability.
- 8.6 Where a decision is taken not to support a volunteer for redundancy, the Assessor will notify the employee of the decision in writing.

9 EMPLOYEE NOTICE OF TERMINATION

- 9.1 Once redeployment and other measures have been explored and a decision is taken to proceed with redundancy for an employee, the Human Resources Manager authority to dismiss will write to the employee to:-
- a) set out notice of termination;
 - b) provide an estimate of the redundancy payment and an estimate of pension benefit from the Pension Fund (where applicable); and
 - c) confirm the right to paid time off to look for work or to arrange training.
- 9.2 /....

- 9.2 The period of notice will be in line with the contract of employment or statutory notice, whichever is greater. Employees will normally be required to work their notice period. However, the Joint Board reserves the right to make a payment in lieu of some or all of the notice period.
- 9.3 The Joint Board may sympathetically consider a request from a redundant employee who wishes to leave before the expiry of the notice period. Entitlement to redundancy pay will be recalculated accordingly.

10 REDUNDANCY PAYMENT ARRANGEMENTS

- 10.1 The payments to apply where employment is ended by reason of redundancy are set out in Appendix C.

11 GENERAL

- 11.1 An employee dismissed for redundancy will not have to repay the equivalent of 6 weeks maternity/adoption pay if dismissal occurs during maternity/adoption leave or before the end of the 3 months following a return to work.
- 11.2 The Joint Board may withdraw a redundancy payment if an employee:-
- unreasonably refuses an offer of suitable alternative employment
 - ends employment before the notice period has expired, without agreement
 - is dismissed for reasons of misconduct
- 11.3 The Joint Board may also withdraw a redundancy payment if an employee accepts an offer of another job or another body specified in the Modification Order before their current employment ends and the alternative job is to start within 4 weeks of dismissal. Employees will be required to give written confirmation that an alternative job has not been offered and accepted.
- 11.4 The Joint Board will not automatically exclude or refuse to accept an application for a vacancy from a former employee who has received a redundancy payment. However, to decide if it is appropriate to re-employ or engage on a consultancy basis, the Joint Board will consider the:-
- time period since redundancy, particularly the 4-week period following termination
 - similarity of duties, work location, terms and conditions to the post previously held
 - any other recruitment issues.

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12 SUPPORT

12.1 The Joint Board will seek to provide support to employees at risk of redundancy including:-

- communications on the changes for those likely to be affected
- help to complete application forms, interview skills, retraining etc
- access to the City of Edinburgh Council's confidential counselling telephone helpline
- additional outside placement support as available and appropriate

12.2 Reasonable time off with pay will be granted to employees who are under notice of redundancy so that they can look for employment or training opportunities outside the Joint Board.

13 RAISING A CONCERN/APPEAL

13.1 An employee who wishes to raise a concern on the application of the Redundancy Procedure should talk it over informally with their line manager or another manager as early as possible to see if a solution can be found.

13.2 An employee has the right to appeal against a decision to dismiss for redundancy to the relevant Joint Board Appeals Committee, within 14 calendar days of receipt of notification.

14 REVIEW

14.1 The Policy will be reviewed, as required, by the Assessor and in consultation with the recognised Trade Union.

KEY STAKEHOLDERS RESPONSIBILITIES

The **Assessor** will initiate information and consultation obligations at an early stage; actively pursue alternatives within the Joint Board and across the constituent councils that could avoid or minimise the need for redundancies and consider the scope for volunteers or “bumped redundancies”. The Assessor and Line Managers will apply the Redundancy policy fairly and consistently within reasonable timescales, provide support to employees and ensure that records of meetings are properly maintained.

The **Trade Union** has a responsibility to participate in consultation meetings to ensure that opportunities to avoid or minimise redundancy are identified and explored and also to be available to provide support to their members throughout the stages of the redundancy process.

Employees have a responsibility to co-operate with the redundancy process by actively searching for jobs, giving serious consideration to alternatives that are identified and being willing to take part in training intended to improve the possibility of securing job opportunities.

Human Resources will be closely involved in any redundancy exercise and will be available to provide advice on the Joint Board’s legal obligations; to give support throughout the redundancy process and to ensure that the necessary paperwork is prepared and issued to staff timeously.

PROCESS FOR SELECTION OF SURPLUS EMPLOYEES
(covering all employees)

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2	Consultation with the Trade Union
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4	Identifying the "Pool" for Selection
5	Selection Criteria
6	Using the Selection Criteria Matrix
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APPENDICES	
A	Surplus/Redundancy Selection Assessment Form

PROCESS FOR SELECTION OF SURPLUS EMPLOYEES

(covering all employees)

1 INTRODUCTION

- 1.1 The Joint Board will, as far as is reasonably practicable, make efforts to avoid the need for compulsory redundancy.
- 1.2 Where it is necessary to select employees for redundancy then the terms of this process will apply.
- 1.3 The Joint Board will seek to apply the selection process in a way that is non-discriminatory and complies with legal obligations.
- 1.4 Where an employee is subject to the Disability Discrimination Act 1995, the Joint Board will ensure that s/he is not put at a disadvantage from the application of the selection criteria and consider any appropriate reasonable adjustments that can be made to the process.

2 CONSULTATION WITH THE TRADE UNION

- 2.1 The Assessor will consult with the Trade Unions and staff at the earliest opportunity on the 'pool(s)' and criteria for selecting employees for redundancy.

3 AUTOMATIC SELECTION

- 3.1 This can occur where:-
 - a) employees are already in a supernumerary position and at risk of redundancy;
 - b) automatically identified as surplus because they are in a unique post or employed at a particular centre/location which is to close; or
 - c) selected from a "pool" using selection criteria.
- 3.2 There may be no need to apply the selection criteria in these circumstances. However, the Assessor should still consider if there are people undertaking similar work elsewhere and whether selection from an extended "pool" would be more appropriate.

4 IDENTIFYING THE "POOL" FOR SELECTION

- 4.1 In the first instance, the Assessor must identify the work area(s), job types and numbers required to achieve the reduction(s).
- 4.2 /....

- 4.2 The Assessor must then decide the group of employees to draw those to be made surplus/redundant from. This is the 'pool for selection'. The following factors should be considered when determining the 'pool':-
- a) the employees' contractual job descriptions;
 - b) the extent to which employees' jobs are interchangeable;
 - c) whether other employees are engaged on like work in other parts of the Joint Board;
- 4.3 Where there is any doubt regarding the identification of the "pool" for selection, advice should be obtained from Human Resources.

5 SELECTION CRITERIA

- 5.1 The Joint Board will apply selection criteria to ; ensure service needs are met and a balance of skills, experience and knowledge is maintained. The corporate core selection criteria that will be applied include knowledge and skills, work performance, disciplinary and attendance records.
- 5.2 The Joint Board will consult with the Trade Union on the selection criteria to be used.

6 USING THE SELECTION CRITERIA MATRIX

- 6.1 Each employee in the "pool" will be subject to an assessment using the selection criteria matrix, including those absent from work for example due to sickness, maternity/adoption/parental leave etc.
- 6.2 Before the assessment process, all affected employees will be given access to this document and given information on the "pools" for selection, the selection criteria that will apply and the timescales for completion.
- 6.3 Each "pool" employee must be assessed on an individual basis by a team of two: the Assessor (or a nominated officer); along with an appropriate line manager with detailed knowledge of the "pool". The employee will not be present at the assessment and there will be no reference to other staff in the "pool".
- 6.4 **Disciplinary Record** - only **live** disciplinary records should be taken into account.
- 6.5 **Attendance Record** - absence directly related to a disability (as defined by the Disability Discrimination Act), industrial injury or pregnancy will be **excluded** when calculating absence. Care should be taken to explore the reasons for and the extent of absences to ensure an employee is not unfairly penalised, for example where an employee with an otherwise good attendance record has been affected by a one-off illness.
- 6.6 /....

- 6.6 A Selection Assessment Form (Appendix B(i)) must be fully completed for each employee using a common current date. The assessment must be done consistently in a reasonable, fair and objective way. Decisions must be supported by relevant evidence or data.
- 6.7 The completed form must be signed and dated by the assessment officers. The Human Resources Manager will audit the assessments to ensure that they are consistently applied and may ask the team to revisit any part of the assessment.
- 6.8 When the management assessment is completed, the sum of all the factors will give a TOTAL RATING. The ratings for the "pool" will be collated to give an overall rank order. The employee(s) with the **lowest rating** will be selected as surplus or redundant.
- 6.9 Where it is necessary to separate employees in the pool with the same total rating, the employee(s) with the **shortest continuous local government service** in the assessment will be selected.

7 NOTIFICATION OF SELECTION OUTCOME

- 7.1 All employees in the "pool" will be notified of the outcome of the selection process.
- 7.2 An employee selected for redundancy will be informed in writing of the outcome and given a copy of their assessment ratings. At that time the employee will be invited to a meeting to discuss their selection.

8 RAISING A CONCERN/APPEAL

- 8.1 An employee who wishes to raise a concern on the application of the process or the decision made should talk it over informally with their line manager or another manager as early as possible to see if a solution can be found.
- 8.2 The employee can raise their concern formally through the Joint Board's Procedure for Hearing Employee Grievances (or Chief Officers through the alternative processes that exist).
- 8.3 An employee has the right to appeal against a decision to dismiss for redundancy to the relevant Joint Board Appeals Committee, within 14 calendar days of receipt of notification.

9 GENERAL

- 9.1 All information produced as a result of the selection process should be handled in a confidential manner and retained after use for an appropriate period on the employee's personal file.
- 9.2 The Policy will be reviewed, as required, by the Assessor and in consultation with the recognised Trade Union.

SURPLUS/REDUNDANCY SELECTION ASSESSMENT FORM



Name of Employee	
Job Title	
Dept/Location	

1 KNOWLEDGE, EXPERIENCE AND SKILLS FOR JOB		2 GENERAL WORK PERFORMANCE		3 DISCIPLINARY RECORD OVER LAST 2 YEARS (‘live’ warnings only)		4 SICKNESS ABSENCE RECORD OVER LAST 2 YEARS	
RATING		RATING		RATING		RATING a) Days Absent	
Fully Developed	4	Exceptional	4	No disciplinary record	4	Up to 7	4
Well Developed	3	Above Standard	3	Oral Warning	3	Over 7 & up to 14	3
Developing	2	Standard	2	Written Warning	1	Over 14 & up to 21	2
Early Developing	1	Less than Standard	1	Final Written Warning or Punitive Disciplinary Action	0	Over 21 & up to 35	1
						Over 35	0
						RATING b) Periods of Absence	
						Up to 4	1
						Over 4	0

Circle selected rating for each factor

NOTES – PLEASE COMPLETE EVIDENCE

1 Disciplinary record position at date of assessment	
2 Sickness absence record position at date of assessment	
a) Date continuous Local Government Service started	
b) Or adjusted date due to Family Care Break(s)	
c) Due to following Family Care Break(s)	From _____ To _____

Date of Assessment

Signed
(Head of Dept)

Signed
(Supporting Line Manager)

Signed
(Human Resources)

TOTAL RATING
ie sum of factors 1-4

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NOTES ON COMPLETION OF ASSESSMENT FORM

1 COMPETENCE AND PERFORMANCE	2 GENERAL WORK PERFORMANCE	3 DISCIPLINARY RECORD OVER LAST 2 YEARS (‘live’ warnings only)	4 SICKNESS ABSENCE RECORD OVER LAST 2 YEARS
<p>This factor calls for a management assessment of the extent to which the employee presently matches the knowledge/experience/skills requirements for the job.</p> <ul style="list-style-type: none"> ▪ A very experienced employee – has demonstrated the ability to undertake the full range of duties and responsibilities of the job through applying fully developed skills and knowledge. 4 ▪ An experienced employee who has demonstrated the ability to undertake most of the duties and responsibilities of the job through applying well developed skills and knowledge. 3 ▪ An experienced employee who has demonstrated an ability to undertake some of the duties and responsibilities of the job by applying developing skills and knowledge. 2 ▪ An employee who is considered to be at an early stage in developing knowledge, experience and skills required to respond to the duties of the job. 1 	<p>This factor calls for a management assessment of the employee’s general standard of work performance in their present job.</p> <ul style="list-style-type: none"> ▪ An exceptional performer - a highly productive employee whose output/quality is consistently well above the required levels of the job. 4 ▪ An above standard performer – an employee who regularly produces an above standard work output/quality of work with less than normal supervision required. 3 ▪ A standard performer – an employee who generally produces the required work output/quality expected under normal supervision arrangements. 2 ▪ A less than standard performer – an employee who regularly requires greater than normal support with their work output/quality. 1 	<p>This factor relates to the extent to which employees have had formal disciplinary action taken against them</p> <ul style="list-style-type: none"> ▪ An employee with a “clean” disciplinary record at the date of assessment 4 ▪ An employee who has been issued with an oral warning within the 6 months period ending on the date of assessment 3 ▪ An employee who has been issued with a written warning within the 9 months period ending on the date of assessment 2 ▪ An employee who has been issued with a final written warning within the 2 years period ending on the date of assessment or been the subject of disciplinary action which has not been expunged 1 <p>Note: evidence should be accurately obtained from the employee’s record and set out in Note 1 of the form.</p>	<p>This factor relates to the following aspects of the employee’s sickness absence record:</p> <ul style="list-style-type: none"> a) the number of working days lost due to sickness absence within the 2 year period ending on the date of assessment 4 b) the number of separate periods of sickness absence which occurred within the 2 year period ending on the date of assessment. 3 <p>The reasons for and extent of absences should be considered and may be discounted in exceptional circumstances and on an individual case-by-case basis. Medical advice should be obtained where necessary</p> <p>Sickness absences directly related to a case covered by the Disability Discrimination Act, industrial injury or an employee’s pregnancy will be excluded.</p> <p>Factor 4b) only gives recognition to a situation where an employee has no more than 4 separate periods of sickness absences (excluding absences already identified in a) and b) above within the specified 2 year period.</p>

REDUNDANCY TERMS

1. Introduction

- 1.1 This Policy takes account of relevant legislation and will apply to eligible employees who are dismissed by reason of redundancy.
- 1.2 These payment terms will be available during the period 1 February 2010 to 31 March 2011.
- 1.3 Generally, it will be for the Assessor to invite employees to submit applications under the Policy. The approval of an application and the compensation to apply will be entirely at the Joint Board's discretion and will have regard to the financial benefit. Employees do not have a right to have an application approved.

2. Statutory Redundancy Payment

- 2.1 An employee who is redundant and has at least 2 years' continuous local government service will be eligible for a statutory redundancy payment.
- 2.2 The statutory redundancy payment is calculated on the basis of age and completed years of service (up to a maximum of 20 years counts)-:
- ½ week's pay for each year of service where age less than 22
 - 1 week's pay for each year of service where age between 22 but under 41
 - 1½ week's pay for each year of service where age is 41+
- 2.3 There is a quick reference table attached as Appendix D to work out payments, along with a sample calculation.

3. Improvement to the Statutory Redundancy Payment

- 3.1 The Joint Board may improve the statutory redundancy payment in section 2 above by:-
- a) using the employee's actual week's pay rather than the statutory upper earnings limit; and
 - b) multiplying the statutory redundancy amount by a factor of 2.2.
- 3.2 When the improvement is applied, the minimum payment available is 2 weeks' pay and the maximum is 66 weeks' pay. This payment **includes** the statutory redundancy payment in section 2.
- 3.3 Each case (voluntary and compulsory redundancy) will be subject to a financial assessment detailed in section 5 below. **Payments may be reduced only if the required financial benefit (25% of one year's pay/salary) is not provided.**

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4. Employees with access to Pension

4.1 An employee who receives an improved redundancy payment and is aged 55 or over ★1 may be eligible for the immediate release of pension benefits if the criteria of the relevant Local Government Pension Scheme (LGPS) are met. This means pension benefits already earned in the Scheme are released with no actuarial reduction providing an employee qualifies.

Alternative award of added years

4.2 Instead of an improved redundancy payment, an eligible pension scheme member (Local Government Scheme) may apply to receive added years compensation, that is:-

- a statutory redundancy payment (as in 1 above)
- the immediate release of unreduced pension enhanced by the award of up to a maximum of 5 added years.

4.3 An employee may opt for either an improved redundancy payment or the award of added years, not both (ie the options are mutually exclusive). The extent to which either option can be made available will be determined by the Assessor on the basis of cost and affordability.

4.4 Where a pension scheme member is eligible for added years, the level to be awarded in each case will not exceed the shortest of the following periods:-

- a) the additional period for potential relevant pension scheme service from the date of termination to age 65;
- b) a period equal to the period of actual relevant pension scheme service;
- c) the additional period necessary to increase relevant pension scheme service to 40 years;
- d) 10 years;
- e) the local condition of a period equivalent to 1/2 the period of actual relevant pension scheme service; or
- f) the local condition of a maximum of 5 years.

NOTE: Employees will not receive benefits (eg added years; augmentation; redundancy payment or an improved redundancy payment) for any period of service for which they have previously received enhanced benefits. This means that periods of service will not be reckoned more than once.

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★1 *Some LGPS members who were in the Scheme on 31 March 2009 and retire before 31 March 2010 or were members of the 1998 Scheme on 5 April 2006 have protected access to benefits from age 50. Also some STSS members may also have protected access to benefits from age 50.*

5. FINANCIAL ASSESSMENT

5.1 Redundancy compensation is a direct cost to the Joint Board. In some cases there may also be an immediate strain cost, this is the amount the Joint Board must pay to the Pension Fund to compensate for the early payment of benefits.

5.2 A maximum period of up to 3 years will be used to assess the costs and savings and each case must provide a financial benefit equivalent to 25% of annual salary. The financial assessment will be carried out for each case to:-

- identify the actual costs (including “strain” cost)
- determine if these costs are affordable and can be met
- identify proposed savings over a maximum period of up to 3 years
- assess if a financial benefit of 25% of annual salary can be achieved

5.3 The Joint Board may propose a reduced payment only where necessary to ensure the financial assessment provides the required financial benefit of 25% of annual pay/salary. Reduced payments may not go below the minimum statutory redundancy level using an actual week’s pay and in some cases this may mean that no financial benefit is provided to the Joint Board when a redundancy occurs.

5.4 Where a case incurs a “strain” or mandatory compensation cost, the financial assessment will be subject to approval by the Treasurer to the Joint Board.

5.5 The Joint Board may approve, in exceptional circumstances, the inclusion of “other securable savings” as part of the above financial assessment for a case. Such a proposal by the Assessor will require to be submitted to the Chief Executive to the Joint Board for consideration. The Assessor will detail the exceptional circumstances of the case for special consideration and identify the source(s) of the proposed “other securable savings”.

5.6 The Assessor will be responsible for the costs associated with any approved application and these costs will be borne in accordance with the charging arrangements which apply at that time.

6. Consideration and Approval

6.1 The Human Resources Manager will provide an estimate of the payment and obtain an estimate of pension benefits and costs from the Pension Scheme (if appropriate) for the employee .

6.2 The Department will consider if the financial assessment is satisfactory or if the payments require to be reduced.

6.3 Where the Assessor has to decide between competing cases, due regard will be given to the Joint Board’s interests, cost and affordability.

6.4 A case will only proceed for final consideration where the Assessor has given his support in principle and the financial assessment provides a satisfactory outcome.

6.5 /....

- 6.5 The arrangements for the final approval of a case are as follows:-
- a) cases with a salary up to £50,000 will be approved by the Assessor on the Joint Board's behalf
 - b) cases that exceed a salary of £50,000 or do not provide the required financial benefit (compulsory redundancy cases only) must be considered by the Chief Executive to the Joint Board, in consultation with the Convener.
 - c) an application by the Assessor will be considered by the Chief Executive through a formal committee process.
- 6.6 All approved cases will be included in a Joint Board report.
- 6.7 Where a case is approved, the line manager will arrange for the employee to be notified in writing of the decision, the compensation payable and how it has been calculated. The Human Resources Manager will then initiate the termination arrangements.
- 6.8 Where a decision is taken not to proceed with a redundancy dismissal, the line manager will advise the employee of the decision and the reasons in writing.

STATUTORY REDUNDANCY PAYMENTS READY RECKONER

Calculate the number of weeks redundancy pay by cross-referencing the employee's age and completed years of continuous service ★2. Multiply that number by the employee's actual week's pay ★3. The Joint Board may improve the redundancy payment by multiplying the statutory payment by 2.2. For example a person aged 22 with 4 years service and pay of £400 a week will be entitled to 2 weeks statutory pay (£400 x 2 = £800), the improved amount is £1,760 (£800 x 2.2).

COMPLETED YEARS OF SERVICE ★1																			
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
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★5	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30

WORKED EXAMPLE OF IMPROVED REDUNDANCY PAYMENT

An employee aged 22 with 4 years service, pay of £400 a week.

1. The **statutory redundancy payment** – calculate by cross-referencing age and completed years of continuous local government service (using the ready reckoner above), then multiply that number by an actual week's pay:

- Age of 22, 4 years' service = 2 weeks pay
- 2 weeks x £400 (a week's pay) = **£800**

2. Improve the redundancy payment - multiply the statutory redundancy payment by **2.2**:

- 2 week Statutory Redundancy Payment multiplied by 2.2 = £800 x 2.2
- **TOTAL IMPROVED REDUNDANCY PAYMENT** = **£1,760**

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- ★2 Continuous local government service is service with the Lothian Valuation Joint Board or a body specified in the Redundancy Payments Modification Order, up to a maximum of 20 years service only can count.
 - ★3 A week's pay is generally calculated by reference to the employee's actual basic pay plus any contractual allowances at the date of termination, that is we generally waive the statutory upper earnings limit.
 - ★4 The table starts at age 17, as it is possible for a 17 year old to have 2 years' service based on the compulsory school leaving age.
 - ★5 The same figures should be used when calculating the redundancy payment for a person aged 61 and above.