

PERSONNEL COMMITTEE

20 JUNE 2007

SEVERANCE POLICY

REPORT OF HEAD OF ORGANISATIONAL DEVELOPMENT

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RECENT REFERENCES:

PER84 - Pensions Policy - 7 March 2005

PER96 - Pensions Policy - 18 September 2006

EXECUTIVE SUMMARY:

Severance policies are a very useful tool in managing organisational change. An organisation such as WCC has an ambitious change agenda (2010) and whilst it will take steps to avoid redundancy through effective workforce planning, there will be occasions when service delivery plans require restructuring that leads to redundant posts.

The Council is an organisation which endeavours to motivate and enable all its employees to do their best work. Change is inevitable, therefore it is essential that employees have confidence in their employer knowing that they will be treated fairly, consistently and with respect. Policies clearly stating how employees can expect to be treated during periods of change are necessary to ensure that change can be managed effectively even in the most difficult of circumstances.

In a time when change is prevalent, it is essential in terms of recruitment and retention to have a sound Severance Policy. The culture of employment in the public sector has changed and people can no longer seek employment in terms of a 'job for life'. Job security is no longer guaranteed so potential employees are increasingly looking to severance packages to differentiate organisations. It is important for the wider reputation of the Council as a whole to be seen as a good and attractive employer.

The Council's current policy was put in place in response to the changes in the Pension Regulations in 2006 which made changes to the discretionary powers available to employers. Due to the short timescale between the publication of the new Pension Regulations and the introduction of the Age Discrimination legislation requiring a new Policy to be published, only minor changes were made to the Pensions Policy and the wider issue of enhanced severance pay was not addressed. This has also been the case with many neighbouring authorities.

It is essential that Council policies are non discriminatory. The continual increase in legislation has led to increasing an increasing number of challenges to organisations. With the potential costs of discrimination challenges running into the hundreds of thousands,

the Council cannot afford to risk operating policies that are either directly or indirectly discriminatory.

It is also essential that any Severance Policy is able to demonstrate affordability in the current financial climate.

This report sets out the options available to the Council under the Pension Regulations, considers their financial impact and makes recommendations as to which discretionary powers should be adopted as part of the Council's Severance Policy.

#### RECOMMENDATIONS:

- 1 That the Committee agree the implementation of the proposed Severance Policy as follows:
  - i) To adopt the discretionary power to offer an enhanced redundancy payment which will be calculated by using a multiplier of 1.6 based on the statutory redundancy tables, as set out in section 8
  - ii) To calculate a week's pay is based on an individual's actual week's pay.
  - iii) To withdraw the discretionary power to offer augmentation to pension membership on termination of employment
  - iv) To permit flexible retirement from age 50 providing there is a reduction in either the individual's hours or grade, there is no cost to the Council and it is in the Council's interest to do so.
  - v) That transfer of pension rights will only be allowed if requested within one year of joining the pension scheme.
  - vi) That any employee who is made redundant whilst employed on a fixed term contract will not be eligible to receive enhanced redundancy pay. Any redundancy payment due will be paid in accordance with the maximum statutory redundancy payment.
  - vii) That a revised Pension Policy is published with an implementation date one month from publication as required by the Compensation Regulations.
- 2 That the Head of Organisational Development be authorised to implement the changes to the policy subject to no material objections being raised by Unison.

## PERSONNEL COMMITTEE

20 June 2007

### SEVERANCE POLICY

#### Report of Head of Organisational Development

#### DETAIL:

##### 1 Introduction

- 1.1 A report was brought to this Committee in September 2006 recommending revisions in the Council's Pension Policy to accommodate the changes in the Pension Regulations and to meet the requirements of the Age Discrimination Legislation introduced on 1 October 2006.
- 1.2 Despite the late release of the revised Pension Regulations with very little guidance, Authorities were required to review their pension policies for implementation on 1 October 2006.
- 1.3 The amendments to the Pension Scheme changed the discretions available to local authorities. The Council's Policy was changed to accommodate the change in the discretionary powers but, like many of our neighbouring authorities, no major review was undertaken. It is now appropriate that the wider issue of enhanced severance pay is considered.
- 1.4 Change is inevitable and it is therefore essential that employees have confidence in the Council as an employer knowing that they will be treated fairly and with respect. Policies which state clearly how employees can expect to be treated during periods of change are necessary to ensure that change can be effectively managed even in the most difficult circumstances.

##### 2. Proposal for the Introduction of a Severance Policy

- 2.1 Severance Policies are a very useful tool in managing organisational change and in minimising the potential for a negative effect on the Council's reputation as an employer. The Council has an ambitious agenda for change and, while steps will always be taken to avoid redundancy through workforce planning, there will often be occasions when its service delivery plans require restructuring which leads to redundant posts. When this is the case, it will assist in employee relations, morale and productivity across the Council to have a package of benefits and other support available to staff. A Severance Policy that is fairly administered is essential to reduce the threat of challenge either by individuals or by regulatory bodies.
- 2.2 Payments for redundancy and early retirement on grounds of efficiency of the service (severance payments) are governed by regulations and can only be made in certain circumstances. Some elements of the payments are statutory and others are discretionary allowing the Council to award additional payments if it is appropriate to do so. The Council is required to exercise a robust approach to managing severance payments both in terms of the criteria used to determine those payments and in terms of the impact that this has on severance as a tool for organisational change.

Appendix 1 sets out the discretionary powers adopted by the Council under its current Pension Policy.

### 3. Why Offer Enhanced Severance

3.1 Under the Pension Regulations, an employee who is a member of the pension scheme, is aged 55 or over (50 in some cases where entitlements are protected under the regulations) and who is made redundant from their post, is entitled to the immediate release of their pension, unreduced. There is no legal requirement for an organisation to pay any payments to any other employee over and above the statutory payments required in redundancy situations.

3.2 Local authorities have made use of the discretionary powers available to them under the Pension Regulations to offer enhanced payments to employees of any age for a number of reasons. Some of these reasons are listed below.

- i) Tool for Recruitment and Retention – where neighbouring authorities and private sector employers offer enhanced severance, current and potential employees are attracted to organisations where there is some degree of compensation offered should their job be at risk. This is particularly relevant in the current work climate where change is frequent.
- ii) To compensate employees in accordance with their contribution to the organisation in terms of length of service and seniority. Statutory redundancy pay recognises service and age but takes no account of level of seniority and salary and therefore often does not compensate for loss of job.
- iii) Facilitates the change process in offering employees an incentive to take redundancy or early retirement, allowing changes to be negotiated more easily.

### 4. Issues to be considered when developing a Severance Policy

4.1 There are a number of issues which should be considered in developing a Severance Policy. The Policy should be:

- i) Non-discriminatory – It is essential that all Council policies do not discriminate against any of the groups protected under legislation.
- ii) Affordable – The future financial profile of the Council is challenging and it is likely that the Council will continue to need to undergo significant changes as a result of national and local changes to service provision. The Severance Policy should reflect the ongoing need to manage organisational change within affordable limits. The Council's policy must be able to demonstrate affordability in terms of cost to the taxpayer.
- iii) Comparable – in order to compete with other local authorities to recruitment and retain employees with key skills and experience the Council must ensure that the employment terms offered as pay and benefits are comparable with other employers in the same market.
- iv) The policy should provide a clear break in policy to ensure that the Council is not tied to the precedents set by past practice.

- v) Strategies for the management of organisational change, including policies on severance payments require the support and co-operation of the recognised trade union. Consultation on a new policy is essential to maintain the sound industrial relations climate that has been established.

## 5. Background Constraints

### 5.1 Continuous Service –

Under statute, employees with less than 2 years service are not entitled to redundancy payments. However, this service requirement does not apply to discretionary lump sum compensation payments.

Under the statutory redundancy regulations age and length of service are used to calculate redundancy pay. The regulations limit the length of service which can be considered to a maximum of 20 years.

**(Note:** In calculating the statutory redundancy payment, the Council must take into account all continuous service (up to a maximum of 20 years) with bodies listed in the Redundancy Payments (Continuity of Employment in Local Government etc) (Modification) Order 1999 (as amended) – the Modification Order)

The usual rules of continuity apply so that if there is a break of more than a week (running from Sunday to Saturday) between two contracts continuity will be broken (except where there is a redundancy and a new job is taken up within 4 weeks).

### 5.2 Age Discrimination

The Government has retained the age and service formula to calculate redundancy pay under the statutory redundancy scheme as it considers that it complies with the EU Directive on Age. To move to a single multiplier would discriminate unfairly against older workers. This is reflected in regulation 33 of the Age Discrimination Regulations.

### 5.3 Discretionary Payments

The Council first needs to be clear that a redundancy or early retirement situation does exist, as defined in Appendix 2. If such a situation does exist, the Council can then consider whether to exercise the discretion in favour of an employee and award additional payments.

In considering whether to exercise discretionary powers, as a public authority, the Council must act reasonably taking into account all relevant factors and not take into account any irrelevant factors. The Council must consider the individual circumstance when determining the award. Compensation must be related to what an individual loses as a result of a loss of job. It should not be assessed by reference to the need to obtain the departure of the individual voluntarily.

## 6. Discretionary Powers Available under Pension Regulations

### 6.1 The discretions allowed under the Pensions Regulations are as follows:

- i) The regulations remove the weekly pay ceiling placed on statutory redundancy payments under the Employment Rights Act and allow

redundancy pay to be calculated on any amount between statutory maximum redundancy pay (£310 per week as at February 2007) and actual weekly pay.

- ii) Allow the discretion to offer a one-off lump sum payment of up to 104 weeks pay (inclusive of any redundancy payment made).
- iii) Offer augmented pension membership up to 6 2/3 years to employees on termination of employment.

6.2 An explanation of some of the terms used when considering the application of the discretionary powers available is shown in appendix 3

## 7. Problems with Current Pension Policy

7.1 The current Pension Policy is biased toward those employees aged 50 and over and has the potential to contravene the requirements of the Age Discrimination legislation. The Council currently exercises the discretion to award up to 6 2/3 years augmented membership in cases of early retirement on grounds of efficiency of the service. This discretion applies only to those employees currently aged 50 and over who are eligible to receive immediate payments of pension benefits.

7.2 The changes to the Regulations from offering Compensatory Added Years (CAYs) to augmented membership have meant that the Council now incurs a substantial up front cost when allowing early retirement on redundancy or efficiency grounds, compared to a smaller ongoing cost. The full cost of the augmented membership must be met at the time of retirement as well as any early release charges, known as pension strain, made by the Pension Fund. This is a change to the requirements under the system of CAYs which, in addition to the administrative cost levied by the Pension Fund, required a much smaller payment towards the pension lump sum and an ongoing pension cost for the life of the employee. Any payments made must be able to payback within 3 years in line with recommendations made in a report from District Audit that any costs incurred should be able to demonstrate savings within a reasonable period.

7.3 Under regulation 26 of the LGPS employees aged 50 or over whose employment terminates on grounds of redundancy or efficiency of the service will automatically receive immediate payment of their pension (un-enhanced) for which the Council will be charged an amount known as 'pension strain'. In the event of termination of employment on redundancy or efficiency grounds, this will affect any member of staff who is an existing member of the pension scheme and who will reach age 50 by 31<sup>st</sup> March 2010. After 31<sup>st</sup> March 2010, the minimum age for early retirement will increase to 55 for existing members of the pension scheme. Age 55 is the earliest retirement age for scheme joiners on or after 1 April 2008.

The cost of 'pension strain' is calculated using a formula issued by Government actuaries and factors in the length of time between payment of the pension and normal retirement age (65) and the loss of contribution income and will vary for each individual.

7.4 Whilst the Pension Regulations allow Authorities the discretion to pay a lump sum of up to two years salary on redundancy, the Council does not currently exercise this discretion paying only statutory maximum redundancy pay of £310 per week.

7.5 The table attached at appendix 1, column 3 gives details the Council's current Policy on the application of the discretions allowed under the Pension Regulations.

7.6 The discretionary powers available to the Council are explained in more detail in Appendix 3 of this report.

## 8. Summary of Options

### 8.1 Redundancy

Definition - For entitlement to redundancy payments, under the Employment Rights Act 1996, redundancy arises when employees are dismissed because:

- the employer has ceased, or intends to cease, to carry on the business for the purposes of which the employee was so employed; or
- the employer has ceased , or intends to cease, to carry on the business in the place where the employee was so employed; or
- the requirements of the business for employees to carry out work of a particular kind has ceased or diminished or are expected to cease or diminish; or
- the requirements of the business 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.

### 8.2 Options for Redundancy Payments

#### Option 1

- To pay redundancy based on the maximum statutory redundancy payment (currently £310 per week)
- Do not augment pension membership

#### Option 2

- To calculate the statutory redundancy payment on the employees actual weeks pay
- Do not augment pension membership

#### Option 3

- To calculate the statutory redundancy payment on the employees actual weeks pay.
- To link compensation payments to the statutory redundancy calculator and use a multiplier of between 1 and 3.467 which would result in a payment of up to between 30 and 104 weeks pay.
- Do not augment pension membership

### 8.3 Retirement on Grounds of Efficiency of the Service

Definition - Employees over 50 years of age with 2 years service may be retired in the interests of the efficiency of the service and will receive a pension based on their accrued service. This is not a redundancy situation and no redundancy payment is

made; it is a mutual agreement to terminate employment with immediate payment of pension.

#### 8.4 Options for Efficiency Payments

##### Option 1

- To give members the discretion to augment membership of the pension scheme for all employees

##### Option 2

- Not to use the augmentation provisions and to make a compensation payment, using a multiplier of between 1 and 3.467 which would result in a payment of up to between 30 and 104 weeks pay using a calculation based on the employee's actual week's pay and assessing each case on its merit.

8.5 The estimated cost of each redundancy option is set out in appendix 4. The options are explained by reference to a number of fictitious employees, created to represent a variety of potential cases for which the policy could be used

#### 8.6 Flexible Retirement

It is possible, under the Pension Regulations, from age 50 with the employers permission, for individuals to draw their pension benefits providing they reduce their grade or hours. If this is done before age 65 then benefits will be actuarially reduced for life. The Council can waive the reduction but will incur a charge to do so. It is recommended that Council continues to support flexible retirement provided that there is a reduction in the employee's grade or hours, that there is no cost to the Council and that it is in the Councils interest to do so.

#### 8.7 Transfer of Pension Rights

The Council currently has the discretion to extend the deadline for employees wishing to transfer pension rights from a previous employer to the Local Government Pension Scheme. The Council's current policy exercises that discretion and allows employees to transfer pension rights at anytime during their employment except when on notice of redundancy or early retirement. It is proposed that the Council cease to exercise this discretion and limit the deadline for combining benefits to 12 months following appointment to the Council. The current policy risks increasing costs significantly on early retirement or redundancy cases where additional pension membership would not be taken into account when restructuring costs estimated. This change mirrors a change in policy at Hampshire County Council.

### 9. Financial Implications

9.1 There is a cost associated with all efficiency and redundancy terminations. Under regulation 26 of the LGPS employees aged 50 or over (increasing to 55 for members joining from 2008) who are current members of the pension scheme and whose employment terminates on grounds of redundancy or efficiency of the service will automatically receive immediate payment of their pension (un-enhanced) for which the Council will be charged 'pension strain'. This cost will vary from case to case.



9.2 It is not proposed to change the current policy which requires that all such decisions are made by CMT with approval from Personnel Committee and Cabinet, identifying the full cost. However, Members have requested that any organisational changes should aim to generate savings in the following 2 years rather than the 3 years that are currently required.

9.3 Appendix 4, option 3, sets out some examples of the financial implications of moving to a system of compensation applying a multiplier using the statutory redundancy table as a basis. The multiplier examples shown are based upon affordability and comparability with neighbouring authorities. They will help the council recruit and retain staff and give flexibility to assist in organisation changes in the future.

## 10. Fixed Term Contracts

10.1 Any employee who is made redundant whilst employed on a fixed term contract will not be eligible to receive enhanced redundancy pay. Any redundancy payment due will be paid in accordance with the maximum statutory redundancy payment.

## 11. Benchmark Information

11.1 The table at appendix 5 gives details of the approach to the Pension Regulations taken by other local authorities

## 12. Recommended Option

12.1 Winchester City Council has always had low numbers of early retirements as a result of redundancy or efficiency of the service. However, service changes and restructuring may lead to reductions in workforce numbers in future which could increase the incidence and cost of early retirements and redundancies. This makes it important that there is a clear and consistent policy in place.

12.2 Using a multiple of the redundancy payment as set out in the statutory redundancy tables will ensure that Winchester City Council practice is non age discriminatory. Also using a multiplier and tying any additional lump sum to the statutory redundancy payment will also ensure that the Council is not discriminatory.

12.3 The multiplier of 1.6 is the mid point between the maximum number of weeks allowed under the statutory redundancy entitlement and the maximum discretionary compensation allowed under the previous regulations.

12.4 The higher multipliers considered in the options shown are used by some authorities, however, they represent a considerable increase in costs. The current maximum discretionary compensation would equate to a multiplier of 3.467. The maximum allowed under the old regulations would equate to a multiplier of 2.75. The multiplier of 1.73 represents approximately 52 weeks which is half of the maximum number of weeks allowed under the discretionary payments.

12.5 Having considered the options, using the multiplier of 1.6 reflects the position of a number of comparable authorities in a recent survey undertaken by Human Resources. This would represent the combination of affordability, comparability and assist with recruitment and retention of staff.

13 Consultation

13.1 Consultation with Unison and Corporate Management Team is ongoing on the proposed amendments.

14. Future Reviews

14.1 This policy will be reviewed, in consultation with Unison every three years, subject to changes in legislation or the Pension Scheme, as part of a programme of policy review.

OTHER CONSIDERATIONS:

15. CORPORATE STRATEGY (RELEVANCE TO):

15.1 The policy is linked to the need to continuously improve services and to ensure that the staffing resources within the Council meet business needs through the contribution to the recruitment, retention and motivation of staff.

16. RESOURCE IMPLICATIONS:

16.1 As set out in appendix 4

BACKGROUND DOCUMENTS:

Held within Human Resources Division

APPENDICES:

Appendix 1 Summary of Discretionary Powers Adopted

Appendix 2 Reasons for Termination of Employment

Appendix 3 Explanation of terms used in application of discretionary powers.

Appendix 4 Estimated Costs of Options

Appendix 5 Benchmark information



## Summary of Severance Payment Options

## Appendix 1

<b>Redundancy – Employee under 50 years of age (no immediate payment of pension benefits)</b>		
<b>Statutory</b>	<b>Discretionary</b>	<b>Existing Policy</b> (set by Personnel Committee September 2006)
Redundancy payment – calculated using the number of weeks x actual weekly wage up to max £310 per week (Employment Relations Act 1996)	Use actual weekly wage in the calculation without applying the maximum	To use statutory maximum
	Use enhanced number of weeks in accordance with Part III of the Discretionary Compensation Regulations	To use statutory entitlement
<b>Redundancy – Employee over 50 years of age (retirement with pension benefits)</b>		
<b>Statutory</b>	<b>Discretionary</b>	<b>Existing Policy</b> (set by Personnel Committee September 2006)
Redundancy payment – calculated using the number of weeks x actual weekly wage up to max £310 per week (Employment Relations Act 1996)	Use actual weekly wage in the calculation without applying the maximum	To use statutory maximum
Immediate payment of unreduced pension benefits based on accrued pensionable service	Award of up to 6 2/3 years augmented membership	To award up to 6 2/3 years augmented membership, considering each case on its merits and having due regard to the financial implications for the Council
<b>Efficiency of the Service – Employee over 50 years of age</b>		
<b>Statutory</b>	<b>Discretionary</b>	<b>Existing Policy</b> (set by Personnel Committee September 2006)
Immediate payment of unreduced pension benefits based on accrued pensionable service	Award of up to 6 2/3 years augmented membership	To award up to 6 2/3 years augmented membership, considering each case on its merits and having due regard to the financial implications for the Council
<b>Permanent ill health</b>		
<b>Statutory</b>	<b>Discretionary</b>	<b>Existing Policy</b> (set by Personnel Committee September 2006)
Immediate payment of unreduced pension benefits based on accrued pensionable service plus added years in accordance with scheme regulations.	None	Not applicable

<b>'85' Year Rule – Employee of 50 years of age</b>		
<b>Statutory</b>	<b>Discretionary</b>	<b>Existing Policy</b> (set by Personnel Committee September 2006)
Immediate payment of unreduced pension benefits based on accrued pensionable service	Applications for early retirement under this rule are subject to agreement of the employer	To consider each case on its merits having regard to the financial implications for the Council
<b>Discretionary Powers - No Financial Implications</b>		
	To extend the deadline for employees to opt to combine benefits on leaving the pension scheme for a second time,	Deadline extended to allow employees to combine benefits except for employees who wish to transfer benefits when under notice of redundancy or early retirement
	Consider an application for flexible retirement from an employee aged 50 or over allowing the employee to reduce their grade and/or hours and draw pension benefits at the same time.	Any applications for flexible retirement to be made in accordance with the provisions of the Flexible Working Policy and considered against the needs of the organisation

**APPENDIX 2****REASONS FOR TERMINATION OF EMPLOYMENT**

Payments made on termination of employment are limited to those expressly required or allowed by law. These are detailed in the table below:

<b>TYPE</b>	<b>PAYMENT ENTITLEMENT</b>
Employee ends contract by giving notice	No entitlement to redundancy payment Employee should serve notice Maybe entitled to draw accrued pension benefits depending on age and service but cannot be awarded any discretionary enhancements
Contract is ended by mutual agreement	No entitlement to redundancy payment No entitlement to pension (unless of an age to draw accrued pension benefits) Employee should serve notice
Employer terminates contract because of conduct or capability issue	No entitlement to redundancy No entitlement to pension (unless of an age to draw accrued pension benefits) May or may not serve notice depending on nature of events leading to dismissal
Employer terminates contract because of redundancy	Right to redundancy payment May be entitled to pension if 50 or over Employee should work notice period May be entitled to discretionary enhanced entitlement
Employer terminates contract on grounds of permanent ill health	No right to redundancy payment May be entitled to ill health pension
Employer terminates contract for SOSR (some other substantial reason)	Employee should work notice period No right to redundancy payment May be entitled to pension if aged 50 or over May be entitled to discretionary enhanced entitlement

**APPENDIX 3****EXPLANATION OF TERMS**

There are a number of terms used when looking at the Discretionary Powers available. These are explained below.

**A Multiplier –**

Given that the formula for statutory redundancy payments based on age and service is deemed by the Government to be permitted under the Age Discrimination Regulations, the Council could link compensation payments to the statutory redundancy calculator. The Council could then use a multiplier ie multiplying the number of weeks pay the employee would be entitled to under the statutory formula by an agreed factor. The maximum permitted factor would be 3.467 ie 30 weeks x 3.467 = 104 weeks. A multiplier of 1.6 would give a maximum payment of 48 weeks pay. Applying a standard multiplier to the statutory tables is considered to be the safest option in terms of avoiding legal challenge as it follows the Governments practice on statutory redundancy payments. The resulting compensation payment would also include the statutory redundancy payment.

**B Statutory Maximum Redundancy Pay**

Each employee with more than 2 years continuous service is entitled to receive a statutory redundancy payment. This is based on the calculated using length of service and age and has a maximum weekly pay level of currently £310.

**C Use Actual Pay for Redundancy**

The provisions of the Pension Regulations allow employers to base the calculation on whatever rate of pay they choose as long as it does not exceed the employee's actual week's pay. To rely on the exemptions of the Age Regulations and to ensure equal pay claims are avoided, consistency of treatment is essential.

**D Augmentation**

The Pension Regulations allow for membership to be augmented up to 6 2/3 years. The cost of this augmentation must be met up front. Augmented membership can only be awarded to employees who are current members of the pension scheme and who are in employment. This discriminates directly against those not in the pension scheme, and whilst not illegal does not provide for a fair application any severance terms. In addition, the way in which this has been applied in the past in WCC could be considered to be contrary to the provisions of the Age Regulations.

**ESTIMATED COST OF OPTIONS****APPENDIX 4****Option 1**

Employee	Grade	Salary	Age	Length of Service	Pension Scheme Member	Statutory Redundancy Payment	Pension Strain Charge	TOTAL COST	Total Cost under Current Policy
						Minimum that must be paid on redundancy	Automatically charged on redundancy or efficiency terminations for members over 50		
Employee 1	5	29859	52	18	Y	4650	57393	61953	95650
Employee 2	9	51600	48	15	N	5735	-	5735	5735
Employee 3	4	22293	35	6	N	1860	-	1860	1860
Employee 4	11	71232	54	35	Y	8215	148000	156215	260215
Employee 5	2	14787	25	4	Y	1085	-	1085	1085
Employee 6	5	29859	52	5	N	2325	-	2325	2325

**Option 2**

Employee	Grade	Salary	Age	Length of Service	Pension Scheme Member	Redundancy Payment Based on Actual Pay	Pension Strain Charge	TOTAL COST	Total Cost under Current Policy
						Includes statutory redundancy payment	Automatically charged on redundancy or efficiency terminations for members over 50		
Employee 1	5	29859	52	18	Y	8610	57393	65553	95650
Employee 2	9	51600	48	15	N	18352	-	18352	5735
Employee 3	4	22293	35	6	N	2574	-	2574	1860
Employee 4	11	71232	54	35	Y	36305	148000	184305	260215
Employee 5	2	14787	25	4	Y	1085	-	1085	1085
Employee 6	5	29859	52	5	N	4305	-	4305	2325



Option 3

Employee	Grade	Salary	Age	Length of Service	Pension Scheme Member	Pension Strain Charge	Redundancy Payment Applying Multiplier			Total cost for multiplier of 1.6	Total Cost under Current Policy
							Includes statutory redundancy payment				
						Automatically charged on redundancy or efficiency terminations for members over 50	1.6	1.73	2.75		
							Actual weeks pay	Actual weeks pay	Actual weeks pay		
Employee 1	5	29859	52	18	Y	57393	21582	23362	36966	78975	95650
Employee 2	9	51600	48	15	N	-	29363	31744	50492	29363	5735
Employee 3	4	22293	35	6	N	-	4118	4461	7079	4118	1860
Employee 4	11	71232	54	35	Y	148000	57814	62746	99873	205814	260215
Employee 5	2	14787	25	4	Y	-	1736	1891	2976	1736	1085
Employee 6	5	29859	52	5	N	-	6888	7462	11824	6888	2325

## BENCHMARK INFORMATION

Benchmarking	Multiplier	Statutory Maximum	Actual Pay	Augmentation
Surrey CC	3 weeks for each year of service 2 year service qualification Immediate retirement payment if cost + lump sum is greater than redundancy pay		Yes	Only in exceptional cases
Tonbridge	No		Yes	Up to 6 2/3 years up to max of 40 years membership
Reigate	1.73		Yes	Only in exceptional cases. Matrix based on age & years service. Cannot have augmentation and enhanced redundancy
IOW	No		Yes	No
Aylesbury	1.73 2 year service qualification		Yes	No - Can convert discretionary lump sum redundancy payment to pension years
East Hants	No		Yes	No - Can convert discretionary lump sum redundancy payment to pension years
Basingstoke	2.75		Yes	
East Sussex	1.6 (changed from holding position of 2.6)		Yes	No (Changed from holding position of giving 6 2/3 years)
West Berks	No		Yes	Up to 6 2/3 years on a sliding scale
Test Valley	2.75		Yes	Augmented by conversion at the employees request
Eastleigh	No		Yes	Up to 6 2/3 years