
REVIEW OF VOLUNTARY SEVERANCE SCHEME

Reason for the Report

1. To give the Committee the opportunity to provide comments to the Cabinet in relation to issues concerning the Council's Voluntary Severance Scheme, as proposals for the 2015/16 Budget are developed.

Background

2. The Policy Review and Performance Scrutiny Committee has responsibility for scrutinising the overall Council budget from a corporate and strategic perspective. It also has responsibility for monitoring the effectiveness of the Council's systems of financial control, administration and human resources.
3. The ability of the Council to meet the costs of voluntary severance has consistently been raised as a risk to the Council as it reshapes itself in line with available resources in times of continuing financial austerity. This however needs to be balanced with having a scheme in place which is sufficiently attractive to prompt volunteers to come forward. As part of the 2014/15 Budget, the Council agreed to implement a Workforce Agreement from 1 August 2014 to 31 March 2015, which included a reduction of the working week from 37 to 36 hours (pro rata for part time employees) or an equivalent pay reduction for staff groups where working hours are not specified. As part of this agreement, amongst other commitments made by the Council, it was decided to protect the terms of the Council's current Voluntary Severance Scheme until 31 March 2015, but that a review of the Scheme should be undertaken. From 1 September 2014, the Council's Scheme also now applies to Teachers. A copy of the Council's current

Voluntary Early Retirement/ Flexible Retirement and Voluntary Redundancy Policy and Procedure is attached at **Appendix A**.

Issues

4. Attached at **Appendix B**, Members will find a briefing note from the Chief Human Resources Officer setting out a number of issues upon which the Committee's comments are invited.

Scope of the Scrutiny

5. The Committee is invited to provide comment on the issues raised in the attached briefing note as the officers and the Cabinet review the Council's current Voluntary Severance arrangements.

Way Forward

6. The Cabinet Member for Corporate Services and Performance, Councillor Graham Hinchey, has been invited to attend the meeting to answer Members' questions. Christine Salter, Corporate Director Resources; and Philip Lenz, Chief Human Resources Officer, will also be in attendance.

Legal Implications

7. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken

having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

8. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

9. The Committee is recommended to:
 - i. Consider the information presented at the meeting; and
 - ii. Report any comments, observations or recommendations to the Cabinet.

MARIE ROSENTHAL

County Clerk and Monitoring Officer

30 December 2014

Background papers:

Workforce Agreement 2014/15, Cabinet report 16 January 2014

Budget Strategy 2015/16 and the Medium Term, Cabinet report 17 July 2014

2015/16 Budget Proposals for Consultation, Cabinet report 20 November 2014



**APPLICABLE FROM 12 JUNE 2014
CARDIFF COUNCIL**

**VOLUNTARY EARLY RETIREMENT/ FLEXIBLE RETIREMENT
AND VOLUNTARY REDUNDANCY POLICY AND PROCEDURE**

DATE DOCUMENT PUBLISHED	June 2014
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SECTION 1 - INTRODUCTION, ROLES and RESPONSIBILITIES

INTRODUCTION

- 1.1 The Council recognises that from time to time there will be a requirement to reduce employee numbers, for example due to budget demands or as part of the Transformation agenda. However rather than achieve such reductions through compulsory redundancy, the Council wishes to support existing employees and therefore where possible will seek to obtain volunteers for early retirement and/ or redundancy and/ or flexilbe retirement.
- 1.2 In addition there are occasions where employees may wish to retire earlier than the normal retirement age for personal reasons or to take advantage of the flexible retirement provisions, and therefore there needs to be a procedure for them to apply to do this. However it is important to note that there is no right to early retirement and any such applications will be subject to meeting the business needs of the Council/ school or in exceptional circumstances to the individual merits of the case. (e.g. compassionate grounds)

ROLES AND RESPONSIBILITIES

- 1.3 It is important that everyone clearly understands their roles and responsibilities within this process.

Employee Responsibilities:

- 1.4 All employees are responsible to:
- Complete the relevant paperwork as detailed in this document.
 - Co-operate with management in the effective implementation and monitoring of the policy.

Manager Responsibilities:

- 1.5 In addition to their responsibilities as employees, managers are also responsible to:
- Operate the policy fairly and reasonably with no detrimental effect on overall efficiency or service.
 - Communicate to the employee the progress of their application.

Chief HR People Services and Chief Finance Officer Responsibilities:

- 1.6 Consider applications fairly and reasonably and as consistently as possible.

HR People Services responsibilities:

- 1.7 Where applicable, obtain pension quotes for employees.
- 1.8 Provide advice and support to managers on the policy and procedure.
- 1.9 Confirm arrangements in writing and notify the LGPS team or Teachers' Pensions.

Payroll responsibilities:

- 1.10 Make the necessary amendments to employee's pay (where applicable).

Local Government Pension Team

- 1.11 Carry out the necessary administration for employees to access their pension.

SECTION 2 - POLICY

PURPOSE OF POLICY

- 2.1 The purpose of this document is to outline the Policy and Procedure on Voluntary Early Retirement, Flexible Retirement and Voluntary Redundancy.

WHO IS COVERED?

- 2.2 The policy applies to all eligible employees of the Council. However, schools have a separate Redeployment and Redundancy Policy and so only the Flexible Retirement part of this policy applies.

School based employees do have their redundancy entitlement calculated using the agreed Redundancy Pay Table Calculator (this includes teachers 1st September 2014).

- 2.3 The scheme does not apply to fixed term/ temporary employees on the normal expiration of their contract, but where these employees achieve 2 years or more service, they will be eligible for statutory redundancy payments only. The objective justification for the different treatment of employees on fixed term/ temporary contracts is that the enhanced compensation scheme is intended to compensate employees for the unexpected loss of their jobs, and to encourage permanent employees to volunteer for redundancy in order to avoid compulsory redundancies. However employees on fixed term/ temporary contracts are aware that their employment is time limited from the outset and will have no reasonable expectation of renewal. Therefore to pay such employees enhanced redundancy payments could be considered an inappropriate use of public funds.

The policy applies in any of the following circumstances:

- a. employment is terminated by reason of redundancy
- b. employment is terminated in the interests of the efficient exercise of the employing authority's functions
- c. employment is terminated by mutual agreement, but there is not a case for redundancy or "interests of the efficiency" retirement, herewith referred to as an "employers consent" retirement.
- d. flexible retirement is agreed

KEY PRINCIPLES

- 2.4 Although employees may apply for voluntary early retirement, flexible retirement or redundancy, approval of any applications will be at the sole discretion of the Council in accordance with the provisions of this scheme.

- 2.5 Through the operation of the scheme, it is anticipated that any need for compulsory redundancy arising from organisational change can be minimised, and any changes identified as necessary to achieve the policy and service delivery objectives can be achieved effectively and without disruption to service delivery. However where there is a requirement to make compulsory redundancies the terms of this scheme will, normally apply, subject to the discretion of the Council.
- 2.6 Decisions on eligibility for voluntary redundancy and for access to associated redundancy payments and/ or retirement benefits or flexible retirement have to be based on criteria which properly reflect the interests of the Council, balanced against the interests of employees who may wish to leave. Criteria for considering and making decisions on applications for voluntary redundancy must take account of the needs of the Council/ school to ensure that appropriate skills and management experience is retained to ensure continued service delivery both immediately and in the future.
- 2.7 Any costs resulting from voluntary early retirement and/ or voluntary redundancy or flexible retirement must be met by the Service Area (for schools the cost is met from the redundancy budget which is held centrally).
- 2.8 Under this Scheme, employment is ending by mutual agreement on a mutually agreed date and therefore there will be no entitlement to notice or payment in lieu of notice. Also where appropriate, as a condition of the retirement/ redundancy, employees may be required to sign a Settlement Agreement.
- 2.9 Trade Unions should be fully consulted on any proposal to reduce staff numbers.

DEFINITIONS/ TYPES OF APPLICATIONS

Redundancy/ “Interests of the Efficiency” – Corporate Employees

- 2.10 Employees whose employment is terminated on these grounds will be entitled to an enhanced compensation payment and provided they meet the requirements indicated below, immediate access to pension benefits.
- 2.11 To be eligible to receive a pension employees must be members of the Local Government Pension, have sufficient service, and under current regulations be aged 55 or more.
- 2.12 The pension payable will be the accrued pension benefits attained at the time of termination. There will be no abatements applied to the pension benefits.
- 2.13 The enhanced compensation payment will be based on the number of weeks pay indicated in the attached compensation table (Appendix B). A

weeks pay will be based on actual contractual pay up to the statutory maximum (this was set at £464 per week as at 6/4/2014 but is subject to review annually). To calculate an employee's service the Council use the following definition: current continuous service with the Council plus any relevant previous continuous service with a body on the Modification Order or any other service transferred in under a Statutory Transfer Order or the Transfer of Undertakings (Protection of Employment) Regulations (TUPE).

Employer's Consent Retirement – Corporate Employees

- 2.14 "Employers Consent" will apply where there is not a business reason for the retirement but the employee wishes to retire for personal reasons.
- 2.15 Under Employer's Consent retirement there is no entitlement to an enhanced redundancy compensation payment or statutory redundancy payment.
- 2.16 Furthermore as the employee is receiving their pension early it is likely to be subject to a reduction. The amount of reduction will depend on age and service and further details will be given with pension estimates. Under the regulations the Council has the discretion to waive such reductions but should only do so in exceptional circumstances. (e.g. on compassionate grounds)
- 2.17 Although in some cases employers consent retirement will be cost neutral, where the rule of 85 is met before the age of 60, or where it is agreed to waive the pension reduction, there will be a cost to the pension fund which will have to be met by the directorate (for schools the cost is met from the redundancy budget which is held centrally). In such cases the directorate would have to make a payment to the Pension Fund for those in the Local Government Pension Scheme to cover the additional costs. For those in the Teachers' Pensions Scheme the Education and Lifelong Learning directorate will be responsible for paying the employer's contribution to the lump sum as a one off cost and then paying the employer's contribution to the annual pension on an ongoing basis.

Flexible Retirement – All Employees, including teachers

- 2.18 Flexible Retirement is a provision contained in the Local Government Pension Scheme that allows employees who meet the age requirements, and have had a reduction in hours or grade, to draw their accrued pension benefits whilst remaining employed by the Council.
- 2.19 Only those employees who satisfy the following conditions may apply for flexible retirement
- (a) Members of the LGPS must be aged 55 or more. There must also be a permanent reduction in hours and or grade of at least 25%

- (b) Under the provisions of the Teachers' Pension Scheme this is referred to as 'Phased Retirement'. Members of the scheme must be aged 55 or more and have their pensionable salary reduced by at least 20% of the average salary received in the previous 6 months. The reduction in salary has to be for a minimum of 12 months.

Where appropriate employees must give an undertaking that if their application is approved they will continue to work for the Council for an agreed length of time

SECTION 3 – PROCEDURE

Individual Requests for Voluntary Early Retirement or Voluntary Redundancy – Corporate Employees

- 3.1 Employees wishing to apply for voluntary early retirement and/ or redundancy should initially discuss the issue with their Operational Manager to ascertain whether there is any possibility of such a request being approved.
- 3.2 If a manager feels that there is a possibility that a request may be approved then they should request a pension estimate from the Pensions Section via HR People Services for those employees in the LGPS and advise the employee to complete the appropriate application form (CIS ref 4.C.182) and submit it to their Chief Officer/ Director/ Assistant Director.
- 3.3 The Chief Officer/ Director/ Assistant Director will arrange a meeting with the employee to discuss the application.
- 3.4 If the Chief Officer/ Director/ Assistant Director decides not to support the application they will write to the employee within 14 calendar days of the meeting advising that the request is not approved giving the reasons for refusal.
- 3.5 If the Chief Officer/ Director/ Assistant Director wishes to approve the retirement then they should complete the remainder of the application form with details of the type of termination, (i.e. redundancy/ Interests of efficiency, employers consent), the case for supporting it and the costs/ savings resulting from it. The completed form should then be passed to the HR People Services who has the delegated authority, in consultation with the Corporate Director Resources (Section 151 Officer), to determine such applications.
- 3.6 The Chief HR People Services Officer and Corporate Director Resources (Section 151 Officer) will consider the business case and advise the Chief Officer/ Director/ Assistant Director whether the application is approved or not.
- 3.7 The Chief HR People Services Officer will advise the employee of the result of the application, and where the request has been approved arrangements for the retirement/ redundancy will be processed accordingly.

Service Area Initiatives – Corporate Employees

- 3.8 Where there is a requirement to offer voluntary retirement/ redundancy to reduce employee numbers in a Service Area then the Chief Officer /

Director/ Assistant Director will write to employees in the appropriate pool seeking expressions of interest.

- 3.9 The Chief Officer/ Director/ Assistant Director will request pension estimates via HR People Services and consider any expressions of interest received based on the business case and advise those whose retirements are likely to be supported to complete an application form as indicated in 3.2 above. The procedure will then follow the individual application procedure.
- 3.10 Where a number of applications in directorates are being supported the Chief Officer/ Director/ Assistant Director should also complete form 4.C.238, with details of the proposed retirements and other restructuring proposals. This should be submitted to the Chief HR People Services Officer.
- 3.11 Where the requirement for Voluntary Severance/ Redundancy is to be co-ordinated across the Council, the process will be managed by HR People Services.

As per paragraph 2.2, schools have a separate Redeployment and Redundancy Policy and so voluntary redundancy and early retirement requests from school based employees will be subject to that policy.

Requests for Flexible Retirement – All employees

- 3.12 Employees wishing to apply for flexible retirement must complete the appropriate application form (4.C.415) and submit it to their Chief Officer/ Director/ Assistant Director/ Headteacher at least 12 weeks before the proposed retirement date (with the exception of teachers who are required to give notice as per their national terms and conditions).
- 3.13 The Chief Officer/ Director/ Assistant Director/ Headteacher will arrange a meeting with the employee within 28 calendar days of the receipt of the request, to discuss the application. The employee has the right to be accompanied at this meeting by either a trade union representative or a work colleague. HR People Services will provide advice and guidance where requested.
- 3.14 If the Chief Officer/ Director/ Assistant Director/ Headteacher decides not to support the application they will write to the employee within 14 calendar days of the meeting advising that the request is not approved giving the reasons for refusal.
- 3.15 If the Chief Officer/ Director/ Assistant Director/ Headteacher wishes to approve the flexible retirement then they must prepare a business case in support of the application which should include the following factors :
- Service delivery Implications
 - Cost implications.

- Benefits to the Council/ school
- Recruitment/ Retention issues
- The merits of the employee's request.
- Where appropriate, the case for waiving any pension reduction.
- Proposed minimum length of employment

3.16 The business case must be submitted to the Chief HR People Services Officer and to the Chief Financial Officer for approval. The Chief HR People Services Officer and the Chief Financial Officer will consider the business case and advise the relevant Chief Officer/ Director/ Assistant Director/ Headteacher whether it is approved or not.

The Chief HR People Services Officer will advise the employee of the result of the application and where the request has been approved arrangements for the retirement and variation of contract will be processed accordingly.

SECTION 4 – RELATED DOCUMENTS

Voluntary Severance Business Case Forms:

- 4.C.182 for corporate employees
- 4.C.182-Sch for school employees

Restructuring Proposals Under Delegated Powers Form 4.C.238

Flexible Retirement Application Form 4.C.415

Local Government Pension Scheme Discretionary Regulations

A schedule containing the Policies that have been adopted by the Council in relation to its discretionary powers with regard to voluntary retirement and redundancy under the Local Government Pension Regulations is attached as Appendix A.

LOCAL GOVERNMENT PENSION SCHEME REVIEW OF DISCRETIONARY POWERS UNDER THE PROVISIONS OF THE LGPS REGULATIONS 2014

Discretion	Existing Policy/ Practice	Recommendation/ Comments
<p>1. Leave of Absence without Pay. - Where an employee has a period of absence on reduced or no pay they may pay standard contributions on the pay that would have been received provided they apply within 30 days of returning to work or the date that employment ceases. The employer has the discretion to increase this application period.</p>	<p>The application period for employees to request that they should be allowed to pay standard contributions for breaks is 3 months.</p>	<p>This discretion should be deleted as it is no longer applicable in the new regulations</p>
<p>2. On Request Retirement – With effect from 1 April 2010 any employee aged 55 or over, with 3 months or more pensionable membership may request retirement. Where the member is under 60 it is at the employers discretion whether to approve the request or not. Pensions paid under these circumstances may be subject to a reduction depending on the total pensionable membership accrued. The employer may waive the reduction on compassionate grounds.</p>	<p>Covered in the separate Voluntary Early Retirement and Redundancy Policy and Procedure.</p>	<p>No Change To Existing Policy. However, the policy is to be merged into a Voluntary Redundancy, Early Retirement and Flexible Retirement Policy.</p>
<p>3. Additional Pension – Employers have the discretion to award extra periods of LGPS membership up to a maximum of</p>	<p>The Council does not augment service or grant additional pension.</p>	<p>The ability to augment is no longer within the Regulations but It is recommended that the existing policy</p>

<p>10 years. This can be applied at any time during the employee's pensionable membership, or in cases of redundancy up to 6 months after the date of termination. If a decision is made to augment service a payment calculated in line with guidance from the Government Actuary's Department must be paid to the fund to purchase within three months of the date of resolution. Since 2008 employers have also been able to grant additional pension of up to £5,000 and this has now been increased to £6,500.</p>		<p>on granting additional pension should be retained.</p>
<p>4. Shared Cost Additional Voluntary Contribution Schemes – Under this discretion the employer would contribute towards this scheme which operates in exactly the same way as the AVC schemes.</p>	<p>The Council does not contribute to Added Voluntary Contribution Schemes.</p>	<p>It is recommended that the existing policy should be retained. In view of the possible costs to the Council and possible perceptions of inequality if used selectively it is felt that the existing policy of not offering this benefit should be retained.</p>
<p>5. Flexible Retirement. The regulations allow flexible retirement whereby staff aged 55 or more may receive their pension and continue in employment. This would require the employee to have a reduction in their working hours or grade.</p>	<p>There is a separate Policy and procedure on Flexible Retirement which was approved by EBM on the 6th November 2008.</p>	<p>It is recommended that the existing policy should be retained. However, it is to be merged into a Voluntary Redundancy, Early Retirement and Flexible Retirement Policy</p>
<p>6. Double Entitlement. The scheme does not allow a person to receive benefit under more than one regulation in respect</p>	<p>Employing authority to choose which Regulation under which the benefits are paid if the member does not do so within</p>	<p>It is recommended that the existing policy should be retained. Likely to occur very infrequently, and what</p>

<p>of the same period of membership, and the employer has the discretion to decide under which Regulation the benefit should be paid if the employee does not make a decision.</p>	<p>3 months</p>	<p>is considered to be most beneficial option to the employee will be chosen.</p>
<p>7. Elections as to use of accumulated value of AVCs. An employee on retirement may elect to use an ‘in house’ AVC fund to purchase a benefit in the Local Government Scheme provided an election is made within one month of the date of leaving (where AVC arrangement was entered into before 13/11/01). The employer has the discretion to extend the time limit.</p>	<p>This discretion was previously removed by the 2008 regulations but prior to that the Council applied a time limit of 3 months.</p>	<p>It is recommended that a time limit of 3 months be applied.</p>
<p>8. Selection of the appropriate ill-health tiers for employees who are determined to be permanently incapable of discharging efficiently the duties of their normal occupation by reason of ill health or infirmity of mind or body.: Level 1 - There is no reasonable prospect of this employee being capable of other gainful employment* before age 65 Level 2 - This employee is likely to be capable of other gainful employment* before age 65 but after a period of 3 years Level 3 - This employee is capable of</p>	<p>The Chief HR People Services Officer will select the appropriate level after taking into account the certification provided by an independent registered medical practitioner.</p>	<p>It is recommended that the existing policy should be retained.</p>

<p>other gainful employment* within a period of 3 years. *Gainful employment means paid employment for not less than 30 hours a week for at least a year.</p>		
<p>9. Whether to extend the 12 month option period for non aggregation of deferred benefits</p>	<p>Existing policy was linked to the employee previously having 12 months to aggregate their deferred benefits and the time limit was not extended</p>	<p>This has now changed to a period to choose not to aggregate their service. It is recommended that the existing policy of not extending the time limit should be retained. However, the employer must agree to extend the time limit where there is a clear indication of an error or omission by either the employer or the scheme administrator.</p>
<p>10. How to determine the rate of employees' contributions. The current bands (2014) are: Actual Pay Up to £13,500 - 5.5% £13,501 to £21,000 - 5.8% £21,001 to £34,000 – 6.5% £34,001 to £43,000 - 6.8% £43,001 to £60,000 – 8.5% £60,001 to £85,000 – 9.9% £85,001 to £100,000 – 10.5% £100,001 to £150,000 – 11.4% More than £150,000 - 12.5%</p>	<p>The salary is calculated by taking the salary payable at the 1st April and adding the value of any fixed pensionable additions to pay, plus the value of any variable pensionable additions to pay from the previous year.</p> <p>If the pay rate changes during the year the policy is to make any required changes only from the 1st April following the change in the rate of pay. However any changes backdated to 1st April such, as a pay award, will require re-assessment and will be effective from the</p>	<p>It is recommended that the existing policy of making changes the following 1st April should be retained, however, it is recommended that the discretion to change during the year should be used where there are exceptional circumstances, e.g. a significant rise or drop in pay.</p>

	<p>date of the award. There is an appeals procedure for any employees who feel that they have been allocated to the wrong contribution band for their whole time equivalent salary.</p> <p>There is now discretion to re-assess the contribution rate during the financial year in exceptional circumstances.</p>	
<p>11. To award lump sum compensation of up to 104 weeks pay in cases of redundancy, termination of employment on efficiency grounds, or cessation of a joint appointment.. – The Council has the discretion to pay up to maximum of 104 weeks pay to eligible employees.</p>	<p>To award the number of weeks based on the statutory table multiplied by a factor of 3, subject to a maximum of 66 weeks payable.</p>	<p>It is recommended that the existing policy should be retained (and extended to teachers from 1st September, 2014). The Council's policies for utilising this discretion are contained in the Voluntary Early Retirement and Redundancy Policy and Procedure which is being reviewed and updated as a Voluntary Redundancy, Early Retirement and Flexible Retirement Policy.</p>
<p>12. The power to Increase a Statutory Redundancy Payment- The council has the discretion to increase a statutory redundancy payment by applying up to an actual week's wage instead of restricting it to the statutory limit.</p>	<p>Redundancy payments are based on actual weeks pay up to a maximum of £464 per week (as at 1st April 2014) or actual pay whichever is the lesser. The maximum figure to be reviewed in line with the statutory limit on a week's pay for calculating redundancy payments .</p>	<p>It is recommended that the existing policy should be retained (and extended to teachers from 1st September 2014).</p>
<p>13. More than One Surviving Spouse – Where a deceased person is survived by</p>	<p>The Council apportions the annual compensation between all surviving</p>	<p>It is recommended that the existing policy should be retained. This provision</p>

<p>more than one surviving spouse, then the Council has to decide how it will apportion any compensatory pension between the surviving spouses. This provision covers employees whose faith allows them to have more than one spouse. Applies only where there are legitimate marriages.</p>	<p>spouses.</p>	<p>covers employees whose faith allows them to have more than one spouse. Applies only where there are legitimate marriages. The regulations require that the pension be distributed in equal shares.</p>
<p>14. Suspension of Compensatory Pension on Remarriage – The Council has the discretion to suspend either a widow or widower’s pension of a person who ceased employment prior to 1 April 1998 and who remarries or cohabits after that date.</p>	<p>The suspension rules shall not apply to those who ceased employment prior to 1 April 1998</p>	<p>No change to existing Policy</p>

APPENDIX B - Redundancy Pay Calculator Table for permanent employees and temporary employees with over 4 years service 1/4/11

Age	Service (Years)																		
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20+
17	3																		
18	3	4.5																	
19	3	4.5	6																
20	3	4.5	6	7.5															
21	3	4.5	6	7.5	9				-	-	-	-	-	-	-	-	-	-	-
22	3	4.5	6	7.5	9	10.5			-	-	-	-	-	-	-	-	-	-	-
23	4.5	6	7.5	9	10.5	12	13.5		-	-	-	-	-	-	-	-	-	-	-
24	6	7.5	9	10.5	12	13.5	15	16.5											
25	6	9	10.5	12	13.5	15	16.5	18	19.5										
26	6	9	12	13.5	15	16.5	18	19.5	21	22.5									
27	6	9	12	15	16.5	18	19.5	21	22.5	24	25.5								
28	6	9	12	15	18	19.5	21	22.5	24	25.5	27	28.5							
29	6	9	12	15	18	21	22.5	24	25.5	27	28.5	30	31.5						
30	6	9	12	15	18	21	24	25.5	27	28.5	30	31.5	33	34.5					
31	6	9	12	15	18	21	24	27	28.5	30	31.5	33	34.5	36	37.5				
32	6	9	12	15	18	21	24	27	30	31.5	33	34.5	36	37.5	39	40.5			
33	6	9	12	15	18	21	24	27	30	33	34.5	36	37.5	39	40.5	42	43.5		
34	6	9	12	15	18	21	24	27	30	33	36	37.5	39	40.5	42	43.5	45	46.5	
35	6	9	12	15	18	21	24	27	30	33	36	39	40.5	42	43.5	45	46.5	48	49.5
36	6	9	12	15	18	21	24	27	30	33	36	39	42	43.5	45	46.5	48	49.5	51
37	6	9	12	15	18	21	24	27	30	33	36	39	42	45	46.5	48	49.5	51	52.5
38	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	49.5	51	52.5	54
39	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	52.5	54	55.5
40	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	55.5	57
41	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	58.5
42	7.5	10.5	13.5	16.5	19.5	22.5	25.5	28.5	31.5	34.5	37.5	40.5	43.5	46.5	49.5	52.5	55.5	58.5	61.5
43	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63
44	9	13.5	16.5	19.5	22.5	25.5	28.5	31.5	34.5	37.5	40.5	43.5	46.5	49.5	52.5	55.5	58.5	61.5	64.5
45	9	13.5	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66
46	9	13.5	18	22.5	25.5	28.5	31.5	34.5	37.5	40.5	43.5	46.5	49.5	52.5	55.5	58.5	61.5	64.5	66
47	9	13.5	18	22.5	27	30	33	36	39	42	45	48	51	54	57	60	63	66	66
48	9	13.5	18	22.5	27	31.5	34.5	37.5	40.5	43.5	46.5	49.5	52.5	55.5	58.5	61.5	64.5	66	66
49	9	13.5	18	22.5	27	31.5	36	39	42	45	48	51	54	57	60	63	66	66	66
50	9	13.5	18	22.5	27	31.5	36	40.5	43.5	46.5	49.5	52.5	55.5	58.5	61.5	64.5	66	66	66
51	9	13.5	18	22.5	27	31.5	36	40.5	45	48	51	54	57	60	63	66	66	66	66
52	9	13.5	18	22.5	27	31.5	36	40.5	45	49.5	52.5	55.5	58.5	61.5	64.5	66	66	66	66
53	9	13.5	18	22.5	27	31.5	36	40.5	45	49.5	54	57	60	63	66	66	66	66	66
54	9	13.5	18	22.5	27	31.5	36	40.5	45	49.5	54	58.5	61.5	64.5	66	66	66	66	66
55+	9	13.5	18	22.5	27	31.5	36	40.5	45	49.5	54	58.5	63	66	66	66	66	66	66

GUIDANCE ON FLEXIBLE RETIREMENT

The purpose of this guidance note is to provide managers and employees with more information about the flexible retirement scheme. It will allow managers to both respond to requests from employees, and consider offering flexible retirement in appropriate situations. However, as the Council employs a wide variety of employees with differing terms and conditions, the information contained is general and will not apply to all employees. If managers wish to confirm whether any of your employees are eligible please contact HR People Services.

Flexible Retirement

- Flexible retirement allows an employee to access their pension benefits and to continue to work either in the same job on reduced hours, or in a new job at a lower grade. (Or possibly in the same job at a lower grade).
- Under the Councils policy, flexible retirement will not be considered unless there is a reduction in working hours, and/ or grade resulting in a reduction in pay of at least 25%.
- The reduction may be voluntary, e.g. someone nearing retirement age may wish to reduce their hours, or the reduction could be involuntary, e.g. a drop in grade via redeployment.
- Flexible retirement will have the effect of partially or fully replacing a reduced salary with pension benefits.
- To be eligible employees must have reached the age of 55 and be members of the Local Government Pension Scheme.
- Continuous service will be retained for the purpose of annual leave and sick pay and for employment rights such as redundancy or unfair dismissal.
- The scheme is discretionary, and approval for flexible retirement is at the sole discretion of the Council

Cost of Flexible Retirement

- The 85 year rule is satisfied where an employee's age and service (in whole years) added together equates to 85 or more. (E.g. someone who is 55 with 30 years service).
- Employees who do not meet the 85 year rule will receive a reduced pension and therefore there will be no additional cost to the pension fund.
- Employees who meet the 85 year rule before the age of 60 will receive accrued benefits with no reduction and therefore there will be an additional cost to the pension fund.
- Where employees are 60 plus there will be no additional cost to the pension fund.
- Service Areas will have to meet any additional costs
- It is possible to waive a pension reduction in appropriate cases.

Issues to Consider When Dealing With Requests for Flexible Retirement

- Will the retirement result in the retention of an employee with specialist skills in short supply, or an employee in a sector where there are recruitment and retention difficulties?
- Will the retirement result in additional costs to the service area?
- Will the retirement be an alternative to avoiding redundancies and the cost of redundancies?
- Will the retirement help with succession planning (e.g. retain someone with special skills for an agreed period in order to train someone to do the job)?
- What are the circumstances behind the reduction in hours/ grade, and do they merit sympathetic consideration?
- Are there health issues that should be considered?
- Should consideration be given to waiving any pension reduction on compassionate grounds (e.g. caring responsibilities that affect the ability of the individual to continue with his/her present working arrangements)?

Briefing Note for PRAP - Draft/No Status

Review of Voluntary Severance Scheme :Associated Issues

Background

1. As part of the current review of the Council's Voluntary Severance Scheme, the opportunity is being taken to consider a number of related matters. Firstly the routine use of Settlement Agreements (and associated costs) for staff who leave on the grounds of VS and the approach the Council should take in relation to re employing staff who have previously taken Voluntary Severance.

Continued Routine Use of Settlement Agreements

2. When agreeing for someone to exit the Council on the grounds of Voluntary Severance, the Council has for some years required the employee to sign a Settlement Agreement (previously known as a Compromise Agreement). These are legally binding contracts which can be used to end an employment relationship on agreed terms. They can also be used to resolve an ongoing workplace dispute. Once a valid settlement agreement has been signed, the employee will be unable to make an Employment Tribunal claim about any type of claim which is listed on the agreement.
3. In order for a Settlement Agreement to be binding, one of the legal requirements is that the employee must have received advice from a relevant independent adviser on the terms and effect of the proposed agreement and its effect on the employee's ability to pursue that complaint or proceedings before an Employment Tribunal or other Court.
4. ACAS Guidance states that 'employers may wish to offer to pay any such fee, or a contribution towards it, in the interests of ensuring that the employee gets the necessary advice'. However, they then include a paragraph saying that a contribution will be paid in the standard template they provide for Settlement Agreements. The current amount that the Council contributes to the cost of funding the legal advice is £225 plus VAT. Recent advice has confirmed that the Council cannot reclaim the VAT element in these circumstances and therefore the true cost to the Council per settlement agreement is £270.
5. The reason for the routine use of Settlement Agreements has been to protect the Council from any potential Employment Tribunal claims subsequently submitted by staff who have taken Voluntary Severance. The Council has an enhanced redundancy pay scheme which pays up to 66 weeks salary (capped at £464pw, the statutory maximum) - the statutory scheme only pays up to 30 weeks. As employees are already being compensated above the statutory minimum it has been felt that it is important that the Council protect itself against any claims which may further increase the amount paid out. In the financial year 2013/14 the

Council agreed 374 corporate voluntary redundancies which based on a cost of £270 per agreement amounts to a cost of £100,980 just for the legal fees.

6. In schools, Settlement Agreements have not been used routinely for voluntary redundancies. They have only been used where HR People services are aware that there have been issues with the employment relationship. Instead, the employee taking voluntary redundancy signs a form stating their agreement to this mutual agreement. In the last 10 years there have been 334 voluntary redundancies from schools. Based on this and a charge of £270 the cost of the Settlement Agreements would have been £90,180. There has only been one Employment Tribunal submitted from an employee leaving a school and this was linked to the pension payment that they received and it was settled out of court.
7. The advantages of using a Settlement Agreement more widely is that the employee is not able to bring an Employment Tribunal claim against the Council. However, the disadvantages are the significant cost to the Council of paying the legal fees when in the vast majority of cases there have been no issues at all with the employment relationship. There is also the cost of officer time to prepare the Settlement Agreements and for them to be signed off by relevant Senior Managers.
8. In the light of limited risk, the costs incurred at a time of considerable budgetary pressure and the practice in other Local Authorities, the proposal is to stop the use of Settlement Agreements on a routine basis and only use them where there have been difficulties with the employment relationship. Where they are used in these circumstances, the Council will continue to contribute to the legal costs.
9. The views of Policy Review and Performance Scrutiny are sought on this suggested way forward.

Re Employment of Those Who have taken Voluntary Redundancy

10. An issue which is periodically raised and has been the subject of a number of Council questions concerns employees taking Voluntary Redundancy and then being re employed or re engaged in some other role or capacity somewhere else in the Council.. Where re employment has occurred, it is in quite a different and unrelated role and at a different grade. Whilst the numbers returning on this basis are quite small, it does raise a number of issues around the business case to support the employee's departure and perceptions regarding the public purse .
11. There is nothing within the Local Government Pension regulations that prevents someone from applying for or being appointed to a post in the Council or any other Council when they have accessed their pension even where they have accessed this via voluntary redundancy. Also, the Council cannot prevent those who have taken Voluntary Redundancy

from applying for Council jobs or seeking employment through Cardiff Works, although the opportunities for the latter are becoming increasingly restricted.

12. From information gained from other local authorities in Wales, a variety of approaches are in place in relation to those who have taken Voluntary Severance from the Council and who then seek re employment back with the same authority in some other capacity. The policies and practices currently in place include:

- Not to re employ
- Not normally to re employ but Chief Executive can agree exceptional (business) cases
- Re employment only possible after a period of time has elapsed (6 months/12 months/24 months/number of weeks pay received as part of the VS)
- No restriction on re employment

13. The views of Policy Review and Performance Scrutiny are sought in relation to these options.

14. Summary of VS Schemes operating across Wales

Multiplier of Statutory Redundancy Scheme

14 Councils use a multiplier of up to 1.5
6 Councils use multiplier of between 1.5 and up to 2
2 Councils (including Cardiff) use multiplier of 2.5 and above

Number of Weeks Used

2 Councils use 30 weeks max
12 Councils use 45 weeks max
8 Councils (including Cardiff) use 46 weeks plus

Weekly Pay for Calculating VS Payment

16 Councils use actual weekly pay - no cap
6 Councils (including Cardiff) cap weekly pay or specify max VS payment to be received

Most Prevalent Scheme

The most prevalent scheme operating (10 Councils) is 1.5 multiplier, up to 45 weeks and actual weekly pay.