

Vol Severance Scheme amended to 45 wks

w.e.f 3rd April 2015.

APPENDIX D



APPLICABLE FROM 12 JUNE 2014
CARDIFF COUNCIL



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

This policy was further reviewed by Cardiff Cabinet on 26-1-15 and revisions made (to take affect from 3-4-15) including:-

1/ a change to the Redundancy Calculator Table. The Redundancy Calculator Table at Appendix B is the updated and revised version.

2/ additional wording "In accordance with the redundancy regulations if you return to work for Cardiff Council or any other Council/Organisation named within the Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999 within 12 months

DATE DOCUMENT PUBLISHED	June 2014
APPROVED BY	Cabinet
APPROVAL DATE	June 2014
DOCUMENT OWNER	Employee Relations Team
DATE FOR REVIEW	By April 2015

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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.

Enhanced Redundancy Table - for permanent employees and temporary employees with 4 years + service

Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20+
17	1.5	2.25																	
18	1.5	2.25	3																
19	1.5	2.25	3	3.75															
20	1.5	2.25	3	3.75	4.5														
21	1.5	2.25	3	3.75	4.5	5.25													
22	1.5	2.25	3	3.75	4.5	5.25	6	6.75											
23	2.25	3	3.75	4.5	5.25	6	6.75	7.5	8.25										
24	3	3.75	4.5	5.25	6	6.75	7.5	8.25	9	9.75									
25	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5									
26	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25								
27	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12							
28	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75						
29	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5					
30	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25				
31	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15			
32	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75		
33	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	
34	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25
35	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25
36	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25
37	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25
38	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25
39	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25
40	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25
41	3	4.5	5.25	6	6.75	7.5	8.25	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25
42	3.75	5.25	6	7.5	8.25	9	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5
43	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
44	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
45	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
46	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
47	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
48	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
49	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
50	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
51	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
52	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
53	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
54	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
55	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
56	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
57	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
58	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
59	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
60	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25
61+	4.5	6	7.5	9	9.75	10.5	11.25	12	12.75	13.5	14.25	15	15.75	16.5	17.25	18	18.75	19.5	20.25

