

Discretionary Compensations Payments Policy



2020 - 2023

1. Overview

POLICY	Discretionary Compensation Payments Policy
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REVIEWED BY	HR Policy & Reward Advisor
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RELATED DOCUMENTS	Organisational Change & Redundancy Policy Pay Policy

Revision History

Version	Issue Date	Author	Summary of Changes
1	2007		
2	2014	HR Policy & Reward Advisor	Removal of Capped Payment
2.3	July 2016	HR Policy & Reward Advisor	.Localism Act Formatting & Front Cover
2.4	September 2020	HR Policy & Reward Advisor	Cyclical Review No change

Consultation

Version	Who	Date
2	CMT, Trade Unions	

Approval

Version	Who/Where	Date
1	Full Council	2007
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1. Introduction

The following Statement sets out the Policy of the Council regarding the exercise of its discretionary powers under the Local Government Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (SI2914).

2. Scope

The policy applies to all employees of Flintshire County Council. It sets out the discretionary payments to be made to employees in cases of:-

1. Redundancy – Compulsory or Voluntary.
2. Early Retirement on the grounds of Voluntary Redundancy.
3. In the Interest of Efficiency of the Service

3. Definition

The relevant discretionary powers under the 1996 Regulation for the purpose of this Policy are:

Part II Power to increase redundancy payments above the statutory weekly pay limit.

Part III Compensation for premature retirement.

Part IV Other compensation for redundancy.

In operating and reviewing this Policy the Council must have regard to the extent to which the exercise of its discretionary powers, unless properly limited, could lead to a serious loss of confidence in the public service and must be satisfied that the Policy is workable, affordable and reasonable, having regard to the foreseeable costs.

4. Policy

Where an employee ceases to be employed by the Council in any of the circumstances in which the Council's discretionary powers referred to above could be exercised, the Council will give proper consideration to the exercise of its discretionary powers. This will include consideration of the following: -

1. Circumstances of the employee concerned,
2. The financial position of the Council.

3. The long-term effects on the Council, its employees and community.

The Council will exercise its discretionary powers impartially and in a consistent and reasonable manner. The final decision on any matter set out above rests with the Council.

(Part 11) Increase of Statutory Redundancy Payments

The Council will pay the actual weekly rate of pay of the employee as calculated against the statutory provisions (i.e. up to 30 weeks maximum). See Appendix A for details.

(Part 111) Compensation for Premature Retirement

The Council will not award any additional period of membership of the LGPS.

(Part IV) Other Compensation for Redundancy

The Council will not pay any additional compensation on redundancy or premature retirement on the grounds of efficiency in circumstances where Part III does not apply.

Multiplier

The Council will pay a multiplier of 1.5 times the redundancy payment as calculated against the statutory formula.

Age 55 and over with LGPS Membership

For those employees aged 55 and over with LGPS membership the Council will apply the following: -

- A) Using the statutory redundancy payments formula (up to 30 weeks) but at actual pay.
- B) There will be no multiplier applied.

Teacher's Pension Membership

For those employees of Normal Pension Age¹ with Teachers Pension Membership the Council will apply the following:-

- A) Using the statutory redundancy payments formula (up to 30 weeks) but at actual pay.
- B) There will be no multiplier applied.

Redundancy Payments (Compulsory or Voluntary)

For those employees with a minimum of 2 years continuous service, who are dismissed on the grounds of redundancy by the Authority, they are entitled to receive a statutory redundancy payment based on their length of continuous service. The Council may use its discretionary power to pay the redundancy payment as per the below table and as detailed under Part II, III, IV.

Completed year of continuous service	Statutory entitlement	Weekly Pay	Multiplier
Up to age 21	0.5 week's pay	Actual pay	1.5
From age 22 to 40	1 week's pay	Actual pay	1.5
From age 41	1.5 week's pay	Actual pay	1.5
From Age 55 with LGPS Membership	1.5 week's Pay	Actual pay	No Multiplier.

Continuous employment will be the aggregation of all continuous Local Government and related employment defined within the Redundancy Payments (Continuity of Employment in Local Government) (Modification) Order 1999.

Reckonable years are counted backwards from the relevant date (i.e. the date on which notice expires or on which termination takes effect). A maximum of 20 completed years will apply.

For employees who have at least 2 years' qualifying employment (Under Age 55) and leave on grounds of redundancy, the Authority has the discretion to calculate redundancy payments on the basis of actual week's pay rather than the statutory limit (**up to a maximum of 30 weeks' actual pay**).

¹ Normal Pension Age (NPA) is the age at which pension benefits can be claimed without actuarial reduction

For employees (Aged 55 and over with LGPS membership) who have at least 2 years' qualifying employment and leave on grounds of redundancy, the Authority will calculate redundancy payments using the Statutory Redundancy Payments Formula but using actual week's pay rather than the statutory limit (**up to a maximum of 30 weeks', there will be no multiplier**).

For employees (Aged 55 and over with no LGPS membership) who have at least 2 years' qualifying employment and leave on grounds of redundancy, the Authority will calculate redundancy payments on the basis of actual week's pay rather than the statutory limit (**up to a maximum of 30 weeks' actual pay**).

For employees (Under Normal Pension Age with Teachers Pension Membership) who have at least 2 years' qualifying employment and leave on grounds of redundancy, the Authority will calculate redundancy payments using the Statutory Redundancy Payments Formula but using actual week's pay rather than the statutory limit (**up to a maximum of 30 weeks' actual pay**).

For employees(Normal Pension Age and over with Teachers Pension Membership) who have at least 2 years' qualifying employment and leave on grounds of redundancy, the Authority will calculate redundancy payments using the Statutory Redundancy Payments Formula but using actual week's pay rather than the statutory limit (**up to a maximum of 30 weeks', there will be no multiplier**)

For employees (Normal Pension Age with no Teachers Pension Membership) who have at least 2 years' qualifying employment and leave on grounds of redundancy, the Authority will calculate redundancy payments on the basis of actual week's pay rather than the statutory limit (**up to a maximum of 30 weeks' actual pay**).

A week's pay does not include overtime.

The Authority will consider making payments by applying a multiplier of 1.5 to the statutory formula as detailed above, using an actual week's pay, to employees who have at least 2 years' qualifying employment and who:

- are leaving employment on the grounds of redundancy,

Therefore, if this guideline is applied, the maximum number of weeks' pay that can be calculated is 45 (i.e. 30 x 1.5). **However the multiplier will not apply to those employees aged 55 and above with LGPS membership or employees of Normal Pension Age and above with Teachers Pension Membership**).

Any payment made under the above discretions incorporates the employee's statutory redundancy entitlement.

Localism Act 2011

To comply with our obligations under the Localism Act 2011, Full Council will be given an opportunity to vote before severance packages are approved for employees leaving the organisation where the exit costs are £100,000 or above (Included in the £100k limit is salary paid in lieu, redundancy compensation, pension entitlements and holiday pay)

Modification Order

Employees who, after being made redundant by the Authority, commence work with another employer covered by the Redundancy Payments (Continuity of Employment in Local Government etc) (Modification) Order 1999 may lose their entitlement to a redundancy payment. This will apply where the individual accepts the job offer with the new employer prior to the date of dismissal by the Authority, and the date of commencement of the new job is four weeks or less after their last day of service with the Authority. Any pension payments received may be subject to abatement.

In the Interest of Efficiency of the Service

There may be occasions where employees wish to leave and access their local government pension, and it would be in the interests of the efficiency of the Council's operation to permit this.

In this instance there is no redundancy payment, however, there is a cost to be repaid to the Local Government Pension Scheme by the Council to compensate for the early drawing of the pension. This cost is known as the Actuarial Strain. The efficiency savings identified must offset this cost and provide a financial benefit for the Council if the early retirement application is to be agreed.

The decision upon the application would be entirely at the discretion of the Council. In considering early retirement on these grounds, the Council will assess each case on its own merits, taking into account all of the circumstances, including capitalised and other costs of early retirement, any impact on service delivery, the potential for service improvements, skill shortages, any savings which may arise and whether it is affordable and reasonable in view of the foreseeable costs.

5. Procedure

This policy should be read in conjunction with the Organisational Change and Redundancy Policy and therefore all procedures detailed in that policy carried out accordingly.

The Chief Executive Officer, in consultation with relevant Chief Officer's/Senior Managers will consider all circumstances when any decision has to be made about the exercise of the Council's discretionary powers as outlined above and have the authority of the County Council to make such delegated decisions.

All decisions made within this delegation will be reported bi-annually to the County Council.

6. Role of the Manager

Line Managers are responsible for determining that a payment should be made under the scheme on the grounds of redundancy or efficiency, and for ensuring that the appropriate procedures are followed to achieve a fair termination of employment.

7. Monitoring and Evaluation

This policy confers no contractual rights and the Council retains the right to change the policy at any time.

This policy will be reviewed as necessary to ensure that it complies with current employment legislation and the requirements of the Council.

8. Appendices

Appendix 1 – Statutory Redundancy Table

To calculate the number of week's redundancy pay, cross reference the person's age and years of service and then multiply that number by the actual weekly salary. 61+ -The table stops at age 61 because for employees age 61 and over, the payment remains the same as for age 61.

Statutory redundancy pay table																			
Age	Service (Years)																		
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
17	1																		
18	1	1½																	
19	1	1½	2																
20	1	1½	2	2½	-														
21	1	1½	2	2½	3	-													
22	1	1½	2	2½	3	3½	-												
23	1½	2	2½	3	3½	4	4½	-											
24	2	2½	3	3½	4	4½	5	5½	-										
25	2	3	3½	4	4½	5	5½	6	6½	-									
26	2	3	4	4½	5	5½	6	6½	7	7½	-								
27	2	3	4	5	5½	6	6½	7	7½	8	8½	-							
28	2	3	4	5	6	6½	7	7½	8	8½	9	9½	-						
29	2	3	4	5	6	7	7½	8	8½	9	9½	10	10½	-					
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11	11½	-				
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12	12½	-			
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13	13½	-		
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14	14½	-	
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15	15½	-
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	16½
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½
61+	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30