REDUNDANCIES AND EARLY RETIREMENT

REDUNDANCY AND REDUNDANCY PAY

If an individual is not successful in securing a post in the new structure and they do not secure a redeployment post, they will be redundant.

To be eligible for redundancy pay, employees must have a minimum of 2 years continuous local government service. Redundancy payments are based on an actual week’s pay and use a matrix based on years of continuous service, up to a maximum of 20, and age. The maximum number of weeks pay an individual can receive is capped at 30 weeks.

Redundancy payments are calculated as follows:-
- For each completed year of service up to the age of 21 inclusive; half a week’s pay.
- For each completed year of service from age 22-40 inclusive: one week’s pay.
- For each completed year of service from age 41 and upward one and a half week’s pay.

In addition to redundancy pay, the Council must pay an immediate pension to an employee who is a member of the Local Government Pension Scheme who is aged 55 or over with at least 3 months’ membership under the LGPS, or less than 3 months but who has transferred pension rights (of any length) into the LGPS from another scheme, and whose employment terminates on grounds of redundancy.

Where an offer of suitable alternative employment is unreasonably refused, or where there has been an unreasonable lack of co-operation with the ring-fencing, assimilation or redeployment process, the employee will forfeit their entitlement to redundancy pay.

An employee will not be eligible to redundancy pay if they are dismissed for reasons of misconduct or they leave the Council before expiry of their notice period without the agreement of the Council.

Employees who are offered a post with an organisation recognised for continuous service purposes by the Redundancy Payments Modification Order 1999, before their termination date with Trafford Council, and then commence within 4 weeks of the termination date with Trafford Council, are required to repay the redundancy payment in accordance with the Modification Order Body rules.

There are specific rules around retrospective pay awards. Redundancy pay will only be calculated using the revised salary if the pay award was settled after the ‘calculation date’ (date when notice was served) and implemented before the employee’s termination date.
PROCESS FOR VOLUNTARY EARLY RETIREMENT (VER) AND VOLUNTARY REDUNDANCY (VR)

The appropriate Director should only make requests for VER/VR where there is a clear organisational need. All requests for VER/VR supported by the service should be made to the Director of Finance and the Director of HR. In accordance with the constitution, the Employment Committee will be consulted when costs to the Council exceed the delegated limit of £90,000.

A panel comprising the relevant Director, Director of Finance and the Director of HR will consider the request. Each request will be considered using a balanced scorecard approach. The decision will be made against questions set against the following criteria:-

- **Capital costs (40%)**
  What are the capital costs for the authority? (pension fund etc.).
  What are the savings from the VER?
  What are the costs to the service?
  What is the payback period? (maximum payback period expected to be 3.5 years)
  Capital costs (obtained from Payroll Section) must be attached to the submission

- **Impact on Service Delivery (30%)**
  What is the impact of the VER on the service/team?
  How will it impact on service delivery? Is the post to be deleted?

- **Alternatives considered (15%)**
  How many vacancies exist in the service? Why can’t these be used rather than VER?
  Have redeployment opportunities been considered? (See Redeployment Policy)
  What are the individual circumstances?

- **Consideration of future service changes and costs (15%)**
  What skills, expertise and knowledge will be lost?
  Will there be workload issues?
  Are there re-skilling/development issues?
  What future opportunities or plans are there for the reconfiguration of the service or re-grading of staff?
  Are there organisational benefits?

The Director/Senior Manager will co-ordinate the collation of any requests for VER / VR and prepare the required reports for panel approval. In certain circumstances the offer of applications for VER or VR may be opened up to a wider group.

Where, in exceptional circumstances, more individuals request VER or VR than the service wishes to release, an assessment must be made on a case by case basis regarding each individual and their suitability for a role in the new
structure. Services will only release those staff whose roles are not needed in the new structure.

An employee who has applied for VER or VR should still be required to fully participate in the restructure process while they are awaiting the outcome of their application.

A written justification for the decision will be made for the personnel file and audit trail. It is important that the process is robust, equitable and transparent. Whilst a full explanation will be given to applicants, no right of appeal exists, as this is a management decision based on the needs of the service, and not a contractual right.

The general presumption is that the maximum pay back period is 3.5 years. This is because VERs can have a significant cost implication. Employment Committee need to agree any exceptional VER packages that take longer than 3.5 years to pay back.

The cost of VERs should be met from delegated service budgets, unless the Council has established a central provision e.g. as part of a savings initiative agreed during the budget process. The Director of Finance will advise on the availability of any central provision.

RE-EMPLOYMENT FOLLOWING REDUNDANCY/EARLY RETIREMENT

Persons taking VER/VR or made CR would not normally be re-employed within 12 months of their leaving date, subject to the discretion of the Director of Finance and the Director of HR (or nominees), who may vary this rule in special circumstances. There are no restrictions on re-employment once this period has elapsed. However for those accessing their pension there may be restrictions on the hours they can work. Clarification should be sought from the Pensions Officer.