

EARLY RETIREMENT & REDUNDANCY SCHEME (incl. Efficiency of the Service)

Council approved 1981.

Amended by Corporate Services Committee on 11 October 2006; effective from 1st December 2006

Amended 010410: legislative changes

Amended 010411: Employee Based Cost Review (EBCR)

1. SCOPE AND PURPOSE OF SCHEME

- 1.1. This scheme is without prejudice to the Council's and the trade unions' general policy of opposition to redundancies. It outlines the approach the Council may use when making staffing reductions through redundancy, early retirement on the grounds of redundancy, and early retirement on the grounds of efficiency of the service.
- 1.2. The scheme covers all categories of staff except teachers and lecturers for whom a separate scheme exists.
- 1.3. The scheme sets out the normal level of payments made to employees. Certain payments in the scheme are enhanced by the Council exercising its discretion, as allowed for in legislation. The exercise of the Council's discretion is subject to a decision in each case, and the Council reserves the right to apply different payments in particular cases. The Council also reserves the right to withdraw or suspend the scheme at any time.

2. GENERAL

- 2.1. Where redundancies as defined in the Employment Rights Act 1996 are contemplated the Council may choose to seek volunteers for early retirement or redundancy from the staff. Should the number of volunteers for early retirement or redundancy exceed the required number of post reductions the Council will consult staff representatives about the method of selection.

3. EARLY RETIREMENT BY REASON OF REDUNDANCY (only for employees aged 55 and over)

- 3.1. Employees aged 55 or more who are made redundant (including those who volunteer under paragraph 2.1) will be eligible for immediate payment of pension benefits if they have 2 or more years membership in the LGPS (or have less than 2 years membership, but have had a transfer of pension rights into the LGPS from another source).

- 3.2. In addition to immediate payment of pension benefits, employees with 2 years continuous service will also be entitled to a redundancy payment. The redundancy payment will be calculated as set out in section 4.
- 3.3. The granting of any augmentation in respect of redundancy and early retirement in the interests of the efficiency of the service is at the Council's discretion to compensate officers for the loss of position and future expectations as a result of the Council's actions. It is not in respect of past service, which is covered by pension entitlement arising from contributions made into the Pension Fund.
- 3.4. The costs of the early payment of benefits are charged to departmental budgets rather than the Pension Fund.

4. REDUNDANCY

- 4.1. Employees who are made redundant will receive a redundancy payment based on length of continuous service and age as laid down in the Employment Rights Act. The details of the statutory redundancy payments vary with age and length of service and a ready reckoner is set out in Appendix 1.
- 4.2. Continuous local government service (and certain related service) will be used where this exceeds service with the London Borough of Croydon and in calculating the redundancy payment the weekly pay used for calculating redundancy payments will be as follows:
 - a) In cases of compulsory redundancy, by reducing by 50% the amount by which an employee's actual weekly pay exceeds the statutory cap e.g. with the statutory cap at £400 and an employee's actual weekly pay at £500, redundancy pay would be calculated on a revised weekly pay of £450.
 - b) In cases of voluntary redundancy, by reducing by 25% the amount by which an employee's weekly pay exceeds the statutory cap e.g. with the statutory cap at £400 and an employee's actual weekly pay at £500, redundancy pay would be calculated on a revised weekly pay of £475.

5. EARLY RETIREMENT IN THE INTERESTS OF THE EFFICIENCY OF THE SERVICE

- 5.1. The Council will consider applications from staff, supported by their Directors, for early retirement on the grounds of the efficiency of the service. Each case will be decided on its merits by the Corporate Director Resources (Section 151 Officer) in consultation with the Chief People Officer and the relevant departmental Director. They will use their discretion based on the following criteria:
 - (a) staff suffering ill-health of a nature not covered by the ill-health provisions of the Pension scheme

- (b) a change in the organisation of an establishment or department which does not give rise to redundancy
- (c) staff who are unable to meet the changed requirements of their post

5.2. Employees aged 55 or over, who retire on the grounds of efficiency of the service are eligible for immediate payment of pension benefits if they have 2 or more years membership in the LGPS (or have less than 2 years membership, but have had a transfer of pension rights into the LGPS from another source).

5.3. In these cases there is no entitlement to a redundancy payment.

6. COMPLYING WITH LEGISLATION

6.1 The Council will only apply the above policy in a manner which is compatible with the law (inc. legislation, subordinate legislation and case law) and anything in this policy which is incompatible with the law shall be disregarded or applied only to the extent that doing so would not be contrary to the law as it is understood when the policy is applied in any particular case.