



Discretionary Payments Policy

1.0 Introduction

1.1 Under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, effective from 1 October 2006, the Council is required to decide what discretions it will use for redundancy and early retirement purposes. This policy sets out these discretions.

1.2 The Council's People Strategy states that, "Where we have to terminate the employment of individuals we will seek to do so in a fair and compassionate way." (agreed by Council in January 2006, section 7D).

2.0 Redundancy

2.1 The Council will:

- calculate the statutory and compensation payments based on an employee's actual week's pay (ie the amount payable for a week's work under the contract of employment in force on the "Calculation Date" under section 226 of the Employment Rights Act 1996)
- link compensation payments to the Government's statutory redundancy payment calculator, using a multiplier of 2 (see Appendix)
- include within any compensation payment, any statutory entitlement that may be due
- not make use of the augmentation provisions of regulation 52 of the Local Government Pension Scheme
- not allow employees in membership of the Local Government Pension Scheme to convert the lump sum compensation payment into added years of service
- not offset the statutory redundancy payment against pensions or lump sums which are paid from the Local Government Pension Scheme.

3.0 Efficiency terminations

3.1 The Council will:

- consider making a one-off payment, based on the merits of each case, up to the maximum of 60 weeks pay.
- when considering 'merits of each case', the Council will include:
 - overall benefits to the Council taxpayer of the employee leaving the Council's service

- direct financial savings and costs to be incurred by the employee leaving the Council's service
 - employee relations issues
 - as a general rule, the Council will seek to make a financial saving over the longer term through any efficiency termination.
- not allow employees in membership of the Local Government Pension Scheme to convert the lump sum compensation payment into added years of service
 - not to make use of the augmentation provision of regulation 52 of the Local Government Pension Scheme

4.0 Other Discretions

4.1 The Council will:

- grant early payment of retirement benefits for employees aged from 50-59, who are active scheme Members, when it can be demonstrated to be in the best interest of the Council, taking into account the costs of early retirement on the Pension Fund.
- not reduce the benefits when compassionate grounds are determined.
- Consider requests for early payment of deferred retirement benefits from former employees using the same criteria as above.
- not enter into a shared cost additional voluntary contribution scheme.

5.0 Review

5.1 This policy will be reviewed on an annual basis, the first review being April 2008. If the Council decides to change its policy, it will publish a statement of the amended policy within one month of the date of its decision.