

## Appendix 1D

# Early Retirement & Redundancy Scheme (incl. Efficiency of the Service)

*Council approved 1981.*

*Amended by Corporate Services Committee on 11 October 2006; effective from 1<sup>st</sup> December 2006*

*Amended 010410: legislative changes*

*Amended 010411: Employee Based Cost Review (EBCR)*

*Amended: Sept 2018: Insertion of data protection reference*

*Amended: Sept 2019: Link to EBCR provisions clarified; change to additional pension wording reflecting scheme changes from 1/4/2008*

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## **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 employees volunteering for redundancy, early retirement on the grounds of redundancy, and early retirement on the grounds of efficiency of the service. The scheme is supplementary to the Council’s Staff Consultation Framework, Restructuring and Reorganisation Policy and Redeployment Policy.
- 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:
- (a) in the post(s) directly affected by staff reductions and/or
  - (b) posts it is likely that redundant staff would be redeployed into.
- 2.2 The selection of staff to be invited to apply for consideration for early retirement will be made by the Council, after consultation, according to its requirements for staff reductions and other relevant factors. The group from whom volunteers are invited will be as wide as possible taking into account the definitions above. In some cases it is recognised that it will only be possible to invite volunteers from relatively restricted numbers of people.
- 2.3 In considering applications it is within the discretion of the Council to accept individual applications on the basis of whether the staff come within specified categories and whether various statutory and other requirements are met. Should the number of volunteers for early retirement exceed the number of redundancies, 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 or who volunteer under paragraph 0 above, will be eligible for immediate payment of pension benefits if they have qualifying service for a period of two years including any transfer of pension rights into the LGPS from another contributory pension scheme (or less than 2 years membership if the previous pension scheme does not permit a refund of contributions).
- 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 paragraphs 4.1 and 4.2.
- 3.3 The granting of additional pension in respect of redundancy and early retirement in the interests of the efficiency of the service is 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.
- 3.5 From 1 April 2007 any general expectation to receive additional pension years will cease.

## **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 In calculating the redundancy payment (in line with the EBCR 2011) the following provisions will apply:
- i) In cases of compulsory redundancy, the amount by which the employee's actual weekly pay exceeds the statutory cap will be reduced by 50% e.g. with the statutory cap at £525 and an employee's actual weekly pay at £625, redundancy pay would be calculated on a revised weekly pay of £575.
  - ii) In cases of voluntary redundancy, the amount by which an employee's weekly pay exceeds the statutory cap will be reduced by 25% e.g. with the statutory cap at £525 and an employee's actual weekly pay at £625, redundancy pay would be calculated on a revised weekly pay of £600
  - iii) Continuous local government service (and certain related service) will be used where this exceeds service with the London Borough of Croydon.

## **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 Chief People Officer and the S151 Officer. 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 qualifying service for a period of two years including any transfer of pension rights into the LGPS from another contributory pension scheme (or less than 2 years membership if the previous pension scheme does not permit a refund of contributions).
- 5.3 From 1 April 2007 any general expectation to receive additional pension will cease.
- 5.4 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.

## 7. Data protection

The council processes personal data of employees, including data that is within the special categories of data (such as personal data concerning an employee's health), collected during their recruitment and while they are employed in accordance with the **workforce data protection policy** for the purposes of dealing with any potential or actual redundancies.

Inappropriate access or disclosure of employee data by an employee of the organisation constitutes a data breach and should be reported immediately in accordance with the council's workplace data protection policy (which can be found in the [HR Handbook](#)). It may also constitute a disciplinary offence, which will be dealt with under the council's disciplinary procedure.

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End

**Appendix 1: “ready reckoner” for statutory redundancy pay**

Figures in grid show the number of weeks’ pay due

Continuous Service (Years)																			
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
18 <sup>1</sup>	1																		
19	1	1½																	
20	1	1½	2																
21	1	1½	2	2½															
22	1	1½	2	2½	3														
23	1½	2	2½	3	3½	4													
24	2	2½	3	3½	4	4½	5												
25	2	3	3½	4	4½	5	5½	6											
26	2	3	4	4½	5	5½	6	6½	7										
27	2	3	4	5	5½	6	6½	7	7½	8									
28	2	3	4	5	6	6½	7	7½	8	8½	9								
29	2	3	4	5	6	7	7½	8	8½	9	9½	10							
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11						
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12					
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13				
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14			
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15		
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	
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

<sup>1</sup> It is possible that an individual could start to build up continuous service before age 16, but this is likely to be rare, and therefore the table starts from age 18.

Continuous Service (Years)																			
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
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 <sup>2</sup>	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30

<sup>2</sup> The same figures should be used when calculating the redundancy payment for a person aged 61 and above.

**Notes:**

Statutory redundancy payments are based on length of continuous service (up to max of 20 yrs) and age as follows:

- for each completed year of service up to age 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 inclusive: one and a half week's pay.

In calculating the redundancy payment continuous local government service (and certain related service) will be used where this exceeds continuous service with Croydon.

**For pre 1 April 2011 and in the following exceptional circumstances:**

1.1. Redundancy payment is based on the employee's actual weekly pay where this exceeds the statutory maximum.

1.2. Employees who have been written to before the 1 April 2011 implementation date of the Employee Based Cost Review (EBCR) **and** have either:

- been given notice that their employment is being terminated by reason of redundancy

**or**

- been informed that they are at risk of redundancy.

These employees retain an entitlement to have their redundancy pay calculated on the basis of their actual weekly pay in the event that their employment in that post is terminated on grounds of redundancy and the effective date of redundancy is on or after 1 April 2011.

For the sake of clarity, the transitional arrangement above applies only to the specific redundancy situation confirmed in writing to the employees before 1 April 2011. In the event that the employees are made redundant after 1 April 2011 in different circumstances, any redundancy payments will be based on the revised arrangements as outlined in 4.2 and below

### **From 1 April 2011**

1.3. With effect from the EBCR implementation date of 1 April 2011 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.

for example: 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.

for example: 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.