

WYRE FOREST DISTRICT COUNCIL

CABINET MEETING

26th October 2006

**Local Government (Early Termination of Employment)
(Discretionary Compensation) (England and Wales)
Regulations 2006**

OPEN	
Community Strategy Theme	Improving Corporacy and Performance
Corporate Plan Theme	Developing People and the Workplace
Key Priorities	Equality and Equal Opportunities
Cabinet Member	Cllr John Paul Campion
Responsible Officer	Head of Human Resource/Head of Financial Services
Contact Officer	Paul Ryder/Keith Bannister
Appendices	The Appendix to this report has been circulated electronically and a public inspection copy is available on request. See front cover for contact details.

1. Purpose of Report

- 1.1 The purpose of the report is to advise the Cabinet of the new Government Regulations relating to early termination of employment and to seek recommendation to Council that the revised Scheme be adopted.

2. Recommendation

The Cabinet is asked to DECIDE that:

With effect from 1 October 2006 and in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the revised policy be endorsed in cases of early termination of employment on the grounds of either redundancy or in the interests of the efficient exercise of the Council's functions:

- 2.1 The Cabinet is asked to RECOMMEND to Council that::**

The change of Policy is adopted with effect from 1st October 2006.

3. Background

- 3.1 Members will be aware that age discrimination legislation introduced by the Government is effective from 1st October 2006. The Government believes that previous age and length of service calculations under the existing Regulations will be discriminatory from this date.

- 3.2 The Government has introduced further legislation, which seeks to revise the powers available to local authorities to make discretionary one-off lump sum payments based on age and service or to award compensatory added years.
- 3.3 Under the new Regulations, each council is required to formulate, publish and keep under review a Policy, which sets out its approach to the award of discretionary lump sum payments for relevant terminations of employment.

Specifically Council's need to consider:

- Whether to retain the discretionary powers to waive the weekly pay ceiling placed on statutory redundancy payments (£290 currently) and to calculate, instead, on pay up to actual weeks pays.
- Whether to provide discretionary power to award a one-off lump sum payment of up to, but not exceeding two years pay (104 weeks), inclusive of any redundancy payment made.
- The need to remove the ability to award added years (although additional membership can still be awarded through the augmentation provisions in the LGPS).

4. Current Position

- 4.1 The Council currently has the discretion to award added years for pension purposes for employees of the age of 50 with at least 5 years Superannuation service. The number of added years will depend on length of service, up to a maximum of $6\frac{2}{3}$ added years.
- 4.2 The new Regulations allow for the Council's current redundancy payment calculation to continue to be used.
- 4.3 The Council currently does not use its discretion under the augmentation provisions to buy additional years pensionable service for its employees (whether or not they are retiring).

5.0 Revised Policy

5.1 Redundancy Payments

The Council will continue to base redundancy payments on an employee's actual week's pay and the number of weeks as defined in the Employment Relations Act 1996. This provides for a maximum calculation of up to 30 weeks pay.

5.2 Augmentation

The Council will not normally exercise its discretion regarding augmented membership under Regulation 52 of the LGPS.

5.3 Discretionary Lump Sum Payments

Regardless of an employee's age, the Chief Executive in consultation with the appropriate Cabinet Member will have discretion to award a one-off lump sum of up to 52 weeks pay. Actual payments to be linked to the statutory Redundancy Payment Scheme.

Where it can be demonstrated that such a course is in the interests of the Council in achieving financial or efficiency benefits.

Where such payments are made, the employee will have to option to convert the cash sum in excess of any redundancy payment into a period of membership in the LGPS.

6.0 Financial Implications

6.1 Each case of early termination and its financial consequences will be considered on its merits.

7.0 Legal and Policy Implications

7.1 The proposals are necessary to comply with new regulations.

7.2 Trade Union representatives have been consulted regarding the proposals.

8.0 Risk Management

8.1 There are no risk management implications in connection with the report.

9.0 Conclusion

9.1 The revised policy closely matches the current policy whilst complying with the new Regulations.

10.0 Consultees

- Corporate Management Team
- Senior Consultation Group

11. Background papers

AGENDA ITEM NO.8.2

- 11.1 Local Government Pension Scheme (Amendment)(No.2) Regulations 2006.
- 11.2 Wyre Forest District Council current Early Release Policy.