

POLICY ON EARLY RETIRAL AND VOLUNTARY SEVERANCE
(covering all employees excluding Teaching Staff)

NOTE FOR EMPLOYEES

This personnel policy represents Council policy on the above issue. If the policy is subsequently revised, replaced or terminated then this Intranet site will be updated as soon as is reasonably practicable. If you have any queries on the application of the policy then you should contact your line manager or local personnel section in the first instance.



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April 2002 (Consolidated)

POLICY ON EARLY RETIRAL AND VOLUNTARY SEVERANCE

(covering all employees excluding Teaching Staff)

1. INTRODUCTION

- 1.1 This Policy takes account of the provisions of the Employment Rights Act 1996 and the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended) and will apply to eligible employees who volunteer to leave the Council's employment
- 1.2 These arrangements are specifically intended to assist the Council in its response to changing operational needs and circumstances. In such situations it is recognised that voluntary severance can be included as part of management's considerations.
- 1.3 Generally, it will be for Heads of Department to invite employees to submit applications under the Policy. However, approval of such applications will be entirely at the Council's discretion and will have regard to the financial and operational advantage to the Council. Employees do not have a right to have an application approved.
- 1.4 Employees engaged on a temporary or fixed term contract will not be invited to volunteer for voluntary severance and consequently will not be eligible for consideration under this Policy.
- 1.5 The Policy will not apply in cases of compulsory redundancy.

2. SCOPE

- 2.1 The Policy will apply to employees of the City of Edinburgh Council (excluding Teaching Staff) who are **members of the Local Government Pension Scheme** and who, at the relevant termination date, satisfy all the following qualification criteria:-
 - (a) they cease to hold their employment with the City of Edinburgh Council by reason of "**voluntary redundancy**" or "**in the interests of the efficient exercise of the Council's functions**";
 - (b) they are aged 50 or over and under 65 years of age; and
 - (c) they have completed at least 5 years or more and under 40 years relevant pension scheme service.

Note:

Employees receiving "added years" benefits under this Policy will **not** be eligible to receive benefits under the Council's Policy on Enhanced Compensation for Voluntary Severance.

3. CALCULATION OF DISCRETIONARY BENEFITS

- 3.1 The Council will generally apply maximum discretion when awarding discretionary "added years". Discretionary "added years" awarded will be used to determine the level of "added years" Lump Sum Compensation and "added years" Annual Compensation payable to the employee in addition to their earned pension benefits.
- 3.2 Employees will generally be eligible to receive maximum discretionary "added years" compensation calculated in accordance with the related discretionary compensation regulations. However, the Council's "costs/savings test" must also be satisfied when reckoning the actual level of discretionary "added years" and any redundancy payment which may be awarded (see section 4 below).
- 3.3 The maximum level of discretionary "added years" which may be awarded will not exceed the shortest of the following periods:-
- (a) the additional period for potential relevant pension scheme service from the date of termination to age 65;
 - (b) a period equal to the period of actual relevant pension scheme service;
 - (c) the additional period necessary to increase relevant pension scheme service to 40 years;
 - (d) 10 years; and
 - (e) a period equivalent to $\frac{1}{2}$ the period of actual relevant pension scheme service.

Note:

Employees will not receive benefits (e.g. "added years compensation"; "augmentation extra years"; a redundancy payment or enhanced lump sum compensation) for any period of service for which they have previously received enhanced benefits (i.e. periods of service will not be reckoned more than once).

- 3.4 Where an application is approved under this Policy on grounds of "**voluntary redundancy**" then the employee will also be entitled to receive a redundancy payment calculated in accordance with the provisions of the Council's Policy of Voluntary Redundancy. It should be noted that "offsetting" rules would apply where an employee is awarded more than $6\frac{2}{3}$ "added years" as well as a redundancy payment. The effect will be to reduce the "added years" Lump Sum Compensation and, where necessary, the "added years" Annual Compensation.

4. FINANCIAL ADVANTAGE TO THE COUNCIL

- 4.1 Each application will require to be supported by the Head of Department and must satisfy the Council's "costs/savings" test to demonstrate a financial advantage to the Council.
- 4.2 The "costs/savings" test associated with a supported application will involve -:
- (a) the identification of actual termination costs to the Council (including any Pension Fund "strain" costs);
 - (b) the projection of direct future savings in employee costs over a period of not more than 10 years from the date of termination; and
 - (c) offsetting the above termination costs against the above projected future savings to provide an overall financial advantage to the Council, which is at least equivalent to 25% of the applicant's basic annual salary/pay.
- 4.3 Applications supported by the Head of Department may be submitted on the basis of a reduced level of discretionary "added years" where that becomes necessary to ensure that the above "costs/savings test" is satisfied.
- 4.4 The Council may approve, in exceptional circumstances, the inclusion of "other securable savings" as part of the above "costs/savings test" in support of an application **"in the interests of the efficient exercise of the Council's functions"**. Such a proposal by a Head of Department will require to be submitted to the Council for approval. The Head of Department will detail the exceptional circumstances of the case for special consideration and identify the source(s) of the proposed "other securable savings" (as confirmed by the Director of Finance).
- 4.5 Departments will be responsible for the costs associated with any successful application and these costs will be borne in accordance with the charging arrangements which apply at that time.

5. NOTICE OF TERMINATION

- 5.1 Applications under the Policy will be conditional -:
- (a) on the applicant waiving any right to notice or payment in lieu of notice (in cases of termination on grounds of **"voluntary redundancy"**);
- or
- (b) on acceptance by the applicant that the termination of employment will not constitute a dismissal but will be mutually agreed with no entitlement to notice or payment in lieu of notice (in cases of termination **"in the interests of the efficient exercise of the Council's functions"**).

6. ADMINISTRATIVE ARRANGEMENTS IN OUTLINE

- 6.1 Applications must be submitted to the Head of Department for consideration in the first instance - normally following an invitation issued to employees. There is no right for employees to have an application supported and approved. A decision on whether or not to support a case at this stage will be taken by the Head of Department.
- 6.2 Where the Head of Department decides not to support an application then the employee will be advised of this outcome.
- 6.3 Where an application can be supported, the Head of Department should arrange to discuss the estimated benefits with the employee as well as a possible termination date and, in "**voluntary redundancy**" cases, any implications for notice of termination (see section 5 above).
- 6.4 The Head of Department will then submit the supported application to the Director of Corporate Services for consideration. At that time all required supporting documentation will be provided (including information on the background to the case, proposed termination date and "costs/savings" test details).
- 6.5 The Director of Corporate Services will notify the outcome of the application to the Head of Department who will, in turn, advise the employee of the decision.
- 6.6 Where an application has been approved, the Head of Department will make the necessary termination arrangements. In cases of "**voluntary redundancy**" the employee will be notified of the redundancy payment calculation as set out in the Council's Policy on Voluntary Redundancy.

7. REVIEW OF POLICY

- 7.1 This Policy is not a local collective agreement and the Council reserves the right to, from time to time, review and alter/end the Policy in light of experience and any changing circumstances. This includes the Council reserving the right to change its decisions on exercising any "employer discretions" provided by legislation.
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