

My Ref: CL
Your Ref:
Please ask for: Mrs C Lindsay
Tel: 01642 - 526990
Email: Cheryl.lindsay@stockton.gov.uk

24 November 2006

Dear John

PROPOSED REDUNDANCY/EFFICIENCY SCHEME AND DISCRETIONARY POLICY STATEMENT

I refer to Derek Ross's response on behalf of the UNISON Branch dated 23 October 2006 and our subsequent meeting on 7 November 2006 at which Cheryl Lindsay and John Stockhill were also present. As you are aware it has been necessary to review our current early retirement/ voluntary redundancy Scheme due to legislative changes with the intention of ensuring any revised Scheme complies with the Employment Equality (Age) Regulations.

At the start of the meeting we clarified that the main area of concern for you was the criteria for dealing with any applications for release under the efficiency of the service and how the number of weeks compensation would be awarded. There were also a number of other points particularly relating to pension regulations, which you wanted explaining further.

Cheryl confirmed that in all cases of redundancy or efficiency of the service where an employee is over the age of 50 basic pension as earned would be released in accordance with the Local Government Pension Regulations. (This will rise to age 55 by 2010 to comply with legislation). I noted that you were pleased with the proposal to pay enhanced terms in accordance with the table in all cases of redundancy whether voluntary or compulsory.

In respect of the augmentation provisions Cheryl explained that under the provisions for augmentation an employee's service, irrespective of the age of the employee, may be enhanced by up to 6 $\frac{2}{3}$ years service. This service is added to an individual's accrued service and in the case of under 50's would form part of any deferred benefit, and for the over 50's would form part of any pension payable on leaving. Augmentation cannot be granted in addition to the enhanced compensation payment. In the case of redundancy it can be paid in addition to a redundancy payment calculated in accordance with the statutory provisions. There is a significant additional cost attached to the granting of augmentation which has to be met in part in the first year after an

Mr John McDade
Regional Officer
UNISON
140 – 150 Pilgrim Street
Newcastle upon Tyne
NE1 6TH

employee has left with the remainder being paid for completely within 5 years of leaving. This differs to the previous arrangements for the payment of added years, which allowed for a much longer payback period. . As an alternative to actually awarding added service, the proposal is to give the individual the choice to convert the cash equivalent sum calculated under the compensation Regulations (taking off the equivalent amount of a statutory redundancy payment in the case of a redundancy situation, which the employee will also receive) into a period of membership in the Local Government Pension Scheme (LGPS).

In the case of efficiency of the service I explained that we did not intend to use a 'table' relating to age and service because of the age discrimination legislation, but that in all cases a payment of up to 52 weeks pay could be made irrespective of the age of the employee or how much service the individual has accrued. It is the efficiency criteria, which determines whether the payment is 52 weeks (100%), 39 weeks (75%), 26 weeks (50%) or 13 weeks (25%). We had a lengthy discussion surrounding the criteria, which could be used but it was accepted that it would be preferable to retain the efficiency of the service provision. I explained that it has to be the Head of Service who assesses the benefit to the service of releasing the employee but acknowledged that we do need to have in place something, which is fair and consistent. At our meeting no decision was made regarding feasible criteria to use, so it was agreed that we would revisit what we currently have in place and come back to you in due course. In the meantime you would also give further consideration to any alternatives.

During the meeting you referred on a number of occasions to the proposed Tees Active Ltd. Scheme and as I pointed out during the meeting, they are now a separate Company which you acknowledged, and can choose to approve and adopt a different Scheme to Stockton Borough Council. If you wish to raise any issues or seek clarification in respect of their Scheme may I ask you to contact Karen Papple.

Since we met the new Compensation Regulations have been issued and they confirm what we were expecting that the facility to award compensatory added years has been removed, they provide a discretionary power to award a one-off lump of up to but not exceeding 104 weeks pay inclusive of any redundancy payment, and they continue to allow authorities to base compensation payments on an actual weeks pay as opposed to the statutory minimum.

I shall forward you the revised efficiency criteria as soon as I am able and would very much appreciate an early response, as it is intended that Cabinet consider the revised Scheme in early January 2007.

Thank you for your contribution to date and should you have any points you wish to clarify please do not hesitate to call Cheryl on 526990.

Yours sincerely



JULIE DANKS
CORPORATE DIRECTOR OF RESOURCES

C.C. Phil Johnson, UNISON
John Stockhill, UNISON