

**STOCKTON ON TEES BOROUGH COUNCIL
REDUNDANCY/EFFICIENCY SCHEME**

INTRODUCTION

As an organisation we recognise that from time to time change in the work place is inevitable. Such changes may become necessary for a variety of reasons including internal restructuring, the need to respond to internal/external initiatives or internal demands which may arise for example due to financial constraints. The Council recognises that it must manage change in a proactive and effective way. The Authority will endeavour to maintain job security wherever possible, but where there is no other alternative the intention of this policy is to be able to make these changes and limit the effect on employees by having in place a policy, which is equitable and fair.

SCOPE

The policy covers all employees of Stockton on Tees Borough Council with the exception of those employees who are members of the Teachers' Pension Scheme. The School Governing Bodies will need to adopt the policy in order for it to apply to non-teaching staff employed in Schools.

REDUNDANCY

Definition – The requirements of the business for employees to carry out work of a particular kind or to carry out work of a particular kind in the place where the employee was employed has ceased or diminished or are expected to cease or diminish (s139 (1) and (2) ERA 1996).

In cases of redundancy an enhanced redundancy payment will be made based on the attached table (Table 1) which mirrors the statutory redundancy table. This payment is inclusive of the statutory redundancy payment (Table 2).

In addition for those employees who are over 50 years of age (this is to be increased to age 55 by 2010) and contribute to the Local Government Pension Scheme (LGPS) their basic pension will be released without any actuarial reductions, providing the employee has 3 months pensionable service or has bought a transfer into the LGPS. This incurs employer costs for releasing the pension/lump sum payment earlier than expected.

Pay in lieu of notice (full or part) will only be considered in exceptional circumstances. Employees will be required to serve their notice period wherever possible.

EFFICIENCY OF THE SERVICE

In the case of efficiency of the service a payment of up to 52 weeks salary can be made dependant on efficiency criteria being met. The Head of Service will assess the benefit to the service of releasing the employee together with the financial implications. This will determine whether the individual will receive

the maximum compensation payment 100% (52 weeks) or 75% (39 weeks pay), 50% (26 weeks pay) or 25% (13 weeks pay). For a detailed explanation please see attached criteria at Appendix A and Appendix B. In the case of those employees whose application is approved, and who are members of the Local Government Pension Scheme and are over 50 years of age (this is to be increased to age 55 by 2010) their basic pension will be released, subject to three months service being attained, or having bought a transfer into the LGPS. This incurs employer costs for releasing the pension/lump sum payment earlier than expected.

In the case of efficiency of the service, the actual leaving date will be agreed with the employee and their manager and the termination of employment will be by mutual agreement. Individuals will therefore be waiving any entitlement to notice pay.

AUGMENTATION

In the case of redundancy or in the interests of the efficiency of the service an individual will be given the choice as to whether they would prefer 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) into a period of membership in the LGPS. This only applies to employees who are members of the LGPS. In the case of those employees who are over 50 their pension benefits will be payable immediately (subject to three months service being attained, or having brought a transfer into the LGPS) and for those under 50 the additional service will be added to their deferred benefit.

DEFINITION OF A WEEK'S PAY

The Authority will apply its discretionary power to calculate payments in all of the above situations using an individual's actual weekly pay as opposed to the statutory limit of a weeks pay.

APPROVAL

In all cases there is standard documentation to be completed, which is signed by the relevant Head of Service and also by the Head of Finance/Head of Operational Finance. The application is then subject to approval by the Corporate Director in consultation with the Head of Human Resources and Cabinet Member for Resources. Approval is also required for any anticipated pay in lieu of notice with its justification.