

# Harlow Council Discretionary Compensation and Redundancy Payments Policy

## Document Information

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## **Introduction**

This policy is produced under the following regulations:

- Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations, published on 29<sup>th</sup> November 2006, were effective from 1st October 2006.
- Local Government Pension Scheme Regulations 2013

The council is exercising its discretionary powers to compensate staff whose employment is terminated early by making payments in excess of the statutory redundancy payments.

The council is required to publish and keep up to date its policy on discretionary compensation.

## **Eligibility**

This applies to employees of Harlow Council whose employment is terminated through redundancy or business efficiency.

Separate provisions apply for staff leaving for ill health reasons.

## **The Policy**

Staff who leave employment on grounds of redundancy will receive a redundancy payment based on the formula detailed below.

## **Calculation of Payments**

### **Redundancy Payments**

In addition to the statutory redundancy payments that are due to an employee where the post is deleted and the individual is made redundant, the Council's discretion policy will be to base those payments on actual weeks' pay and not the statutory maximum that is specified by the legislation. Furthermore, in accordance with the redundancy payments (continuity of employment in local government etc.) (modification) order 1999 the redundancy payments will be based on continuous service within local government, or an associated employer as specified in the order, age and weekly pay at the date of leaving.

#### **Number of weeks.**

The number of weeks payable will be calculated using the statutory redundancy formula i.e. based on age and complete years of service. A multiplier will be used to enhance the number of weeks payable.

#### **Multiplier**

The number of weeks calculated above will then be multiplied by 1.5

#### **A Week's pay**

A week's pay will be a normal week's pay.

This is calculated by dividing annual salary by 52.14.

#### **Business Efficiency**

No discretionary compensation benefit will be paid on the termination of employment by reason of business efficiency.

## **Pension Payments**

### **Accrued LGPS Benefits**

In these circumstances (i.e. termination on redundancy or business efficiency), where the employee is a member of the Local Government Pension Scheme (LGPS) at the date of termination, benefits will be determined in accordance with the provisions of the LGPS regulations. Where the employee is aged 55 or over at the point of termination, this will include immediate and unreduced payment of accrued.

## **LGPS benefits**

### **Additional Pension Awards**

It is possible to award additional pension under the LGPS regulations. The council's policy is not to award additional pension for either redundancy or business efficiency terminations.

## **Additional Awards**

Generally, it is anticipated that the usual redundancy, discretionary compensation and LGPS payments will be sufficient to cover the majority of situations where a member of staff is being released on redundancy or business efficiency grounds.

However, it is also recognised that there may be exceptional circumstances where it is appropriate to consider further payments. Such payments must, of course be proportionate, reflect additional costs that may arise and fulfil the needs of the service. Each case will be reviewed on its merits and further payments will only be made in exceptional circumstances. Any such payments will use the lump sum compensation provision of the Compensation Regulations and will be subject to the total payment not exceeding the 104 weeks limit specified in those regulations.

## **Termination**

This document sets out the policy that has been subject to consultation with Trade Unions.

If the Council decides to change the policy, an amended policy will be published within one month of the decision.

Policy Author	Paul Smith (Human Resources)
Approved & Authorised	CLT, Unison and Personnel Committee
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## **Issue**

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## **Revision History**

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Revision date	Summary of Changes	Changes marked