**Redundancy/Severance Payments Scheme**

**1. Introduction**

This note, which should be read in conjunction with the Staffing Reductions Policy, gives details of the compensation payments which may be made when a redundancy situation arises, and supersedes all other notes or documents.

**2. New Compensation Regulations**

In November 2006 the Department for Communities and Local Government (DCLG) issued a statutory instrument which impacted on the compensation payments which can be awarded to an employee whose contract ends on the grounds of redundancy or efficiency. The facility for Local Authorities to pay compensatory added years to pensions was removed.

Accordingly the Council’s Voluntary Early Redundancy Scheme, which had been available to staff who were potentially redundant, became inoperable. The new Regulations provided local government employers with powers to consider making a one off lump sum payment to an employee which must not exceed 104 weeks’ pay.

Following consultation on proposals for new compensation arrangements, the Council’s Executive agreed in March 2007 revised arrangements which apply to staff that are made redundant from April 2007. Further changes to the Local Government Pension Scheme (LGPS) necessitate amendments to the details of operation with effect from 1 April 2008.

**2. Redundancy / Severance Payment Provision**

In light of the revised compensation regulations and the Council’s budget outlook, the agreed redundancy severance compensation for staff will be on the basis set out below.

a. Staff aged 55 and who are over and members of the Local Government Pension

Scheme who are therefore eligible to receive immediate pension benefits on redundancy will receive:

● Statutory redundancy payment based on actual weekly pay The following link will help you in calculating this: http://www.direct.gov.uk/en/diol1/doitonline/dg\_4017972

b. Staff who are ineligible for the immediate payment of pension benefits on redundancy (i.e. who are under age 55 or who are not members of the Pension scheme):

● Enhanced redundancy payment based on actual pay and 2 weeks pay for each year of continuous RBK service up to a maximum of 30 weeks pay. Statutory redundancy pay for continuous local government service not at RBK.

1. **Employment by an Associated Employer**

It should be noted that employees who accept an offer of employment by another local authority (or associated employer) before their employment with this authority ceases and are able to take up the employment within 4 weeks of the date of dismissal from this authority will not be entitled to receive a redundancy payment from the Council. Receipt of a redundancy payment in relation to a previous employment will break continuity of employment.