



# SHREWSBURY TOWN COUNCIL

## Redundancy and Compensation Policy

### AIMS OF THE POLICY

The overall purpose of this Policy is to describe the steps that the Town Council will take when proposing to reduce employee numbers and the payments that will be made to employees affected by redundancy. Although from time to time reductions in employee numbers may be necessary the Town Council is committed to taking whatever reasonably practicable steps may be available to avoid compulsory redundancies and to assist employees at risk.

### CONSULTATION

Consultation with employees and trade unions is essential when employee reductions are possible. Consultation will take place with employees who may be affected, informally with trade union representatives and formally with full-time union representatives or specified local representatives in line with statutory provisions (The Trade Unions and Labour Relations Act 1992).

The Town Clerk (or her appropriate service managers with designated authority to dismiss) will be responsible for initiating all the stages of consultation. The informal stages will start at an appropriate point when, in the judgement of the Town Council, the employees who may be affected should be notified and given information on the reasons for the option being considered. The same information will be shared simultaneously with trade union representatives and consideration will be given to any suggestions made to alleviate the problems.

These informal consultations may on occasions, provide alternatives to the proposed reductions. Where this is not possible and where the option under consideration becomes a firm proposal (normally a decision by the Town Clerk or where the reductions are part of the annual budget process, or as a major restructuring on a recommendation by elected members) formal consultation will begin. The timing of the formal consultation stage will largely depend on when the Town Council has reached a firm proposal and it is in the interests of the Town Council and the trade unions for it to begin.

The Personnel Committee will be informed, at scheduled meetings, of any formal proposals for employee reductions which have been, or are about to be, notified to the trade unions. Additional meetings may be arranged if necessary to assist with the consultation process. The Personnel Committee will provide a forum for dealing with any differences between the Town Council and employees. This will not replace, however, the statutory requirement to consult with the relevant trade unions for the employee group(s) concerned whenever firm proposals leading to the possible reduction of employees have been made.

Where the Town Council is proposing to make redundancies consultation must begin "at the earliest opportunity" and no less than as follows:

<b>Number of employees</b>	<b>Period of Consultation</b>
between 20 and 99 employees at one establishment within a period of 30 days or less,	at least 30 days before the first of the dismissals takes effect.
Over 99 employees at one establishment within a period of 90 days or less,	a period of at least 90 days consultation will apply.
fewer than 20 in one establishment	the Council will endeavour to observe a consultation period of at least 30 days

The Town Clerk or line manager effecting the employee reductions will have responsibility for issuing a Section.188 (S.188) notice to the relevant trade unions. This will be sent to the full-time officer of the union(s) concerned (unless the union stipulate otherwise) and will contain the following information:

- the reasons for the proposals;
- the numbers and descriptions of employees whom it is proposed to dismiss as redundant;
- the total number employed of that description at the establishment concerned;
- the proposed method of selecting
- the proposed method of carrying out the dismissals, including the period over which the dismissals are to take effect.

A copy of the S.188 notice to be retained by the HR team.

The S.188 notice will be sent "at the earliest opportunity" - this means at the time when a service has established a firm proposal in relation to the reduction (as opposed to where it is being considered at a preliminary stage as one of a range of options). The Town Clerk or line manager will consider any formal representations received from the trade union(s) during the statutory consultation period in response to the S.188 notice, provide such additional information as is reasonably practicable, and reply to representations stating the reasons for any rejection of the trade unions' proposals.

### **ALTERNATIVES TO EMPLOYEE REDUCTIONS**

At all stages of informal and formal consultation the Town Clerk or line manager will consider any alternatives that may be available to compulsory redundancy. These will include:

- the possibility of achieving the reduction on a voluntary basis
- the possibility of offering suitable alternative work within the service, (this is a statutory requirement)
- any other reasonable measures that may be available.

At any stage when employee reductions are likely the Town Clerk or line manager may introduce a ring-fence arrangement to restrict applications for any vacancies arising in the area at risk to internal candidates already working in the specified area or occupation. Where ring-fencing is essential to protect the interests of staff affected by likely reductions the appropriate trade unions and Town Clerk will be notified by the service concerned, of the extent and duration of the arrangement.

The Town Clerk or line manager will, from time to time, take any other sensible management action that may be available to deal with employee reductions and to try to avoid the need for compulsory redundancies.

Where, despite consideration of alternatives, compulsory redundancies are still necessary, services will initiate the redeployment procedure for all employees under formal notice of redundancy, and others clearly at risk, at the earliest opportunity.

### **ENHANCED PAYMENTS FOR EMPLOYEES WITH TWO YEARS OR MORE SERVICE**

All employees who following a call for volunteers in a particular area of service or who are compulsorily redundant and have a minimum of two years continuous service with the Town Council and related employers (local authorities and other specified public employers covered by the Redundancy Payments Modification Orders) will be entitled to receive an additional compensatory payment if their employment with the Town Council is terminated on grounds of redundancy. This paragraph does not apply where service has been augmented.

Employees will receive the following entitlement:

Service	Entitlement
For service between ages 16 – 21	½ week’s pay for each completed year of pensionable service multiplied by 2.5
For service between ages 22 – 40	1 week’s pay for each completed year of pensionable service multiplied by 2.5
For service from age 41 and above.	1½ weeks’ pay for each completed year of pensionable service multiplied by 2.5

A component of the above lump sum will be made up of the statutory entitlement.

The additional compensatory payment is calculated taking account of any local government service, and service covered by the Redundancy Payments Modification Orders.

Pensionable service is defined as follows:

	Who Qualifies?	What service counts?
1	Employees who are members of the Shropshire County Pension Fund	Any service with the Council Pension fund including: service with the Council, any other service covered by the Redundancy Payments Modification Order and service which has been transferred in from any public service pension scheme, up to a maximum of 20 years.
2	Employees who are eligible to join the Pension fund but who have not joined.	Any service with the Council and any other service covered by the Redundancy Payments Modification Order, up to a maximum of 20 years.

“Service” is the equivalent of any continuous service with the Town Council and related employers (local authorities and other specified public employers covered by the Redundancy Payments Modification Orders) up to a maximum of 20 years in total. The total compensatory payment will not exceed the equivalent of 75 weeks pay.

In all cases a week’s pay will be calculated on the employee's actual level of contractual earnings.

#### **PAYMENT OF PENSION**

Any employee who is subject to these redundancy provisions, who is aged 50 and over at the date of termination (55 or over from April 2010) and is a member of the pension scheme will be eligible to receive immediate payment of their pension.

In these cases the employing service will meet any additional strain on pension fund.

#### **PURCHASING ADDITIONAL PENSION BENEFITS (AUGMENTATION)**

If the employee is a member of the Local Government Pension scheme there will be an option to augment service (purchase additional pension benefits) under regulation 52 of the Local Government Pension Scheme Regulations as an alternative but not as well as additional compensation under section 5. The augmented service cannot exceed 6 2/3 years and will be the period which can be purchased by the notional additional compensation i.e. the excess over the statutory payment calculated in accordance with paragraph 5. This will be at no extra cost to the Council and the calculation will take into account any additional pension costs met by the Town Council resulting from the early payment of pension benefits.

The employee must be an active member of the LGPS and any decision to augment must be made before their employment is terminated.

### **EARLY RETIREMENT ON GROUNDS OF EFFICIENCY**

Early release of an employee's pension will be considered where the employee is aged 55 or over and is a member of the LGPS. In all cases the employing service must be able to demonstrate that the retirement will result in efficiencies of the service.

In addition to immediate payment of pension employees may be awarded augmentation of their pension of up to 6 $\frac{2}{3}$  added years.

In situations where early retirement is granted on the grounds of efficiency of the service there will be no entitlement to redundancy pay as there is no redundancy and employees will receive the early release of their pension benefits only.

In these cases the employing service will meet any additional strain on the pension fund.

Any decisions regarding retirement on the grounds of efficiency will be taken by the Personnel Committee.

### **POSITIVE ASSISTANCE**

Where, despite consideration of any other alternatives available, the Town Council gives formal notice to any employee, on grounds of redundancy, a number of positive measures will be used, where appropriate, to assist employees. These may include:

- allowing reasonable time off with pay for employees under notice to seek alternative employment
- make arrangements for training for future employment;
- providing information from the Department for Work and Pensions on benefits payable, if this is relevant to groups of employees affected by redundancy
- encouraging attendance (and paying all employee fees) on Pre-Retirement Courses in appropriate cases
- providing whatever reasonable support and guidance may be available to employees facing redundancy

### **RIGHT OF APPEAL**

Any employee who has been dismissed on grounds of redundancy or efficiencies of the service has the right of appeal against this decision.

<b>Approved by Personnel Committee</b>	<b>3 August 2022</b>
<b>Adopted by Council</b>	
<b>Review Date</b>	<b>September 2023</b>