

Retirement

This chapter provides information about different retirement options and the Local Government Pension Scheme.

It covers [Flexible Retirement](#)

- [Early Retirement - Ill Health](#)
- [Early Retirement - Efficiency](#)

Information on redundancy can be found in the [Business Managers Guide to Reorganisation Redeployment & Redundancy](#).

Southwark Council administers the Local Government Pension Scheme for local government employees & employees from a number of "admitted organisations". These are external organisations normally involved in the provision of public services.

These pages are not intended to be a definitive guide to the Local Government Pension Scheme. You may wish to [visit the National LGPS website](#) to obtain further information and a complete guide to the regulations.

Contacts

Southwark's Pension Service can be contacted as follows-

Pensions Services

Tel: 020 7525 4924

lbspensions@southwark.gov.uk

Queries on HR processes should be raised with your Local HR Team in the first instance.

What will be done for you

- The Pensions Service will provide estimates of benefits and where appropriate capital costs.
- As appropriate, HR and FMS will provide written advice on the draft business case before the final decision is made by the Chief Officer (or as delegated).
- The Strategic Director of Finance and HR Director will monitor the business cases presented, ensuring that those agreeing have appropriate authority to do so and that the arguments presented are justifiable

What you must do

- Remember that retirement is a form of termination. You must follow Council procedures and keep appropriate records.
- Ensure all recommendations are accompanied by comprehensive factual information.

[Back to top](#)

- Obtain estimates of costs and consider their budgetary effect.
- Business cases must be drawn up with advice from HR staff. Forward a copy of the draft business case (where appropriate) to Pensions Services to ensure that any implications on the Council's budgets have been noted. Business cases must then be referred to the HR Director before a decision is made.
- Provide your DSM, (as delegated by the Chief Officer), with a well planned and thought-out Business case in all instances
- Ensure all appropriate forms and documentation are passed to the Pensions Services in a timely fashion

What you must not do

- Provide estimates of benefits that have not originated from the Pensions Services
- Make decisions on ill health retirement without a properly authorised certificate from the Council's Occupational Health Service.
- Make retirement decisions that are outside your authority.

What you can do

- Consider all avenues of redeployment, transfer, alteration of duties in order to avoid the use of early retirement (efficiency) and ill health retirement including investment in retraining and redesigning posts.
- Seek advice on the compilation of business cases from HR Practitioners.

Key Information

- Capital costs will be charged to revenue accounts of the Business Unit over the period agreed with FMS and will refund the pension fund.

[Back to top](#)

Flexible Retirement

Introduction

1. The Local Government Pension Scheme (LGPS) allows flexible retirement at or after the age of 55. This must be linked to a reduction in hours or grade, and this must be agreed by the employer. The employer will (at their cost), be able to waive in whole or in part the actuarial reductions that apply to early payments of pension benefits though such occasions are likely to be exceptional.
2. The pension and lump sum would be based on the final salary which is payable at the point of (part) retirement, as abated by the actuarial reduction. The actuarial reduction that applies is dependent on the number of years before the normal pensionable age
3. The decision to allow early retirement rests with the organisation that is the employer at the point of retirement. Once the entitlement has been agreed this will continue for the remainder of the pension member's life.
4. The **opportunity** to apply for early retirement applies to the following. Early retirement is not an employee right.
 - a) All employees aged 55 or over, who are currently in the LGPS. Neither age nor service is a criterion for application.
 - b) All posts and sectors, but a business case has to be drawn up on each occasion assessing the feasibility of the application.

Process

The process for flexible retirement is as follows.

1. The employee expresses interest after reading the published policy.
2. HR takes ownership of the process and, by exception, gives the employee face-to-face and written advice on the implications of taking early retirement, the process to be followed, contractual and pension implications – the latter to be gained from the Pension Service.
3. Employee makes a formal application to an appropriate level of management – this may be via a departmental pro forma or a letter setting out request for revised working arrangements.
4. Departments set out the level of management to consider requests but this will be at Business Manager level and above.
5. While not a requirement, managers are recommended to meet with the employee to talk through the employee's application. A HR representative should accompany management at these meetings. For managers such occasions will be relatively rare and thus a HR presence will assist in consistency.

[Back to top](#)

6. In some cases changing roles may require the individual going through some kind of assessment/ selection on their suitability to take on the new post.
7. Where a recommendation for flexible retirement is proposed the officer at Business Manager (or above) must prepare a business case for agreement by the DSM (or above) as delegated by the Chief Officer see below. If the business case includes a recommendation that the actuarial deduction is waived this **must** include a concurrent from the HR Director and the Strategic Director of Finance (or their nominees who are authorised to sit in the Pensions Panel).
8. If agreed, HR to send relevant documents to the Pension Service and to the HR Director (business case only), pursue contractual changes and makes SAP payroll adjustments.
9. The Pensions Service process the benefits.
10. Those taking early retirement will be asked to sign a new contract of employment reflecting the change in grade or hours. This will reflect the contractual basis of the new role, (with continuity of service maintained); permanent, a temporary arrangement for handover, other time limited engagement.

The Business Case

This must include consideration of the following -

Note - the underlying principle in flexible retirement is that there should be a notable downward step in the employee's hours or earning potential as the employee tapers into retirement. ***As a guide this should be a minimum reduction of 10% in total contractual earnings as a result of the flexible retirement decision.***

- 1 Where part time working in the existing role is sought, ***the business unit should confirm that the remaining portion of the role can be covered without detriment to the service.*** (If not, agreement may be made with the employee to re-look at after an agreed period).
- 2 Where stepping down in grade is requested, the business unit must confirm that; ***a role currently exists in the structure; that the person has the ability to do, any costs associated with so doing can be met training, etc.*** In some cases changing roles may require the individual going through some kind of assessment/ selection on their suitability to take on the new post.
- 3 ***Where stepping down is being considered which reduces the person's hours, but retains their grade, and their substantive role is filled, (thus over establishment) the arrangement must be time limited and thus reflected in the offer of a temporary contract to the "retiring" employee.*** It is likely that this arrangement will only be agreed to enable some form of transition / handover.

4. ***Whether the change in circumstances will have any other notable affect.***
Those involved in project work may be engaged on a limited engagement and agreeing flexible retirement in these circumstances could be positive, holding on to that employee until project end.
5. ***The justification for waiving the actuarial reduction, if proposed,*** and how costs will be met, see further details on [waiving the actuarial reduction](#).
- 6, ***Any Pension costs, which will be incurred by the business unit, attached to the stepping down and how these costs can be justified.*** In some cases there are capital costs associated with the payment of the pension but this will be determined on a case by case basis as advised by Pensions service.

Waiving the Actuarial Reduction

1. The organisation has the potential to waive the actuarial deduction for those eligible for flexible retirement; however, this will be relatively rare. Where this occurs the costs must be reimbursed by the business unit to the Pension fund. This is a one off payment.
2. On each occasion where it is proposed that the actuarial deduction is waived it is recommended that the business unit must include a positive argument, within the business case, based on the following criteria -
 - a. The overall cost and how this will be met.

And –

- b. Whether allowing the employee to take flexible retirement has a significant and quantifiable business advantage. It is proposed that this would be exceptional circumstances and may cover areas such as: -
 - Allowing the employee to step down will militate against a potential redundancy situation – this is only likely if people take a lower graded role. Or
 - Where the employee has a known health problem – confirmed by the OHS, but does not meet the criteria for ill health retirement and capability action is not warranted.
 - When the demands of the person's current employment have changed substantially. To continue that person in that employment would require significant investment in training or support that cannot be justified on the basis of the employee's perceived future input. Other than key leadership roles it is considered that such occasions would be extremely rare.
 - Where the post occupied is hard to fill and it can be confidently predicted that this will remain the case up to the person's normal retirement date. Again it is assumed that this will be restricted to a very small number of roles where demand consistently outstrips supply and the future of that role is unlikely to change (or be deleted) through technological advances.

[Back to top](#)

3. Where it is proposed that the actuarial deduction is waived it is essential that a concurrent report is received on each occasion from the HR Director and the Strategic Director of Finance , before the decision is made see process above.

[Back to top](#)

Early Retirement - Ill-Health

Introduction

This section deals with the process of releasing benefits for those on the Local Government Pension Fund (LGPS) as a result of ill health retirement. The arrangements which follow apply with effect from 1st April 2008.

Ill health retirement should be seen as the final resort for those in the LGPS when all appropriate options have been exhausted under the Council's sickness management scheme. Advice on these options is contained in the Business Manager's Handbook topic, [Managing Employee Health](#).

The Scheme

1. Where an eligible employee retires early on the grounds of ill-health, s/he is entitled to immediate access to their pension, with the option of a lump sum in accordance with the Local Government Pension Scheme Regulations. Employees must be members of the Local Government Pension scheme. There is a qualifying period of 3 months of continuous contributory membership or the member must be credited with a transfer. (Charging for the cost to the pension fund will be confirmed separately). Employees who are ill-health retired are entitled to pay in lieu of notice, which is not subject to income tax or National Insurance deductions.
2. From 1st April 2008 where the Council determines to terminate employment on the grounds that the person is incapable of discharging efficiently the duties of his/her current job and has a reduced likelihood of obtaining gainful employment (in local government or elsewhere) before normal retirement age, he/she would be classified under the following tiers:
 - Tier 1 - the person has no reasonable prospect of obtaining gainful employment before age 65. Benefits would be based on accrued membership + 100% of prospective membership between leaving and age 65
 - Tier 2 - the person is unlikely to obtain gainful employment within a reasonable period of time but is likely to be able to obtain gainful employment before age 65. Benefits would be based on accrued membership + 25% of prospective membership between leaving and age 65.
 - Tier 3 - the person is judged to be permanently incapable of their local government authority employment but is capable of undertaking gainful employment elsewhere in the workforce in a reasonable period after cessation. It will be reviewable, i.e. stops if the person gets a job.

Gainful employment' means paid employment for not less than 30 hours in each week for a period of not less than 12 months. The judgment is whether the person's condition prevents them obtaining gainful employment, other factors, e.g. economic climate, motivation, or skill, don't apply.

[Back to top](#)

Reasonable period' means a period of 3 years.

3. There will be no reviews between tiers 1 and 2. However the continuance of benefits for staff on tier 3 will be reviewed as noted below.
4. An employee who leaves local government employment as a 3rd tier member will be entitled to their annual accrued benefits payable as a pension for such time as they do not obtain gainful employment or until the employer stops payments following the review. The 3rd tier member will be required to notify the Council when employment is found providing details, including pay, working hours and length of contract of that employment, and the employer would then stop payments if this was 'gainful employment.' If payments have continued when gainful employment has been found, the Council has the power to recover any overpayment from the 3rd tier member. In liaison with FMS, the Pensions Service will be responsible for recovering any overpayment from the 3rd tier member.
5. If 3rd tier payments cease, there should be no reinstatement. The definition of the status of a 3rd tier member whose benefits are stopped is 'a pensioner member with deferred benefits'.
6. The previous employer is required to undertake a review when payments have been made for 18 months if payments are still continuing at that point. This will be done by the Pensions Service. Should the employee require a review prior to or post the 18 month review, this may be granted if there is new information. If the employer decides, from the information provided that gainful employment had been obtained, the 3rd tier payments will be stopped. Tiers 1 and 2 are awarded on a permanent basis for the lifetime of the member. Tier 3 will not, under any circumstances, be paid for longer than 3 years.
7. LGPS Members who have left the Council can still apply for immediate payment of pension under ill health provision (deferred pension); no enhancements currently apply. Such applications are made direct to the Pension Service.

Role & Responsibilities

1. Departmental HR staff will support management:-
 - In the management of sickness cases which lead to termination on the grounds of ill health retirement. This includes the preparation of comprehensive business cases.
 - Where an employee submits an appeal against the decision to terminate or the tier applied at termination.
 - By providing a copy of the final Job description of all leavers in formal sickness capability process to OHS
2. Pensions service will deal with:-

[Back to top](#)

- Any appeals made by the former employee against the calculation of benefits payable at termination. This is unchanged from the responsibilities applicable pre April 2008.
 - Changes in circumstances or reviews for those placed on tier 3, e.g. at the 18 months review or where gaining employment.
 - Applications from former employees for the immediate payment of pension received.
3. Occupational Health Services will be responsible for:-
- Ensuring ill health decision making is robust and based on full information.
 - Ensuring that two doctors (one of whom is independent) are involved in the ill health decisions process – i.e. initial decision and appeal
 - Ensuring that two doctors (one of whom is independent) are involved in decisions for immediate payment of pension under ill health provision (deferred pension), subsequent appeals, and review(s) of 3rd tier decisions.
 - Quality sampling all decisions on ill health and classified tiers

Process

1. In the case of possible ill health retirement the Council's Occupational Health Physician must agree that the employee is incapable of discharging efficiently the duties of his/her employment on medical grounds specifying the relevant tier (see the Business Manager's Handbook on Managing Employee Health for tier definitions). The manager supported by the departmental HR team will request that the OHP confirm:
 - Whether the person is permanently incapable of discharging efficiently the duties of his/her employment with the Council on medical grounds
 - If yes, the classified tier – 1, 2 or 3
 - If tier 3, when is the person likely to be fit again
 - Whether the person has a life expectancy of less than 1 year, or has a life expectancy of 1 year or more

The decision making process will always involve an independent doctor.

2. Where ill health retirement is being considered the departmental HR team will request information from the Pension Service on the benefits that would be payable. The Pensions Service will provide estimate of Pension as earned plus enhanceable benefits as a separate entry. A reconfirmation of the figures should be sought once the specific tier has been confirmed from OH.

3. In the case of ill-health retirement, a strict business case is not appropriate but a well thought through argument is required, i.e. a record of decisions taken, details of alternative posts/arrangements/working practices etc. The tiering must be confirmed and cost implications noted. Any statutory requirement under the disability provisions of the Equality Act must be considered and a certificate of permanent ill health from the Occupational Health Physician must be attached when submitting details to the Pension Panel, see below.
4. Charging for the full revenue and pension fund costs of early retirement will be confirmed separately.
5. The Pensions Panel which includes the HR Director and the Strategic Director of Finance (or their nominees) will be notified of all ill retirement decisions and must be sent copies of the relevant supporting papers for monitoring purposes. Documents to be supplied via the Pension Service. Substantial financial penalties may be applied to Business Units where failures are found in the management of early retirements
6. A template is attached to this chapter which gives guidance on the preparation of a business case. This pro-forma must be completed in full and signed by the relevant DSM /Head of Service or Chief Officer before an individual is informed of her/his early retirement. The Council's Pensions Manager has been instructed not to process any early retirements unless the above has been complied with.

Termination of Services

1. In ill health retirement cases employees are terminated at the earliest possible date once retirement is confirmed, with pay in lieu of notice. The principles around dismissal will be followed, i.e.

a) The employee is informed of the fact that their dismissal is being considered. In practice this will be correspondence confirming the outcome of discussions on ill health retirement and should be the final stages of a continued dialogue, however, in this instance the implication of the dismissal will need to be clearly stated, i.e. were the termination to occur the proposed tiering assigned and the financial implications.

b) The employee is invited to a meeting to discuss the situation.

Employees may not exercise their right to attend, or may be too unwell to do so, but the invitation should occur, with a date and time. Those too unwell to attend may be invited to provide any written submissions for consideration.

These meetings to be chaired by those at Business Unit Manager level (or above) with HR acting as an adviser.

c) Outcome of the meeting is confirmed Final decisions should be confirmed in writing by the Business Manager. Where termination is confirmed this must set out the termination date and also the rights of appeal, e.g. you have the right to submit an appeal against the *decision to terminate your employment on the ground of ill health, the tiering and date of dismissal. You will be expected to substantiate any grounds of appeal in writing by submission to.... and will be called to attend an appeal hearing to discuss.* Employees must be advised that in some circumstances payment of pension will be suspended whilst the appeal is resolved

[Back to top](#)

Appeals

1. The following applies to termination on the grounds of ill health for eligible members of the Local Government Pension Scheme (LGPS). Retirement will only occur where an independent doctor qualified in occupational health has determined that the employee is permanently unfit to undertake the duties of his/her job in accordance with the criteria laid down under national conditions.
2. Appeals against the application of the LGPS Regulations will continue to be handled by Pensions, unaltered by the procedure that follows. For example an ex-employee may appeal to the Pensions services that in determining his/her pension proper account has not been taken of transferred membership.
3. The appeal process will vary according to the age of the employee as protection may apply under the LGPS regulations (i.e. whether they were over or under 45 years and a member of the LGPS as at 1st April 2008).
4. A risk assessment should be completed by Human Resources in liaison with the Pensions Service for all potential ill health terminations. This will be used to determine the impact on payments and the scope of the employee's appeal so that the appropriate process is applied and the employee understands the full impact of registering an appeal.

Scope of Appeal

1. The employee may appeal against the following:-
 - ***The termination itself.*** For example whether reasonable adjustments had been made to reflect an employee's disability, whether appropriate redeployment slots had been pursued etc.
 - ***The tiering and / or the effective date.****

** (Employees who qualify under 1997 LGPS Regulations and receive protection can only appeal against the termination itself or the effective date of ill health retirement)*

Handling and Timing of Appeals

1. The principles of procedures around dismissal will be followed, as noted [above](#), plus -
 - Employees have 10 working days to submit an appeal from the date of the letter confirming termination, substantiating the grounds.
 - A risk assessment should be completed by Human Resources in liaison with the Pensions Service to ensure that the implications on payments of registering an appeal have been sought and communicated to the employee and that the appropriate process is followed.

[Back to top](#)

- If an appeal is registered against the termination itself, the Pensions Service should defer **pension** payments until the appeal is resolved, to avoid any overpayment that could be substantial. The employee should be advised of this in the dismissal letter.
- If an appeal is registered against the tiering and / or the effective date of the decision, the Pensions Service may make appropriate payments. Advice must be sought from the Pension Service and this must be clearly communicated to the employee/ ex-employee.
- Appeals should be submitted to the Chief Officer, with a copy to the HR Director.
- Appeals would need to be on the basis that; proper consideration had not been taken of opportunities to remain in employment, e.g. redeployment, work adjustments on the grounds of disability, on the basis of new medical evidence that was not available at the time of the OHS's report leading to the management decision, or expert and substantiated medical opinion conflicts with the OHS's report leading to the management decision.
- The instance of an appeal being lodged will not halt the termination itself. Were the outcome of an appeal to confirm alternative / adjusted employment the appellant would be re-instated.
- The appeal will outlive the termination date, i.e. the complaint will not cease because the employment contract has ceased.

2. In line with appeals on the basis of redundancy-

- Appeals are heard by departments.
- Appeals are heard as soon as practical, albeit it is noted that more than one hearings may be required and / or the timescale to consider may be extended where further medical advice is required from the Council's OHS. It is **essential** however that this is put into action as speedily as practical, as in some instances Pension payments will not be made until the outcome of the appeal is resolved.
- The appeal should be submitted to an appropriate level of management, using the grandparent principle, but always heard at DSM level or above.
- Employees will have standard rights of representation at the appeal; i.e. Trade union representative or work colleague.
- All appeals must be attended by the departmental HR manager, (not delegated), as the representative of the HR. Their role is to advise on procedure and manage further investigation, e.g. referral to occupational health for further information.

Appeals on Payments Post Employment

2. Under the LGPS regulations, members have 6 months from the date of their termination to submit an appeal to the Pension Service relating to their pension payment. These appeals are managed by the Pensions Service.
 - Protected members (employees age 45 and over on 1st April 2008) who qualify under the 1997 LGPS Regulations can only appeal against the termination itself or the effective date of ill health retirement.
 - Other members can register an appeal with the Pensions Service against the tiering and / or issues involved in the determination of pensionable pay / service.
 - For appeals against the tiering itself, the Pensions Services will notify and involve the HR department (not Occupational Health) to obtain information on the tiering decision, in order to inform an independent view of the information taken into account at the time (not new information) and that the correct process was used.

Tier 3 Reviews

3. Tier 3 includes the provision that, unless pension has already ceased because gainful employment has been secured, the continued payment of pension will be reviewed after 18 months. At this point there are three options:
 - continued payment (up to a total of 3 years, or until gainful employment is secured whichever is earlier)
 - to cease on the basis that the medical opinion is that the person is capable of gainful employment
 - the person's medical capability justifies movement to tier 2 provisions

It is reasonable to assume that pensioners may reasonably seek to appeal against decisions at this stage. All such appeals will be handled by the Pensions service and mirror the arrangements for ex-employees applying for immediate payment of pension on the grounds of ill health.

[Back to top](#)

Early Retirement – Efficiency

Introduction

1 Applicable to staff over 55 who are members of the Local Government Pension Scheme (LGPS).

The early retirement (efficiency) facility is aimed at assisting the council to effect organisational change and improvements in the efficiency and/or quality of the service by enabling a better match between service needs and the employees available to meet them.

It is envisaged that this arrangement will only be used on rare occasions. It could, for example, apply where there are legal/external factors which necessitate a significant change in a long serving employee's job and the employee is not capable of changing enough to satisfactorily meet the requirements, new challenges and ways of working. In effect the individual has been offered suitable alternative work which s/he is not capable of undertaking but is **not** in a redundancy situation.

Each individual case must be considered on its merits weighing all the factors concerned, including costs, against the likelihood of sufficient productive employment in the time remaining before normal retirement.

Process

Early retirement (efficiency) by the Council should be the last resort when all other options have been exhausted. To comply with the Council's statutory responsibility managers must actively seek suitable alternative work for each individual such as redeployment, retraining, freezing recruitment and where appropriate capability dismissal.

In each case a full appraisal must be submitted on long term savings, costs and ongoing budget reductions, actuarial (capital) costs and details of the alternative actions that have been considered. All decisions on early retirement must be taken at DSM level or above.

Managers must always be aware that when they are seeking discretion to agree early retirement (efficiency), the Council is committed to pay pension and lump sum as earned rather than with an actuarial reduction. Care should therefore be taken to ensure that early retirement on efficiency grounds is not suggested to an employee, however informally, if it is not the firm intention for the early retirement to be instigated by the Council.

The full revenue and pension fund costs of early retirement will be charged to Business Units based on actuarial calculations as lump sum payments. In efficiency cases the maximum period of contribution will be three years.

The Pensions Panel which includes the HR Director will be notified of all early retirement decisions and must be sent copies of the relevant supporting papers for monitoring purposes. Documents to be provided via the Pension Service. Substantial financial penalties may be applied to Business Units where failures are found in the management of early retirements.

A template is attached to this page. To be used as a basis for making a case for efficiency retirements. This pro-forma must be completed in full and signed by the relevant DSM (as delegated) or Chief Officer and sent to the HR Director for monitoring purposes before an individual is informed of a decision.

In addition, Form PF19 must be submitted. (Supplies of this form may be obtained from Pensions Services, [email lb pensions@southwark.gov.uk](mailto:lb pensions@southwark.gov.uk)). The Council's Pensions Manager has been instructed **not** to process any early retirements unless the above has been complied with.

[Back to top](#)

Template Business Case – Employee Termination

This template provides guidance on matters to present in a business cases for early retirement in the efficiency of the service or mutual terminations which may or may not be underwritten by a settlement agreement*.

The business case must be “signed off” by the employee’s manager (at minimum DSM level) & the Executive HR Manager. Who actually prepares, manager/ HR is a matter of practicality.

The business case must be approved by the relevant Strategic Director and the HR Director. Once approved, further actions will be triggered; e.g. signing the compromise agreement, commencing the leaver process and in very exceptional circumstances notification to Members, see below.

In all cases the approved business case must be held against the employee’s SAP record and may be the subject of future scrutiny.

**Note - in cases of ill-health retirement, a strict business case is not appropriate but a well thought through and argued decision is required (i.e. a record of decisions taken, details of alternative posts/arrangements/working practices considered). As such the pro template can be amended for this use and a certificate of permanent ill-health from the Occupational Health Physician attached. These business cases must state the tier of ill health which is proposed, i.e. tier 1, 2, or 3.*

1. Details about the employee

Name	Post
Business Unit	Department
Grade	Grade range spinal points & £ value
Current spinal column point & £ value	
Proposed date of termination	
Pension scheme member	Yes/ No
If pension scheme member, age at proposed date of termination	

2. Description of termination

Note whether this early retirement in the efficiency of the service, mutual termination and whether a compromise agreement will be secured.

*(*See note above on ill health retirement)*

3. Background

Essentially the circumstances which led to the action being proposed. For example, reorganisation of services, introduction of new work demands. Why the employee in question cannot to be employed within the service area or redeployed to another job within the Council. This may be brief, but as far as practical point to reports or other factual information that substantiate the circumstances.

[Back to top](#)

4. Business Case

This should include the following.

- a) The proposed payments to be made to the employee, how calculated and their basis. Details would normally include –
 - Minimum payment **equivalent** to contractual notice.
 - Optional payments that may include compensation to reflect the person's potential for re-employment; loss of statutory employment rights; immediate loss of earnings.
- b) Pension costs where these will be met by the Council, e.g. pension capitalisation costs.
- c) Any other costs/ payments associated with the termination, e.g. car leasing costs, outplacements.
- d) Where circumstances apply, (predominately situations of reorganisations), how these compare to payments that would be paid to staff through the application of standard procedures, i.e. under redundancy.
- e) Where circumstances apply, (predominately situations of reorganisations where as a consequence the post is deleted, or replacement post is of a lower grade), the annual salary saving.
- f) How costs will be met.

5. Referral to Members

In accordance with the Council's Pay Policy Statement, (Council Assembly 27th March 2013)-

*Where the council decides to terminate any employee's service **on the basis of mutual termination on efficiency of the service grounds**, the council calculates entitlements relying on the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and the pension regulation where over 55 years old. Should the cost of the total package to the employee would exceed £100k, agreement will be obtained via Council Assembly or another properly constituted Member body, prior to finalisation.*

If therefore the total cost of the financial package to be paid to the employee exceeds £100,000 –

- The background details and the business case must be prepared as described above.
- These details must be passed to the HR Director at the earliest opportunity. It must be clear to the employee that final agreement requires input by Members and therefore personal details may need to be shared.

[Back to top](#)

Note such occasions are anticipated to be rare and generally matters that are dealt with by the HR Director or being progressed with the HR Director's knowledge. The process for referral to Members will be a matter for discussion with the Monitoring Officers and Chief Executive. In most cases financial packages at this level will only be payable to top managers and as such the termination already known to the Leader or relevant Cabinet Member.

6. Authorisation

Business Case proposed by –

Name Signed.....

Position..... Date.....

HR details verified by

Name Signed.....

Position..... Date.....

The termination is authorised on the basis noted above. Agreed -

Name Signed.....

Position..... Date.....

Name: Bernard Nawrat. Signed.....

Position: HR Director Date.....

[Back to top](#)