

CROYDON COUNCIL

TARGETED VOLUNTARY SEVERANCE (VS) SCHEME 2020 - BY REASON OF REDUNDANCY -

1 Introduction

- 1.1 This scheme is intended to facilitate the council meeting its financial savings targets whilst protecting services and minimising the need for compulsory redundancies.
- 1.2 **The scheme applies only to all non-school employees who under Staffing Review proposals and consultation are placed at risk of redundancy and/or are in a specific ringfence from which a reduction of staff will be drawn.** The scheme does not apply to apprentices; employees who the Council has given notice to that their employment is to end; and employees who have submitted their resignation.
- 1.3 Eligible employees will be able to apply to leave the Council's employment on mutually agreeable terms by reason of redundancy and/or early retirement.
 - a) Employees under age 55 with two years' continuous local government service at the date they leave the Council's employment may apply to leave with a voluntary redundancy payment.
 - b) Employees of pensionable age (age 55+) with at least two years LGPS membership (either with Croydon or another local authority or as a result of a transfer from another pension provider) may apply for voluntary early retirement with immediate access to their pension benefits. The benefits are based on the pension built up to the date of leaving which may be different to the employee's normal pension age. Employees with more than two years' continuous local government service will also receive the voluntary redundancy payment mentioned in (a) above. (If employees leave with less than two years membership they will be offered a refund of contributions or a transfer to another pension provider.)
- 1.4 Employees are also invited to apply to reduce their working hours or apply for flexible retirement. Applications received in the period **13 July 2020 to 31 July 2020** will be considered alongside applications for voluntary redundancy and/or early retirement (see appendix C for application form). Appendix D sets out further guidance on permanently reducing contractual hours and also other means of flexible working that may be requested outside of this scheme.
- 1.5 Employees leaving the council on voluntary severance will be issued with their contractual notice which they will be expected to work.

2 Approval

- 2.1 All applications in relation to 1.3 and 1.4 above will be scrutinised on a departmental basis by a panel consisting of the departmental Executive Director, Head of Finance and Head of Human Resources to assess whether the request may be approved.
- 2.2 Applications will be considered for approval by the panel taking into account the following:

- The savings to the Council from the deleted post(s) and any reduction in hours and the overall severance costs incurred by the Council.
- Whether the individual is in a statutory role or a role that is critical to essential and/or statutory service provision.
- Whether the individual is in a critical role deemed as “hard to fill” or has skills that are difficult to replace or do without.
- Whether the individual’s employment is at risk for some other reason e.g. because of outstanding disciplinary, capability or sickness reasons.
- The impact of deleting the post and any reason why the application should not be approved.

2.3 This is a targeted voluntary scheme entirely at the council’s discretion. There is no right of appeal and no grievances against the decision of the departmental voluntary severance panel will be considered or accepted. All applications are to be made on this understanding.

3 Redundancy payments and early retirement estimates

- 3.1 The guidance set out in Appendix A (Compensation Benefits) and Appendix B (Ready Reckoner) enables employees to calculate approximate voluntary redundancy payments. An online “ready reckoner” is also available on the Council’s intranet.
- 3.2 Voluntary redundancy payments will be based on an individual’s contractual weekly pay. Where an individual’s contractual weekly pay varies voluntary redundancy payments will be based on an average weekly pay calculated over the 12 week period prior to their end date.
- 3.3 Employees who are part of the LGPS (with at least two years membership in the LGPS) and considering applying for voluntary early retirement should calculate an estimate of their retirement benefits using member self-service. If you have already registered to use this service please follow the link <https://croydon.pensiondetails.co.uk/> You may sign up using your work email address. If you have not previously registered, you should contact the pensions team on 020 8726 6000 ext 62892 (extension 62892 if dialling internally) or by emailing pensions@croydon.gov.uk to register to use this service.

4 Application Process

- 4.1 Employees should ideally inform their head of service and/or director of their intentions before submitting their application for voluntary severance, reduction in hours or flexible retirement.
- 4.2 Employees wishing to apply for voluntary severance or voluntary early retirement must do so on the attached form. All applications must be submitted by email to staffreview@croydon.gov.uk
- 4.3 The deadline for applications is **31 July 2020** Applications received after the deadline may not be accepted.
- 4.4 Once submitted, applications will be reviewed by the relevant director prior to consideration by the departmental voluntary severance panel. Directors will have the

opportunity to comment on the case and state if they are supporting or not supporting the application.

- 4.5 All applications will be given to the departmental voluntary severance panel for consideration.
- 4.6 The decision of the departmental voluntary severance panel will be communicated to the applicants in writing. Where the departmental voluntary severance panel approves the application the employee will receive a formal offer of voluntary severance/early retirement/flexible retirement/reduction in hours. A formal offer of voluntary severance will include a proposed last day of service based on the employee's contractual notice period; confirmation of the voluntary redundancy payment and an estimate of pension benefits (where applicable). A formal offer of flexible retirement and/or reduced hours will include a proposed date for the change and a specified reduction of hours and pay.
- 4.7 In some instances an offer of voluntary severance may be conditional on a formal settlement agreement being entered into by the employee.
- 4.8 Employees will be given a week to accept or reject the offer in writing.
- 4.9 Once the offer is accepted, formal confirmation of the leaving arrangements and formal notice of redundancy (or revised working arrangements for those taking flexible retirement or reducing their hours) will be issued to the employee.

5 Conditions of Voluntary Severance

- 5.1 The following conditions apply to the Targeted Voluntary Severance Scheme:
 - a) The Targeted Voluntary Severance Scheme is discretionary and may be withdrawn without notice.
 - b) All applications for voluntary severance are submitted on a no obligation basis.
 - c) Employees leaving under this scheme do so voluntarily on grounds of redundancy.
 - d) Employment is ended by mutual agreement and with a formal contractual notice period. Employees will be expected to work their notice period.
 - e) All annual leave must be taken before the employee leaves as outstanding leave that is not taken will not be paid for other than in exceptional circumstances. Employees who have taken holiday in excess of their accrued leave entitlement will have an equivalent deduction of pay made from their severance payment.
 - f) Until a formal offer of voluntary severance is accepted in writing, the council reserves the right to withdraw any offer.
 - g) Leavers under this Scheme will not be allowed to work for the Council in any capacity, including as an employee or engagement via employment agencies or as a consultant, for a period of 12 months after leaving. For the sake of clarity "work for the Council" includes working for Croydon's community and voluntary controlled schools.
- 5.2 The severance payments offered under the scheme may be subject to change in the event of legislative and/or regulatory change. The Government's proposal to limit the cost of termination payments in the public sector to £95,000 was outlined in new draft

regulations published in April 2019 (draft Restriction of Public Sector Exit Payments Regulations 2019 and associated draft guidance) and consultation on these ended in July 2019. Although these have not been introduced and the detail is yet to be finalised we expect the cap to include the cost to employers of the early release of pension benefits in cases of redundancy or early retirement. This may mean that if the draft Regulations came into force this year, some employees of pensionable age who were made redundant after the Regulations were introduced would receive lower pension benefits and/or redundancy payments compared to those currently payable. For further information on the Government's proposals see - <https://www.gov.uk/government/consultations/restricting-exit-payments-in-the-public-sector>

5.3 The Redundancy Payments Modifications Order makes local authorities and other bodies listed in the order, "associated employers" for the purposes of entitlement and calculation of redundancy payments. The Order also means that you may lose your entitlement to a redundancy payment if:

- (i) before your last day of employment with the council you have accepted an offer of employment from a local authority or other employer who is covered by the Order, and
- (ii) your new employment is to take effect within four weeks of your last day of employment with the Council.

5.4 In applying for voluntary severance under this scheme, individuals are indicating their acceptance of the terms in this document.

6 Applications For Flexible Retirement and/or Reduction in Hours

6.1 Employees who wish to permanently reduce their contractual hours may apply to do so as part of this scheme using parts C or D of the application form. Employees who are aged over 55 and a member of the Local Government Pension Scheme, with at least two years membership in the LGPS, may apply to do this as with "flexible retirement".

6.2 Where flexible retirement is approved, the normal provisions of the Council's flexible retirement policy will apply – please see the policy and guidance: on the Council's intranet: <https://intranet.croydon.gov.uk/sites/default/files/Flexible-Retirement-Policy%20-%20updated%20July18.doc>

June 2020

End

APPENDIX A

CALCULATING A VOLUNTARY REDUNDANCY PAYMENT

The voluntary redundancy payment is a certain number of weeks' pay based on your length of continuous service and your age.

This appendix provides guidance to help you estimate your own redundancy payment.

How to calculate an estimate of your voluntary redundancy payment

1) Calculate your weekly pay

In calculating your contractual pay:

- In addition to your basic pay or grade rate, you should include contractual payments that you receive for working your normal working week e.g. London Weighting (if this is shown separately on your pay slip), shift payments and enhancements for night or Sunday working. Overtime and ad hoc payments are excluded from the calculation. If you are uncertain what to include, you please contact the human resources team
- If your weekly pay varies it may be necessary to average your weekly pay over the 12 week period prior to your end date. This will be necessary, for example, if you work shifts and/or you receive enhanced pay for working at night or on Sundays as part of your normal working week. The easiest way to do this as an estimate is to look at your pay slips for the three-month period.

Total up your contractual gross pay you have received in the 3 month period multiply by 4 to produce an annual figure. Then divide the annual figure by 365 (days per year) and multiply by 7 (days per week) to give an average week's pay.

For example, if your contractual pay for the 3 month period totals £9,000

$\begin{array}{ll} \text{£9,000} \times 4 = & \text{£36,000 (annual amount)} \\ \text{£36,000} \div 365 \times 7 = & \text{£690.41 (average weekly pay).} \end{array}$

- Any salary sacrifice payments you have chosen to make (e.g. for child care vouchers, annual leave purchase, Cycle2Work) reduce your contractual pay.
- If your weekly pay does **not** vary, voluntary redundancy payments will be based on your last contractual weeks' pay before your end date.

If your weekly pay is more than £538 you will need to adjust your weekly pay ¹

The law allows employers to cap an individual's weekly pay at £538 when calculating redundancy pay. Under the Council's employment policies, employees earning more than £538 per week have their weekly pay reduced when calculating redundancy pay. In the case of voluntary redundancy, the reduction is 25% of the amount by which their pay exceeds the statutory cap e.g. *if your actual weekly pay is £638, your redundancy pay is based on £613 (your adjusted weekly pay).*

¹ This adjustment is not necessary for teachers and lecturers whose redundancy pay is calculated on actual pay.

APPENDIX A

Employees earning less than £538 (£28,053 p.a.) will have their redundancy pay based on their actual pay.

2) Calculate your length of service

The voluntary redundancy payment is based on your length of continuous local government service. Please note your voluntary redundancy payment may be reduced if you have previously received a redundancy payment from a local authority or associated employer. Only complete years of service as at the proposed date of leaving are used.

For example, if your start date with Croydon Council was 01/01/2005, but prior to that you worked for Lambeth Council from 01/11/2003 to 31/12/2004 your length of service would be counted from 01/11/2003. From 01/11/2003 to 01/09/2020 the number of years' service is 16 years 10 months, so the calculation will be based on 16 years continuous service. If between working for Lambeth and Croydon you worked for somebody else, this may count as a break in service and your length of service would be counted from 01/01/2005.

3) Look up the number of weeks pay due

Using the grid at Appendix B, look up your age and the number of weeks of continuous service. The maximum number of years of continuous service that will be counted is 20, so if you have worked for longer than 20 years are not entitled to any further payment. Once you have found the number of weeks from the grid, multiply your average weekly pay by the number of weeks.

For example, if you are 41 with 17 years' service you are entitled to 17 weeks average pay. If your adjusted average weekly pay is £536.98 then $17 \times £536.96 = £9128.32$. The first £30,000 of any severance payment is tax free.

APPENDIX B

“Ready Reckoner” For Voluntary Redundancy Payment

Continuous Service (Years)																			
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
18	1																		
19	1	1½																	
20	1	1½	2																
21	1	1½	2	2½															
22	1	1½	2	2½	3														
23	1½	2	2½	3	3½	4													
24	2	2½	3	3½	4	4½	5												
25	2	3	3½	4	4½	5	5½	6											
26	2	3	4	4½	5	5½	6	6½	7										
27	2	3	4	5	5½	6	6½	7	7½	8									
28	2	3	4	5	6	6½	7	7½	8	8½	9								
29	2	3	4	5	6	7	7½	8	8½	9	9½	10							
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11						
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12					
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13				
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14			
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15		
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½
61 ²	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30

² The same figures should be used when calculating the severance payment for a person aged 61 and above.

CROYDON COUNCIL

TARGETED VOLUNTARY SEVERANCE (VS) SCHEME 2020 APPLICATION FORM

This form is to be used by employees who wish to apply for:

- a) Voluntary redundancy (including for members of the LGPS aged 55+, immediate release of pension benefits) or
- b) Flexible retirement (for members of the LGPS aged 55+) or
- c) A reduction in my contractual working hours

Part A: To be completed by all applicants

Name		Employee No	
Department		Date of Birth	
Division		Grade	
Service			
Job Title			
Optional: <i>in the box below, please add any information below that would help the Council accommodate the reduction in your hours of work.</i>			

Part B: Complete this section if you are applying for voluntary redundancy or early retirement

I wish to apply for voluntary severance *or* voluntary early retirement under the terms set out in the scheme on a no obligation basis.

	✓ (tick box)
Voluntary redundancy	<input type="checkbox"/>
Voluntary early retirement	<input type="checkbox"/> (only applicable if you are aged over 55 and in the Local Government Pension Scheme)

Your eligibility to receive a severance payment, or the amount of severance payment payable, may be affected if you have previously received a redundancy payment from a local authority or an associated employer.

Have you received a redundancy or severance payment before from a previous employer?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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Date of Payment

Name of Employer

Part C: Complete this section if you are applying for Flexible Retirement

Proposed start date for flexible retirement

What is your age at the proposed start date

What is your normal retirement date

Current working pattern: (include details of hours/days currently worked per week)

Proposed new working pattern: (include details of the working pattern, hours and days per week, and the reduction in weekly hours you are proposing)

By applying for flexible retirement you are confirming that you have read and understand the implications of flexible retirement as set out in the Council's policy and guidance: which is available on the Council's intranet <https://intranet.croydon.gov.uk/sites/default/files/Flexible-Retirement-Policy%20-%20updated%20July18.doc>

Part D: Complete this section if you are applying to reduce your contractual working hours (without flexible retirement)

What are your current contractual weekly hours

What are your proposed new contractual working hours (per week)

When do you propose the new arrangements apply

Current working pattern: (include details of hours/days currently worked per week)

Proposed new working pattern: (include details of the working pattern, hours and days per week, and the reduction in weekly hours you are proposing)

Signature:..... Date:.....

This form should now be sent by email to staffreview@croydon.gov.uk by 31 July 2020.

FOR OFFICE USE ONLY (for completion AFTER the employee has submitted their application)

Statement by director as why the employee's request cannot be agreed (if applicable)

Statement by director as to what actions will be needed to accommodate the employee's request (if applicable)

Decision of Departmental Voluntary Severance Panel

Date:

Name and signature of chair of panel:

Guidance and process: Permanent Reduction on Contractual Working Hours

This guidance and process has been produced to support in year efficiencies and to reduce costs and provide an opportunity for staff to try a different working arrangement.

1. Introduction and scope:

- 1.1 This guidance and process applies where staff have voluntarily agreed to:
- reduce their weekly working hours on a permanent basis;
 - apply for flexible retirement, if applicable;
 - apply for a period of unpaid leave; and
 - apply for a sabbatical.
- 1.2 The decision for any change in your working pattern is purely voluntary. If agreed (although subject to review) the arrangement will constitute a permanent change to your terms and conditions.
- 1.3 Only staff who have passed their probation period will be eligible to apply for the above procedures.
- 1.4 Any request will be reviewed in terms of business and service needs, therefore there is no automatic guarantee if you apply that your request will be successful.
- 1.5 If your request is successful, and if it involves a reduction in hours, there will be a review period held with your line manager to assess how the new arrangement is working.
- 1.6 Where there is any reduction in hours, your salary will be reduced to reflect this reduction in hours.
- 1.7 Annual leave and Occupational Sick pay entitlements will be pro-rata to take account of the reduction in hours.
- 1.8 Pension benefits will be affected by a reduction in salary and any staff member wishing to reduce their hours should seek advice from the Pensions Team.**

2.0 How staff should apply

- 2.1 To apply for a reduction hours staff can apply at any time through line their line manager. For further details on flexible working: <https://intranet.croydon.gov.uk/working-croydon/flexible-and-agile-working-0/flexible-and-agile-working-documents>

Whilst the targeted voluntary severance is running, staff can also apply through this process for a reduction in hours and flexible retirement.

- 2.2 Managers will review the request and if in doubt should seek guidance from HR to assist in the decision making process.

3.0 Management Action

3.1 Before any reduction in working hours can be agreed and offered the manager must:

- discuss and explore what the impact in reducing their hours/loss of staff member will have on the current workload;
- discuss the business needs and the service that still has to be provided;
- confirm that the work can be covered without the need for employing agency staff or paying additional overtime payments or cover the work with any additional costs ie TOIL; and
- Seek advice from their departmental HR.

4.0 How to process the reduction in hours

4.1 If a request has been agreed managers should inform staff and also confirm the start date of the new arrangement.. A letter will be sent to the employee confirming:

- A statement of the agreed changes
- A start date for the arrangement.

This will signify the change to contractual terms and conditions and will be forwarded to HR.

4.2 Ensure that HR guidance is sought at every stage of the process.

JUNE 2020