

**Discretionary Compensation Policy agreed in 2007 (reviewed in 2014)**

**The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006**

**Policy Statement**

The policy sets out the arrangements for discretionary compensation to staff who are leaving employment due to redundancy or efficiency, including to

- Employees who are dismissed on the grounds of redundancy
- Employees who are retiring early in the interests of the efficiency of the service
- Employees whose employment is terminated in the interests of the efficiency of the service

Factors to be taken into account in awarding compensation to include

- Overall cost and reasonableness, including benefits to the Council Tax payer of the employee leaving the Council's service
- Financial savings to be incurred by the employee leaving the Council's service
- Ability to implement organisational change
- Employee relations considerations
- Fairness and consistency of approach
- Protecting the Council from legal challenge

| <b>Discretion available under 2006 regulations</b>  | <b>Spelthorne Policy – Redundancy</b>   |
|---|---|
| Pay at actual week's pay  | All Redundancy Payments to be calculated on the employee's actual week's pay  |
| Lump sum payment up to 104 week's pay to include the statutory redundancy payment (ie up to 3.46 times the statutory amounts) | Redundancy payments at the end of a temporary fixed term contract to be at statutory weeks. Redundancy payments in other cases to be at twice the statutory minimum, using the government's redundancy payments calculator (to a maximum of 60 weeks). To be inclusive of the statutory redundancy payment. |
| No added years  | Employees who are members of the Local Government Pension Scheme be given the option to convert lump sum compensation payments into additional pensionable service on a strictly cost-  |

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|  | <p>neutral basis, in accordance with the formula published by the government. Decisions must be made before the last day of service with full costs of augmentation confirmed by Surrey County Council Pensions Unit. The statutory redundancy payment element cannot be converted.</p> <p>Redundancy payments to be agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader as appropriate</p> |
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| <b>Discretion available under 2006 regulations</b>                    | <b>Spelthorne Policy – Efficiency of the service</b>   |
|---|--|
| <p>Lump sum payment up to 104 week’s pay</p><br><p>No added years</p> | <p>A one-off lump sum payment, based on the merits of each individual case, up to the maximum of 104 weeks’ pay. Only in exceptional circumstances would payments exceed 60 weeks’ pay (the maximum lump sum for redundancy).</p> <p>Employees who are members of the Local Government Pension Scheme be given the option to convert lump sum compensation payments into additional pensionable service on a strictly cost-neutral basis, in accordance with the formula published by the government. Decisions must be made before the last day of service with full costs of augmentation confirmed by Surrey County Council Pensions Unit.</p> <p>Compensation payments to be agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader as appropriate</p> |

This Policy is effective from 1 April 2007. The Policy will be kept under review. Any future changes to the policy will come into effect one month after the amended policy is agreed and published.

Reviewed by Cabinet on 15 July 2014.

**Local Government Pension Scheme Regulations  
Policy on Augmentation of Service under Section 52**

The Local Government Pension Scheme (LGPS) regulations give the discretion to augment pension service (award added years of pension service) at any point in the employment relationship. Spelthorne has adopted the discretion to be used in appropriate cases.

If augmentation is agreed under the LGPS regulations it is not possible to pay a lump sum under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

**Redundancy**

Individuals will have the option of converting the discretionary element of the compensation payment to added years if they wish to do so, with decisions made before their last day of service. The discretionary element of the lump sum payment in the event of redundancy is the total amount less the statutory redundancy payment at actual weeks pay.

**Efficiency**

Where a lump sum compensation payment is made under the Discretionary Compensation regulations individuals will have the option of converting the lump sum compensation to added years service if they wish to do so, with decisions made before their last day of service. Spelthorne may augment service in exceptional circumstances agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader, as appropriate to the case. Augmentation can only be granted where no compensation payments are made under the 2006 compensation regulations.

**Other cases**

Spelthorne may consider augmentation of service in other exceptional circumstances in cases agreed by the Chief Executive and Leader.

**January 2007**

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Reviewed by Cabinet on 15 July 2014.