



Midsomer Norton Town Council

Compensatory Payments Scheme

Adopted by Council: 6th July 2015 (Minute No: 47)

All redundancy schemes must mirror the statutory redundancy scheme with regard to age bands and multipliers, and all payments must be calculated in the same way in order not to be discriminatory (Employment Equality (Age) Regulations 2006, regulation 33).

This document sets out the scheme that will apply to all employees who are eligible to join the Local Government Pension Scheme (LGPS).

Redundancy Compensation Payments

- For employees aged 17 years or above and with at least 2 years continuous service in local government and related employment at the date of redundancy:
- The Council will pay up to 60 weeks compensation by reference to age and length of service (up to twenty years). Calculations will be based on the statutory redundancy payment 'ready reckoner' which is exempted in the Employment Equality (Age) Regulations 2006 and applying a standard multiplier of 2.

The provisions of the Redundancy Payments (Continuity of Employment in Local Government etc) (Modification) Order 1999 [as amended] will apply in respect of 'related employment'.

- Compensation payments will be calculated on the basis of the employee's actual weekly pay (i.e. not subject to a statutory maximum). This payment will include statutory entitlement under the Employment Rights Act 1996.

Pension Scheme Benefits

In the event of redundancy, benefits (i.e. lump sum and annual pension) are payable to employees in accordance with the relevant Pension Regulations.

- Augmentation: within the LGPS there is discretionary provision to augment (increase) an employee's pension benefits in cases of redundancy and early retirement. No similar provision currently exists in the TPS. Discretion has been retained to use this provision in exceptional cases only and then on the basis of established and consistently applied criteria that take account of the Age Regulations. Decisions in respect of augmentation to be delegated to Full Council.
- Converting enhanced redundancy payment to pension service: LGPS members only may convert cash sums in excess of any statutory redundancy payment into a period of pension membership. Any option must be to convert all of the enhanced redundancy payment.

Early termination of employment on the grounds of efficiency (Early retirement)

Each case will be determined in the light of the particular circumstances and where it can be demonstrated as being in the Councils best interests. Decisions in respect of early retirement – in the interests of efficiency in accordance with the above principles are delegated to Full Council.

No intention to make general use of the discretion to award a compensatory lump sum but in exceptional circumstances it might decide to do so. If considering lump sum compensation, this will be on the basis of established and consistently applied criteria that take account of the Age Regulations.

Members of the LGPS have access to their accrued pension benefits in accordance with scheme regulations. Discretion to augment has been reserved on a case by case basis.

Proposals outside of the above principals should be referred to the Full Council for decision.

*Currently only applicable to staff within scope of LGPS

Local Government Pension Scheme benefits

In the event of redundancy, LGPS benefits (i.e. lump sum and annual pension) are automatically payable to employees aged 55 years or above (or 50 and over if you joined the scheme before 1 April 2008 and retire on the grounds of redundancy before 1 April 2010) who are scheme members in accordance with the Pension Regulations.

Under the new regulations the Council has the discretion to award an active member of the pension scheme an additional period of membership in cases of redundancy. This is known as 'augmentation', and there are specific rules about when and how it can be applied. It should be noted, however, that there is no general intention to make use of this discretion in redundancy, although the Council reserves the right to do so in exceptional circumstances. If augmentation is applied, this will be on the basis of established and consistently applied criteria that take account of the Age Regulations.

Note: Nothing in these details is intended to override the relevant legislation and/or Regulations. Should any ambiguity arise, the meaning in the statutory document will apply