

EARLY RETIRAL AND VOLUNTARY REDUNDANCY POLICY

INTRODUCTION

Tayside Contracts' Early Retiral and Voluntary Redundancy Policy provides a framework and procedures for employees being released prior to their normal retiral age on the grounds of early retiral for business efficiency, redundancy or both. The scheme is voluntary and requests will only be granted where it is operationally viable and there is a cost saving to Tayside Contracts over a maximum period of 5 years.

SCOPE OF POLICY

This policy applies to all employees working at all levels and grades within Tayside Contracts.

APPLICATION OF THE POLICY

The policy can be used by:

- ✓ Heads of Unit when considering adjustments to staffing structures and establishments, or to respond to requests from employees.
- ✓ Employees pursuing an interest in retiring early.

If you wish to be considered for release under this policy you should apply to do so in writing to your Head of Unit/Division. If the Head of Unit/Division does not consider it operationally viable to release you the request will not proceed.

Should the Head of Unit/Division consider that it may be possible to release you, they should contact the HR Manager who will arrange for an estimate of pension benefits from the Pension Section at Dundee City Council to be provided to you and an estimate of employer's costs to be provided to the Head of Unit/Division.

Having considered the financial implications either you, or your Head of Unit/Division can decide at this stage not to proceed with the request.

If both you and the Head of Unit/Division wish to proceed with the request the Head of Unit/Division will make a recommendation for your early release to the Managing Director.

The Managing Director's decision as to whether you can be released will be final and there is no right of appeal.

APPROVAL FOR EARLY RETIRAL/VOLUNTARY REDUNDANCY

While there are operational considerations to be taken into account agreement will only be given to an employee being released under the terms of the policy if there is a saving, over 5 years, after taking account of the cost of any added years and the cost of early payment of the accrued pension and accrued lump sum.

Due to the high costs of added years and the strain on the Pension Fund it has become increasingly difficult to release employees on a cost-effective basis. However, if the employee's post is to be made redundant following release it is more likely that an employee can be released.

SEVERANCE BENEFITS

Employees who are not members of the Local Government Pension Scheme

If you are not a member of the Local Government Pension Scheme you will receive compensation for redundancy in accordance with relevant legislation and the provisions of Tayside Contracts' Redundancy Policy, and you may also be entitled to payments in accordance with the Discretionary Payments and Injury Benefits (Scotland) Regulations.

Employees who are members of the Local Government Pension Scheme

Potential benefits depend on your age, service and the terms of your release. The minimum age for release on the grounds of early retiral/redundancy which would allow an early payment of pension benefits is:

- ✓ 50 if you were a member of the Pension Scheme on 5 April 2006.
- ✓ 55 if you joined the scheme after 5 April 2006.

The range of benefits includes the following:

- **Employees aged under 50 with at least 2 years pensionable service**

A lump sum, inclusive of any redundancy entitlement in accordance with the Discretionary Payments and Injury Benefits (Scotland) Regulations. No pension benefits are payable.

- **Employees aged 50 and over (55 and over for those who joined the Local Government Pension Scheme members after 5 April 2006) with less than 2 years pensionable service**

Redundancy entitlement (if applicable) plus a refund of pension contributions (less statutory reductions) or the redundancy entitlement plus a transfer value paid to another pension fund.

- **Employees aged 50 and over (55 and over for newer scheme members) who have 2 or more years pensionable service**

Immediate payment of a pension of 1/80th of final pay for each year of service up to 31 March 2009 plus an automatic lump sum of three times your pension, and, immediate payment of a pension of 1/60th of final pay for each year of service from 1 April 2009 with the option to take up to 25% of the capital value of total benefits as a lump sum with every £1 of annual pension giving a lump sum of £12 and redundancy entitlement, if applicable.

Added Years – Pension Benefits Enhancement

Additional years of pensionable service, up to a maximum of 6 $\frac{2}{3}$ added years, may be granted at the discretion of the Managing Director. This is with the proviso that maximum pensionable service allowable is 40 years or that which could be attained by you by the age of 65. Added years will be calculated at 1/80ths for each year of pensionable service.

CONTRACTUAL NOTICE

If you are released under the terms of this policy you will normally be required to work your notice. Pay in lieu of notice will only be considered in exceptional circumstances.

OTHER FORMS OF RETIRAL

- ✓ If you are aged 60 or over you can voluntarily retire before your normal pension age without the approval of Tayside Contracts. However, this could be with reduced pension benefits.
- ✓ You may be retired on the grounds of ill health on the recommendation of an independent occupational health advisor.
- ✓ You may also be released on flexible retirement, for which Tayside Contracts has a separate policy.
- ✓ If you are aged 55 to 60 you can voluntarily retire early with the Tayside Contracts' consent in accordance with the provisions of this policy.

Note: The 'Rule of 85' – this provision is not available to anyone who joined the Pension Scheme on or after 1 October 2006. Transitional arrangements apply to employees who were members of the scheme prior to 2006.

The 'Rule of 85' is satisfied if your pensionable service (in complete years) plus your age (in complete years) comes to 85 or more at the time you retire. The rule meant that employees retiring before the age of 65 were entitled to full payment of accrued pension without a reduction.

The transitional arrangements apply as follows:

- If you will be aged 60 or over by 31 March 2020 and you meet the rule of 85, there would be no reduction in your pensions benefits built up by 31 March 2020 if you retired before the age of 65.
- If you will be under 60 by 31 March 2020 and you meet the rule of 85, you would see no reduction in their pension benefits built up to 31 March 2009 if you retired before the age of 65, but your pensions benefits built up from 1 April 2009 to the date of your retiral would be reduced.

Those aged over 60 can retire without the employer's consent, as there is no cost to the employer, and, if eligible for the Rule of 85, will benefit from that protection. Those aged 55 (50 for those with protected rights) to 60 can retire with the employer's consent. However, if the employee meets the Rule of 85, experience to date has shown that this option can be very costly for Tayside Contracts and it is, therefore, unusual for the necessary cost savings to be achieved which would allow an employee aged under 60 to be released on this basis.

POLICY MONITORING

At the end of each financial year a report by the Managing Director is submitted to the Joint Committee indicating the number of employees who have been released on the grounds of redundancy during that financial year.

RELATED POLICIES

The Early Retiral and Voluntary Redundancy Policy links to the following policies which can be accessed on the Intranet, or requested from your line manager or from the HR Admin Team:

- Flexible Retirement Policy
- Redeployment Policy
- Redundancy Policy

The above list is not exhaustive.

POLICY REVIEW

The Early Retiral and Voluntary Redundancy Policy will be reviewed at three yearly intervals, or as required by legislative changes.

GENERAL DATA PROTECTION REGULATION

Tayside Contracts respects the privacy of our employees, any personal data processed during the application of this policy will be in line with Data Protection Legislation. Further information on how we may process personal data for the purpose of applying this policy can be found in our Privacy Notice.

Should you have any queries or require further clarification regarding any aspects of this policy or related policies please contact, HR Services on 01382 812721 or employment.policies@tayside-contracts.co.uk

If you would like this document translated into another language or in another format such as audio or large print then please contact Angie Thompson, Equalities and Communications Manager on 01382 834165 or angie.thompson@tayside-contracts.co.uk