

LGRJF

facilitating local government reorganisation

CIRCULAR LGRJF/05 – APRIL 2013
RPA Staff Severance Scheme for Local Government

This circular was revised and superceded by Circular LGRJF/11 – February 2015.

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COVER LETTER TO: CIRCULAR LGRJF/05 – APRIL 2013

To: Chief Executives of District Councils, arc21, SWaMP 2008, North West Region Waste Management Group, Northern Ireland Housing Executive and the Local Government Staff Commission for NI

Cc: DoE Local Government Division, Public Service Commission

Dear Colleague

1. The attached Circular 'RPA Staff Severance Scheme for Local Government' (The RPA Scheme) has been agreed between the Employers' and Trade Union Side of the Local Government Reform Joint Forum (Joint Forum) and is recommended for adoption by councils.
2. This RPA Scheme is underpinned by the relevant legislative provisions included in the Local Government (Reorganisation) Bill.
3. This RPA Scheme is based on the provisions of the Northern Ireland Executive's 5th Guiding Principle as recommended by the Public Service Commission 'Voluntary Severance Arrangements' and represents the operationalisation of this Principle for the reform of the local government strand of RPA implementation.
4. This RPA Scheme will apply to all staff under the scope of the Joint Forum, ie:
 - 26 district councils (including Environmental Health and Building Control Group Committees)
 - arc21 and SWaMP 2008 and the North West Region Waste Management Group
 - any staff employed by (Statutory) Transition Committees and Shadow Councils
 - staff in the 11 new councils
 - Northern Ireland Housing Executive
 - Local Government Staff Commission for Northern Ireland
 - Other appropriate bodies as the Joint Forum may determine

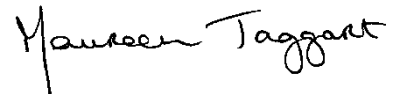
5. The RPA Scheme will apply specifically in cases of both voluntary and compulsory redundancy (avoidance of compulsory redundancy is a necessary requirement to ensure the smooth transfer of staff to new organisations) linked exclusively to the local government strand of the RPA programme including Improvement Collaboration and Efficiency (ICE) implementation and will only apply to staff who are surplus under the new structures and who cannot be offered suitable alternative employment.
6. No staff will be released before 01 April 2015 (vesting day).
7. The provisions within this RPA Scheme were considered and agreed by the Strategic Leadership Board in April 2010.
8. In the event that interpretation matters arise or clarification is necessary contact should in the first instance be made with the Independent Secretariat at Commission House on 028 9031 3200.



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03 April 2013

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CIRCULAR LGRJF/05 – APRIL 2013

**RPA STAFF SEVERANCE SCHEME
FOR LOCAL GOVERNMENT**

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RPA STAFF SEVERANCE SCHEME FOR LOCAL GOVERNMENT

1.0 SCOPE AND PURPOSE

1.1 This RPA Staff Severance Scheme for Local Government (the RPA Scheme) has been agreed between the Employers' and Trade Union Side of the Local Government Reform Joint Forum (the Joint Forum) and will apply to all staff under the scope of the Joint Forum, ie:

- 26 district councils (including Environmental Health and Building Control Group Committees)
- arc21 and SWaMP 2008 and the North West Region Waste Management Group
- any staff employed by (Statutory) Transition Committees and Shadow Councils
- staff in the 11 new councils
- Northern Ireland Housing Executive
- Local Government Staff Commission for Northern Ireland
- Other appropriate bodies as the Joint Forum may determine

1.2 The RPA Scheme is based on the provisions of the Northern Ireland Executive's 5th Guiding Principle as recommended by the Public Service Commission '*Voluntary Severance Arrangements*' and represents the operationalisation of this Principle for the reform of local government strand of RPA implementation.

1.3 The RPA Scheme will apply specifically in cases of both voluntary and compulsory redundancy (avoidance of compulsory redundancy is a necessary requirement to ensure the smooth transfer of staff to new organisations) linked exclusively to the reform of local government strand of the RPA programme including Improvement Collaboration and Efficiency (ICE) implementation and will only apply to staff who are surplus under the new structures and who cannot be offered suitable alternative employment.

1.4 The RPA Scheme will only apply to situations where the termination meets the criteria of being in the financial and managerial interests of the service and organisational need, and it is anticipated that the RPA Staff Severance Scheme for Local Government will have only minimal application.

1.5 Statutory Transition Committees/Shadow Councils/New Councils will be responsible for identifying and notifying those members of staff who have been approved to leave under the terms of the RPA Scheme. No staff will be released before 01 April 2015 (vesting day) and payment will be made by the new councils as soon after vesting day as possible. Decisions made in relation to non-RPA Severance after vesting day will be a matter for the new council.

1.6 The RPA Scheme will be available for use from the date of this Agreement, however, the introduction of Severance will be phased and expressions of interest will be invited from specific groups of staff at the appropriate time in the phasing process.

The RPA Scheme will operate up to 31st December 2019, subject to monitoring by the Joint Forum.

1.7 This RPA Scheme also takes account of the provisions of:

1. Transfer of Undertakings (Protection of Employment) Regulations 2006
2. Local Government Pension Scheme Regulations (NI) 2009 as amended
3. The Pensions (2008 No. 2 Act) (Commencement No. 9) Order (NI) 2012
4. Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2007 as amended
5. Employment Rights (Northern Ireland) Order 1996
6. Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order (Northern Ireland) 1999
7. NI Executive's Principles and Associated Recommendations as recommended by the Public Service Commission

2.0 TERMS OF THE SCHEME

2.1 Entitlements

If, at the date of redundancy, you are:

- **aged under 55**
- **or aged over 55 but not a member of the Local Government Pension Scheme NI (NILGOSC)**

You will be entitled to:

Option 1. An Enhanced Redundancy Payment

If you are under age 55 at the date of the redundancy and a member of NILGOSC, your benefits will be deferred to your normal retirement date, currently normally age 65.

If, at the date of redundancy, you are:

- **aged 55 or over and**
- **a member of the Local Government Pension Scheme NI (NILGOSC)**

You will be entitled to:

Immediate Payment of Unreduced Pension Benefits, ie:

Members of the Local Government Pension Scheme (NI) (NILGOSC) who are aged 55 or over at the date of redundancy are entitled to the immediate unreduced payment of their NILGOSC benefits if made redundant or retired on the grounds of efficiency. The employer pays for this immediate release of unreduced benefits.

Plus a choice of one of the following options for enhancement of redundancy benefits by way of compensation:

Option 1. An Enhanced Redundancy Payment;

OR

Option 2. A Statutory Redundancy Payment plus Additional NILGOSC Membership (Added years) or Additional Pension

(see 2.5 below for details of these Options)

2.2 Pay Back Period

All the costs associated with the severance package must not exceed the individual's annual salary cost multiplied by **3.25**. This is the period during which the costs are recouped or paid back, ie:

$$\text{severance package} \div \text{individual's total annual salary cost} = \mathbf{3.25 \text{ or less}}$$

Severance package costs are:

- Redundancy payment, ie, statutory and enhanced if applicable
- Capital cost, ie, cost paid to pension provider for early payment of unreduced pension
- Additional Pension or Additional NILGOSC membership cost, ie, cost paid to pension provider if additional membership (added years) or additional pension is awarded

Individual's total annual salary cost, at the point of offer, are:

- Gross annual salary
- Employer's national insurance contributions
- Employer's pension contributions

Where an individual's costs do not fall within the 3.25 year payback period, a reduced Enhanced Redundancy Payment or reduced award of Additional Membership or Additional Pension may be negotiated.

2.3 Other Conditions

It is intended that all payments made under the terms of this RPA Scheme will be based on the maximum possible for the individual subject to the 3.25 payback period.

Selection decisions will be made on the basis of the information available at the time, any subsequent recalculation of benefits, etc resulting from, for example, the implementation of the outcomes of a Single Status Pay and Grading Review will not alter the original decision.

2.4 Qualification for Redundancy Payments

To qualify for a redundancy payment an individual must be entitled to a redundancy payment under the Employment Rights (Northern Ireland) Order 1996, ie, be employed by one of the bodies at 1.1 above and have two years continuous service with that body or continuous previous service with an Employer to which the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order (Northern Ireland) 1999 applies.

For clarification, those who transfer and subsequently compete and are successful in obtaining a local government post which at a later point becomes surplus as a consequence of RPA will have an entitlement for the purposes of this RPA Severance Scheme to have all of their service counted as reckonable service.

Any payment will be based upon the employee's contractual weekly rate of pay, as at the "calculation date" for the purpose of calculating a redundancy payment. Any benefit in kind, eg, the value of a leased car; will not be taken into account when determining the amount of a week's pay.

2.5 Details of Options 1. & 2.

OPTION 1. ENHANCED REDUNDANCY PAYMENT

An **Enhanced Redundancy Payment** is made up of two elements:

- i. Statutory Redundancy Pay as detailed in the Employment Rights (Northern Ireland) Order 1996

Plus

- ii. A Compensation Payment.

The Enhanced Redundancy Payment will be calculated as follows:

- i. The Statutory Redundancy Pay entitlement is calculated in accordance with the Employment Rights (Northern Ireland) Order 1996. A copy of a **Ready Reckoner** for calculating the number of weeks' pay due is attached as **Appendix 1**.
- ii. The Compensation Payment is calculated by applying a multiplier of **3.46** to the calculated Statutory Redundancy Payment to give the overall Enhanced Redundancy Payment, ie:

Statutory Redundancy entitlement (comprising the number of weeks' pay due x contractual weekly rate of pay) = Statutory Redundancy Payment

Statutory Redundancy Payment x 3.46 = Overall Enhanced Redundancy Payment

Overall Enhanced Redundancy Payment – Statutory Redundancy Payment = Compensation Payment

Note: The Enhanced Redundancy Payment is **inclusive** of Statutory Redundancy pay (i.e. an employee **will not receive both** an Enhanced Redundancy and a Statutory Redundancy Payment).

The Enhanced Redundancy Payment is subject to an overall **maximum of 104 weeks' pay** in total.

Converting the Compensation Payment into Additional Pension Service

Employees who receive an Enhanced Redundancy Payment, on being made redundant and who are members of the NILGOSC will be given the option, before their termination date, of converting the amount of the Compensation Payment element of their Enhanced Redundancy Payment into additional pensionable service (i.e. overall Enhanced Redundancy Payment less the Statutory Redundancy Payment element). The option to convert must be exercised before the termination date.

Pay Back Period

All the costs associated with the Enhanced Redundancy Payment must not exceed the individual's annual salary cost multiplied by **3.25**. (see 2.2 above)

Where an individual's costs do not fall within the 3.25 year payback period, a reduced Enhanced Redundancy Payment may be negotiated.

OPTION 2. STATUTORY REDUNDANCY PAY + ADDITIONAL NILGOSC MEMBERSHIP (known as Added Years or Augmentation) OR ADDITIONAL PENSION

This Option is only available to those who Members of the Local Government Pension Scheme (NI) (NILGOSC) who are aged 55 or over at the date of redundancy and includes **Immediate Payment of Unreduced Pension Benefits, ie:**

Members of the Local Government Pension Scheme (NI) (NILGOSC) who are aged 55 or over at the date of redundancy are entitled to the immediate unreduced payment of their NILGOSC benefits if made redundant or retired on the grounds of efficiency.

Statutory Redundancy Payment:

Members choosing this Option will also receive a Statutory Redundancy Payment calculated in accordance with the Employment Rights (Northern Ireland) Order 1996 as detailed in Option 1. above.

Additional Pension or Additional NILGOSC Membership:

In addition to Immediate Payment of Unreduced Pension Benefits and a Statutory Redundancy Payment, an award of Additional NILGOSC Membership or Additional Pension (as allowed for under the LGPS (NI) Scheme) will be made at the leaving date, as an alternative to receiving the Enhanced Redundancy Payment as outlined at Option 1 above.

Employers will request an illustration of an individual's potential benefits relating to Additional NILGOSC Membership or Additional Pension from the NILGOSC administrator and will discuss this with individuals. It is intended that all payments made under the terms of this RPA Scheme will be based on the maximum possible for the individual subject to the 3.25 payback period.

Pay Back Period

All the costs associated with the Severance Package must not exceed the individual's annual salary cost multiplied by **3.25**. (see 2.2 above)

Where an individual's costs do not fall within the 3.25 year payback period, a reduced amount of Additional NILGOSC Membership or Additional Pension may be negotiated.

2.6 Calculation of Pension Benefits

Employers will request an illustration of an individual's benefits from the NILGOSC administrator.

2.7 Making A Choice

Any offer of a redundancy payment made to individuals must meet the conditions and criteria within this RPA Scheme. Where these are satisfied the individual will normally be given the choice of Option where applicable.

Whilst information will be made available to individuals to enable them to make decisions it will be a decision of the employee as to what they choose and it will be their responsibility to take appropriate independent advice as to the merits of their choice.

Whichever option is chosen once a payment has been made the decision cannot be reversed.

2.8 Consideration of Applications for a Redundancy Payment

In **all** circumstances, a financial case for the payment of severance must be made by the relevant Transition Committee/Statutory Transition Committee/Shadow Council. The standard approval form must be used for this process.

Where in any case the amount of the compensation portion of the Enhanced Redundancy Payment, calculated as a multiplier of 3.46 of the statutory scheme, will exceed the person's potential earnings to the default retirement age (currently age 65), the enhanced portion of the payment will be limited to the number of weeks pay due from the date of the termination to age 65.

This provision to limit the amount of severance payment to the number of weeks' pay due at 65 is commonly referred to as a 'tapering' provision.

2.9 Criteria for Consideration of Applications

Consideration will be given in cases where there is a surplus of staff under the new structures who cannot all be offered suitable alternative employment and where a voluntary redundancy will avoid the need for compulsory redundancy in the particular group of surplus staff.

In these circumstances the following criteria will be applied:

- Least cost first whilst ensuring that essential skills and expertise are maintained
- Prioritisation of requests will be based on available finance and the level of savings which will be delivered
- All other relevant options have been considered including the potential for redeployment/retraining

3.0 MONITORING THE POLICY

The impact of this policy will be monitored by the Joint Forum and any subsequent changes required will be consulted upon in the normal way.

Any disputes about the interpretation of the provisions of this RPA Scheme will be considered by the Joint Forum who will be the final arbiters.

APPENDIX 1

READY RECKONER TABLE FOR STATUTORY REDUNDANCY PAY

Service (Years)	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Age (Years)																			
18*[1]	1	1½																	
19	1	1½	2																
20	1	1½	2	2½															
21	1	1½	2	2½	3														
22	1	1½	2	2½	3	3½													
23	1½	2	2½	3	3½	4	4½												
24	2	2½	3	3½	4	4½	5	5½											
25	2	3	3½	4	4½	5	5½	6	6½										
26	2	3	4	4½	5	5½	6	6½	7	7½									
27	2	3	4	5	5½	6	6½	7	7½	8	8½								
28	2	3	4	5	6	6½	7	7½	8	8½	9	9½							
29	2	3	4	5	6	7	7½	8	8½	9	9½	10	10½						
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11	11½					
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12	12½				
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13	13½			
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14	14½		
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15	15½	
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	16½
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

18*[1] - It is possible that an individual could start to build up continuous service before age 16, but this is likely to be rare, and therefore we have started the table at age 18.

61*[2] -The same figures should be used when calculating the redundancy payment for a person aged 61 and above.

This table is an extract from booklet *ER3 Redundancy Entitlement Statutory Rights* published by the Department for Employment and Learning - www.delni.gov.uk/erpublications. This booklet was last updated in June 2011.

