

VOLUNTARY SEVERANCE & EARLY RETIRAL POLICY

1 Introduction

- 1.1 Like all public sector organisations, the Council continues to face significant financial pressures. It is envisaged that the Voluntary Severance and Early Retiral (VSER) Policy will help streamline the workforce and facilitate organisational changes that are required as a result of these financial pressures.

2 Aim

- 2.1 The Policy has been designed to:
- Realise savings by reducing salary and the associated oncosts to the Council
 - Align with service reviews to enable redeployment and complement the Mi Future programme which applies to Local Government employees.
 - Ensure that applications for VSER are treated fairly and are considered equitably against a set of appropriate criteria.

3 Scope

- 3.1 The Policy applies to all permanent Midlothian Council employees with the exception of:
- Employees who have already resigned/given notice of a specified date for early retirement
 - Employees who are currently subject to formal procedures which might result in their dismissal
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For the purposes of this policy a fixed term employee is deemed permanent if they have four or more years continuous service with Midlothian Council.

- 3.2 Only where a permanent recurrent financial saving is generated from an employee's departure may an application for VSER be approved.
- 3.3 The Council's no compulsory redundancy policy applies to all permanent employees. It should be noted that the Mi Future programme, including Switch, does not apply to teachers and those on SNCT terms and conditions.
- 3.4 Where this policy refers to £464, this and the current statutory amount for a week's pay is subject to change on instruction from the UK Government.

4 VSER Benefits

4.1 Applications based on Standard Severance Payments

4.1.1 VSER applications based on Standard Payments can be made at any time.

4.1.2 There are two categories of applicant. If approved for VSER, dependent on the individual's age and whether they are a member of the Lothian Pension Fund/Scottish Teachers Superannuation Scheme or not, these are:

- a) For employees who are either not in the pension scheme, have not already accessed their Local Government or Teacher's Scheme pension or are unable to access their pension yet due to scheme rules, a Voluntary Severance payment which is calculated using actual weekly wage (if the full time wage is under £464, uplifted to £464 per week pro rata if part-time), multiplied on the basis of the Standard Severance Calculator (Appendix 1). This provides for a maximum of 30 weeks severance payment.
- b) For employees who are able to or have already accessed their Local Government or Teachers Scheme pension a Voluntary Severance payment based on £464 per week (pro rata if part time) multiplied on the basis of the Standard Severance Calculator (Appendix 1), and immediate access to pension. This will be payment of a lump sum retirement amount and an annual pension. The Council will also incur strain costs. Subject to pension scheme regulations, the option will remain as in previous years for the employee to choose to forgo the severance payment (subject to some technical restrictions) and use this sum to buy added years service or additional pension benefits to enhance their pension.

4.2 Enhancements

4.2.1 From time to time, the Council may decide to offer an Enhanced Scheme in order to achieve headcount reductions. Once application of the enhanced scheme is approved it provides:

- a) For employees who are not in the pension scheme, have not already accessed their Local Government or Teachers Scheme pension or are unable to access their pension yet due to scheme rules, a Voluntary Severance payment which is calculated using actual weekly wage or £464* per week (whichever is greater), pro rata to hours if part time, multiplied on the basis of the Enhanced Severance Calculator set out at Appendix 2. This provides for a maximum of 66 weeks, as opposed to the maximum 30 weeks in the Standard Severance Calculator.
- b) For employees who are able to access their Local Government or Teachers Scheme pension or have already done so, a Voluntary

Severance payment based on £464 per week (pro rata if part time) multiplied on the basis of the Enhanced Severance Calculator (Appendix 2), and immediate access to pension. This will be payment of a lump sum retirement amount and an annual pension. The Council will incur strain costs. Subject to pension scheme regulations, there is an option for the employee to forgo the severance payment (subject to some technical restrictions) and use this sum to buy added years service or additional pension benefits to enhance their pension.

5 Employees Formally Notified of Organisational Change

- 5.1 Where employees are formally notified in accordance with the Policy for Organisational Change that their post is subject to review then where relevant they will be given a time limited opportunity to apply for the enhanced severance terms set out in section 4.2.1 above.
- 5.2 These applications will be subject to decision making process set out in section 7 below.

6 Employees About to Enter Switch

This section does not apply to teachers

- 6.1 Where an employee is about to or has formally entered enter Switch, one of the following options will be available:
 - a) For those employees who are able to access their Local Government Scheme pension, the enhanced terms set out in paragraph 4.2.1 a) (above) subject to approval of the business case
 - b) For those employees who are not able to access their pension or have already done so, a severance payment based on the Enhanced Severance Calculator (Appendix 2).
- 6.2 In addition for a period of one month from the point that it is confirmed to the employee that they are to enter Switch, the Severance payment applicable in section 6.1(b) will be subject to a minimum of 6 months gross salary ,

7 Decision Making

- 7.1 Applications for VSER will be considered by the relevant Head of Service, and require the approval of the Chief Executive, relevant Director and Head of Finance and Integrated Service Support.
- 7.2 Proposals regarding VSER arrangements for Chief Officers (The Chief Executive and Directors) would require Council approval. Proposals regarding

Heads of Service would be subject to Cabinet approval. These arrangements are consistent with the authorisation levels for appointments to these posts as set out in the Council's Standing Orders, Section 17.

7.3 In considering requests for VSER the Council will consider the following:

- i) Business Need: the post can be deleted in full or in part from the establishment, or the VSER allows for another post elsewhere in the Council to be deleted through the redeployment of another employee to the post from which the VSER applicant vacates.

or

- ii) Affordability: the cost of the VSER is cost-efficient, i.e. it results in a recurrent saving.

Therefore a financial assessment will be carried out for each case to:

- Identify the actual costs (including pension strain costs)
- Determine if these costs are affordable and can be met
- Establish the financial and service benefits
- Ensure that the payback of the cost is within 5 years.

7.4 The costs will be met from reserves and an appropriate budget adjustment made to reduce the service budget permanently. The approval of the VSER application will also result in a permanent change in the staffing establishment.

8 Restrictions on Staff being Re-employed

8.1 Any employee who elects for VSER will not normally be employed in a similar capacity ie. a role requiring the same skill set or working in the same area as the original post by Midlothian Council for a minimum period of 6 months from the date of termination of employment.

8.2 Teaching staff may return to provide supply cover only when a gap of 24 hours has elapsed.

8.3 With the exception of teaching staff covered in 7.2 above, where the Council re-engages employees to whom they have paid a severance payment, within four weeks of their employment ending, all payments arising from the termination must be repaid if the employee wishes to retain continuity of employment. This protects employees' service for annual leave, sick pay entitlement and any future redundancy provision.

9	Appeal
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- 9.1 There will be no Right of Appeal or recourse to the Grievance Procedure/Grievance Procedure – Teachers against a decision not to approve VSER under this Policy.

Head of Finance and Integrated Service Support
23 September 2014

Midlothian Council STANDARD SEVERANCE CALCULATOR

APPENDIX 1

Service (Years)																				
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Age																				
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	

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

Midlothian Council ENHANCED SEVERANCE CALCULATOR

APPENDIX 2

Service (Years)																			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Age																			
18	2																		
19	2	3																	
20	2	3	4																
21	2	3	4	5½															
22	2	3	4	5½	7														
23	3	4	5½	7	8	9													
24	4	5½	7	8	9	10	11												
25	4	7	8	9	10	11	12	13											
26	4	7	9	10	11	12	13	14	15										
27	4	7	9	11	12	13	14	15	16½	18									
28	4	7	9	11	13	14	15	16½	18	19	20								
29	4	7	9	11	13	15	16½	18	19	20	21	22							
30	4	7	9	11	13	15	18	19	20	21	22	23	24						
31	4	7	9	11	13	15	18	20	21	22	23	24	25	26					
32	4	7	9	11	13	15	18	20	22	23	24	25	26	27½	29				
33	4	7	9	11	13	15	18	20	22	24	25	26	27½	29	30	31			
34	4	7	9	11	13	15	18	20	22	24	26	27½	29	30	31	32	33		
35	4	7	9	11	13	15	18	20	22	24	26	29	30	31	32	33	34	35	
36	4	7	9	11	13	15	18	20	22	24	26	29	31	32	33	34	35	36	37
37	4	7	9	11	13	15	18	20	22	24	26	29	31	33	34	35	36	37	38½
38	4	7	9	11	13	15	18	20	22	24	26	29	31	33	35	36	37	38½	40
39	4	7	9	11	13	15	18	20	22	24	26	29	31	33	35	37	38½	40	41
40	4	7	9	11	13	15	18	20	22	24	26	29	31	33	35	37	40	41	42
41	4	7	9	11	13	15	18	20	22	24	26	29	31	33	35	37	40	42	43
42	4	7	9	11	13	15	18	20	22	24	26	29	31	33	35	38½	41	43	45
43	7	9	11	13	15	18	20	22	24	26	29	31	33	35	35	40	42	44	46
44	7	10	12	14	16½	19	21	23	25	27½	30	32	34	36	38½	41	43	45	47
45	7	10	13	15	18	20	22	24	26	29	31	33	35	37	40	42	44	46	48
46	7	10	13	16½	19	21	23	25	27½	30	32	34	36	38½	41	43	45	47	49½
47	7	10	13	16½	20	22	24	26	29	31	33	35	37	40	42	44	46	48	51
48	7	10	13	16½	20	23	25	27½	30	32	34	36	38½	41	43	45	47	49½	52
49	7	10	13	16½	20	23	26	29	31	33	35	37	40	42	44	46	48	51	53
50	7	10	13	16½	20	23	26	30	32	34	36	38½	41	43	45	47	49½	52	54
51	7	10	13	16½	20	23	26	30	33	35	37	40	42	44	46	48	51	53	55
52	7	10	13	16½	20	23	26	30	33	35	38½	41	43	45	47	49½	52	54	56
53	7	10	13	16½	20	23	26	30	33	35	40	42	44	46	48	51	53	55	57
54	7	10	13	16½	20	23	26	30	33	35	40	43	45	47	49½	52	54	56	58
55	7	10	13	16½	20	23	26	30	33	35	40	43	46	48	51	53	55	57	59
56	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	52	54	56	58	60½
57	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	53	55	57	59	62
58	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	53	56	58	60½	63
59	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	53	56	59	62	64
60	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	53	56	59	63	65
61*[2]	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	53	56	59	63	66

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