

## SECTION 3

### STAFF SEVERANCE SCHEME

- **Circular LGRJF/05 – April 2013** 3.1  
RPA **Staff Severance Scheme** for Local Government  
*This circular has been revised and superceded by Circular LGRJF/11 – February 2015.*
- **Circular LGRJF/11 – February 2015** 3.2  
Revised RPA **Staff Severance Scheme**  
*This circular supercedes Circular LGRJF/05 – April 2013.*
- **Guidance** on the Interpretation and Application of the 3.3  
RPA **Staff Severance Scheme** - February 2015



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*This circular was revised and superceded by Circular LGRJF/11 – February 2015.*



# LGRJF

facilitating local government reorganisation

## 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 5<sup>th</sup> 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.



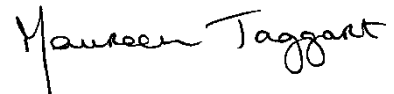
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**Dr A KERR**  
**LGSC**



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**B GRAHAM**  
**LGRJF TUS Lead**



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**M TAGGART**  
**LGRJF Employers' Lead**

**03 April 2013**

# LGRJF

facilitating local government reorganisation

**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 5<sup>th</sup> 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 31<sup>st</sup> 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](http://www.delni.gov.uk/erpublications). This booklet was last updated in June 2011.



# LGRJF

facilitating local government reorganisation

## **CIRCULAR LGRJF/11 – FEBRUARY 2015** **Revised RPA Staff Severance Scheme**

*This circular supercedes Circular LGRJF/05 - April 2013.*



# LGRJF

facilitating local government reorganisation

## COVER LETTER TO: CIRCULAR LGRJF/11 – FEBRUARY 2015

**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 revised 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 revised Circular replaces Circular LGRJF/05 issued in April 2013.
3. This RPA Scheme is based on the provisions of the Northern Ireland Executive's 5<sup>th</sup> Guiding Principle, as recommended by the Public Service Commission and is underpinned by the Local Government Reorganisation (Compensation for Loss of Employment) Regulations (NI) 2015 currently being progressed by the Department of the Environment.
4. The revisions take account of:
  - The provisions contained within Section 123 of the Local Government (NI) Act 2014
  - The provisions of the Local Government Pension Scheme Regulations (NI) 2015 which will take effect from April 2015

Other general revisions include:

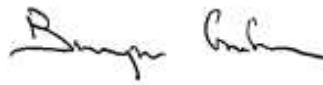
- Deletion of the tapering provision and related reference to a 'Default Retirement Age'
- Deletion of reference to Transition Committees/Statutory Transition Committees
- Deletion of the requirement to use a Standard Approval Form
- Clarification that the calculation for the Statutory Redundancy Payment is based on a contractual week's pay

5. Guidance has been developed to assist employers with the interpretation and application of this Circular. The Guidance is available to download from the dedicated Local Government Reform Joint Forum webpage at <http://www.lgsc.org.uk/new-initiatives/local-government-reform-joint-forum/>
6. 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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**LGRJF TUS Lead**



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**R WILSON**  
**LGRJF Employers' Lead**

**04 FEBRUARY 2015**

# LGRJF

facilitating local government reorganisation

**CIRCULAR LGRJF/11 – FEBRUARY 2015**

**RPA STAFF SEVERANCE SCHEME  
FOR LOCAL GOVERNMENT STAFF**

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- 1.5 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. Decisions made in relation to non-RPA Severance after vesting day will be a matter for the new council.
- 1.6 No staff will be released before 01 April 2015 (vesting day) and payment will be made by the new councils.
- 1.7 The RPA Scheme will operate up to 31<sup>st</sup> December 2019, subject to monitoring by the Joint Forum.

**1.8** This RPA Scheme also takes account of the provisions of:

1. Transfer of Undertakings (Protection of Employment) Regulations 2006
2. The Pensions (2008 No. 2 Act) (Commencement No. 9) Order (NI) 2012
3. Local Government Pension Scheme (NI) Regulations 2015
4. Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (NI) 2014
5. Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2007 as amended
6. Employment Rights (Northern Ireland) Order 1996
7. Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order (Northern Ireland) 1999
8. NI Executive's Principles and Associated Recommendations as recommended by the Public Service Commission
9. The Local Government Act (Northern Ireland) 2014
10. Circular LGRJF/07 June 2014 Scheme of Transfer for Local Government Staff

The Local Government Act (NI) 2014, Section 123 requires the Department of the Environment to make regulations for the purpose of the payment of compensation for loss of office or diminution of emoluments.

The Department has indicated that this RPA Scheme will provide the basis for the Statutory Regulations, which are required under Section 123.

## **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) (LGPS (NI))**

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 the LGPS (NI), your benefits will be deferred to your normal retirement date.

If, at the date of redundancy, you are:

- **aged 55 or over and**
- **a member of the LGPS (NI)**

You will be entitled to:

#### **Immediate Payment of Unreduced Pension Benefits, ie:**

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



**Plus** 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 Pension.

(see 2.5 below for details of these Options)

## **2.2 Payback 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:

– *Severance Package ÷ Individual's Total Annual Salary Cost = 3.25 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, ie, cost paid to pension provider if 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 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 (based on their entitlements) 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 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 Payment 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 Payment (based on a contractual week's pay) 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 (based on a contractual weeks' pay) 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 (based on a contractual week's pay) x 3.46 = Overall Enhanced Redundancy Payment*
  - *Overall Enhanced Redundancy Payment - Statutory Redundancy Payment = Compensation Payment*

**Note:** The Enhanced Redundancy Payment is **inclusive** of the Statutory Redundancy Payment (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**

Employees who receive an Enhanced Redundancy Payment on being made redundant and who are members of the LGPS (NI) will be given the option, before their termination date, of advising their employer that they wish to be awarded an additional amount of annual pension that is actuarially equivalent to the Compensation Payment that the employer would otherwise have made. The choice to be awarded annual pension must be exercised before the termination date.

An employer cannot split the Compensation Payment and award part as Additional Pension (up to the limit provided for under the LGPS (NI) 2015) and the balance as a lump sum Compensation Payment. An employer can only convert all (other than the statutory redundancy payment) or nothing.

The Additional Pension is for the member alone, ie, it does not enhance any dependants' benefits and may be actuarially reduced if drawn before normal pension age (the date at which the member would be entitled to receive their state pension).

### **Payback 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 PAYMENT + ADDITIONAL PENSION**

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

Members of the LGPS (NI) who are aged 55 or over at the date of redundancy are entitled to the immediate unreduced payment of their LGPS (NI) 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 (based on a contractual week's pay) calculated in accordance with the Employment Rights (Northern Ireland) Order 1996 as detailed in Option 1 above.

### **Additional Pension**

**In addition** to Immediate Payment of Unreduced Pension Benefits and a Statutory Redundancy Payment, an award of 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 Pension from the pension administrator NILGOSC 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 (based on their entitlements) subject to the 3.25 payback period.

An employer may award Additional Pension up to a maximum provided for in the LGPS (NI) 2015, per year. The Additional Pension is for the member alone, ie, it does not enhance dependants' benefits.

### **Payback 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 Pension, may be negotiated.

## **2.6 Calculation of Pension Benefits**

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

## **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 for 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 Severance Payment**

In **all** circumstances, a financial case for the payment of severance must be made by the appropriate employing council.

## **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](http://www.delni.gov.uk/erpublications)

# LGRJF

facilitating local government reorganisation

## **Guidance on the Interpretation and Application of the RPA Staff Severance Scheme - February 2015**





# LGRJF

facilitating local government reorganisation

**GUIDANCE ON THE  
INTERPRETATION AND APPLICATION OF  
THE RPA STAFF SEVERANCE SCHEME  
CIRCULAR LGRJF/11 – FEBRUARY 2015**

**February 2015**

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## 1.0 CONTEXT

### 1.1 Purpose of the Guidance

This Guidance has been developed to assist employers with the interpretation and application of the terms of the **RPA Staff Severance Scheme as set out in Circular LGRJF/11 February 2015**.

This RPA Staff Severance Scheme is based on the provisions of the Northern Ireland Executive's 5<sup>th</sup> Guiding Principle, as recommended by the Public Service Commission<sup>1</sup>, and is underpinned by the **Local Government Reorganisation (Compensation for Loss of Employment) Regulations (NI) 2015** currently being progressed by the Department of the Environment under Section 123 of the Local Government Act (NI) 2014.

Therefore this agreed Scheme is the only Scheme to be applied for redundancies which are being considered as part of the RPA local government reform process.

In the application of severance arrangements councils will need to make a clear distinction between severance cases which arise from decisions relating to the RPA local government reform process, within the lifetime of this RPA Staff Severance Scheme (from 01 April 2015 to 31 December 2019), and those which have been identified for other reasons.

### 1.2 Local Government Pension Scheme Discretions

The new Local Government Pension Scheme (NI) 2015 requires employers to have a Policy Statement in place stating how they will exercise certain discretions under the new Pension Scheme, effective from April 2015. Appendix 1 details wording provided by NILGOSC, to be included by employers in their Policy Statements for the purposes of implementing Circular LGRJF/11 - February 2015.

An employer may choose to apply different discretions for severances which arise for reasons other than RPA.

### 1.3 Application of the RPA Scheme

The RPA Scheme is intended to apply to staff who are surplus under the new structures and who cannot be offered suitable alternative employment; therefore it is anticipated that the RPA Scheme will have only minimal application.

It is recognised that changes may need to be made at all levels of the organisation and that there may be subsequent restructuring relating to RPA, therefore the RPA Scheme will remain in operation until 31 December 2019.

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<sup>1</sup> The Compendium of the RPA Guiding Principles, Code of Practice and Guidance Notes can be found at [http://www.pscni.gov.uk/compendium\\_of\\_guiding\\_principles.pdf](http://www.pscni.gov.uk/compendium_of_guiding_principles.pdf)

## 2.0 SUMMARY OF THE RPA SCHEME BENEFITS

The Table below summarises the benefits that are available under the Scheme, further details on each component can be found on Page 4 of the Circular, paragraph 2.5 'Details of Options 1. & 2.'

**Table 1 - Summary of RPA Scheme Benefits**

TYPE OF EMPLOYEE INCLUDING AGE AT DATE OF REDUNDANCY	RPA SCHEME BENEFITS				
	1	2	3	4	5
	Statutory Redundancy Payment based on a contractual week's pay	Pension Benefits total membership accrued at the date of leaving	Compensation Payment by applying a multiplier of 3.46 to the Statutory Redundancy Payment	Additional Pension	
			Individual may <b>choose</b> to buy additional pension using their Compensation Payment	Additional pension <b>awarded</b> by employer instead of a Compensation Payment	
Under 55 and <u>not</u> a member of the LGPS (NI)	✓		✓ <i>Option 1</i>		
	Total payment is subject to an overall maximum of 104 weeks' pay in total Total cost to employer must not exceed the 3.25 payback period				
Under 55 and a member of the LGPS (NI)	✓	Pension is deferred, ie, payable at normal retirement age	✓ <i>Option 1</i>	✓ <i>Option 1</i>	
	Total payment is subject to an overall maximum of 104 weeks' pay in total Total cost to employer must not exceed the 3.25 payback period				
55 or over and <u>not</u> a member of the LGPS (NI)	✓		✓ <i>Option 1</i>		
	Total payment is subject to an overall maximum of 104 weeks' pay in total Total cost to employer must not exceed the 3.25 payback period				
55 or over and a member of the LGPS (NI)	✓	Unreduced pension benefits are paid immediately	✓ <i>Option 1</i>	✓ <i>Option 1</i>	
			<b>OR</b>		
				✓ <i>Option 2</i>	
Total cost to employer must not exceed the 3.25 payback period					

### 3.0 TABLE 1 – NOTES RELATING TO THE RPA SCHEME BENEFITS

#### 3.1 Statutory Redundancy Payment (column 1 of Table 1)

For the purposes of this RPA Scheme the Statutory Redundancy Payment is based on a contractual week's pay and is calculated with reference to the Ready Reckoner (attached as Appendix 1 to the RPA Scheme).

Page 4 of Circular LGRJF/11, paragraph 2.5 i 'Statutory Redundancy Payment' refers.

#### 3.2 Pension Benefits (column 2 of Table 1)

- If the employee is under 55 at the date of the redundancy and a member of the LGPS (NI); payment of their pension benefits for their total membership in the Scheme up to the date of redundancy will be deferred to their normal retirement date.
- If the employee is aged 55 or over at the date of redundancy and is a member of the LGPS (NI); they will be entitled to the immediate unreduced payment of their pension benefits (early release of pension) built up to the date of redundancy, if released under this RPA Scheme.

Page 2 of Circular LGRJF/11, paragraph 2.1 'Entitlements' refers.

#### 3.3 Compensation Payment (column 3 of Table 1)

The Compensation Payment is calculated by applying a multiplier of 3.46 to the Statutory Redundancy Payment (based on a contractual week's pay).

The Compensation Payment plus the Statutory Redundancy Payment (based on a contractual week's pay) forms the overall Enhanced Redundancy Payment, ie, Option 1 within the RPA Scheme.

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

Page 4 of Circular LGRJF/11, paragraph 2.5 ii 'A Compensation Payment' refers.

#### 3.4 Additional Pension (Option 1) (column 4 of Table 1)

Employees who receive an Enhanced Redundancy Payment (Option 1) and are members of the LGPS (NI) may choose to buy Additional Pension using their Compensation Payment, subject to the agreement of their employer. The Statutory Redundancy Payment cannot be used to buy Additional Pension.

Individuals should be informed by their employer of the option of buying additional annual pension equivalent to their Compensation Payment before their termination date.

Page 4 of Circular LGRJF/11, Option 1 'Converting the Compensation Payment into Additional Pension' refers.

### **3.5 Additional Pension (Option 2) (column 5 of Table 1)**

Under Option 2, and in addition to the Statutory Redundancy Payment, award of Additional Pension by the employer is allowed as an alternative to receiving the Compensation Payment for employees, who are aged 55 and over, and who are members of the LGPS (NI) at the date of redundancy.

An employer may award Additional annual Pension up to the maximum permissible in the Local Government Pension Scheme Regulations (Northern Ireland) 2015 providing all costs associated with the severance package do not exceed the individual's gross annual salary costs multiplied by 3.25.

Page 5 of Circular LGRJF/11, Option 2 'Additional Pension' refers.

### **4.0 WORKED EXAMPLES**

Worked examples reflecting the practical application of the various options within the Scheme as set out in Table 1 are attached for information in Appendix 2. These summary examples have been prepared with the assistance of NILGOSC.

### **5.0 COMMUNICATION WITH THE EMPLOYEE**

The employer is responsible for providing employees with sufficient information, including illustrations of the benefits payable from NILGOSC, to assist them to make an informed decision, when exercising their various options under the Scheme. Whilst this information will be made available on an individual basis, it is solely a decision for the employee as to how they exercise their various options under the Scheme.

It should be noted that for some individuals there are multiple options available to them under the Scheme, but it is their sole responsibility to seek appropriate, independent advice as to the merits of their choice.

Page 6 of Circular LGRJF/11, Section 2.7 'Making a Choice' refers.

### **6.0 FINAL DECISIONS BY THE EMPLOYER**

In all circumstances, a financial case for the payment of severance must be approved by the appropriate employing council. (See Circular LGRJF/11, paragraphs 2.8 'Consideration of Applications for a Severance Payment' and 2.9 'Criteria for Consideration of Applications'.)

In doing so particular attention should be given to the following criteria:

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

The employer will be responsible for advising each individual under consideration of final decisions reached.

## LOCAL GOVERNMENT PENSION SCHEME DISCRETIONS

The following draft wording has been suggested by NILGOSC, to be included by employers in their policy statements on discretions for the purposes of implementing Circular LGRJF/11 – February 2015 (Page 1, paragraph 1.2 of this Guidance refers):

*“For redundancies which are being considered as part of the local government reform process under the RPA Staff Severance Scheme, the Local Government Act 2014 and the Local Government Reorganisation (Compensation for Loss of Employment) Regulations (Northern Ireland) 2015 the Council will adhere to the arrangements set out under the RPA Staff Severance Scheme.*

*In such circumstances the Additional Pension awarded will be up to the maximum permissible in the Local Government Pension Scheme Regulations (Northern Ireland) 2015 providing all costs associated with the severance package do not exceed the individual’s gross annual salary costs multiplied by 3.25. Where an employee’s costs do not fall within the 3.25 year payback period a reduced amount of Additional Pension may be awarded.*

*Additional Pension cannot be awarded to members who are being compensated under the terms of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007 except where the member exercises the option before their termination date and asks the council to use the value of their Compensation Payment (less the statutory element) to award Additional Pension as an alternative.”*

## SUMMARY ILLUSTRATED EXAMPLES

Please note that these summary examples are provided by way of illustration only.

More detailed calculations are included in NILGOSC Circular 11/2014, dated 20 October 2014, entitled 'Review of Public Administration (RPA) Staff Severance Scheme for Local Government'.

For all examples a leaving date of 30 June 2015 is assumed.

### Example 1

Individual under 55 and not a member of the LGPS (NI)

Male aged 35, pay £30,000  
6 years' service

Benefits	Type of benefits payable
Statutory Redundancy	$£30,000 \times 7/365 \times 6 = £3,452$
Enhanced Redundancy	$£3,452 \times 3.46 = £11,944.10$
Compensation Payment	$£11,944.10 - £3,452 = \mathbf{£8,492.10}$

Enhanced Redundancy is less than 104 weeks' pay

### Example 2

Individual under 55 and a member of the LGPS (NI)

Male aged 35, pay £30,000  
6 years' service

Benefits	Type of benefits payable
Statutory Redundancy	$£30,000 \times 7/365 \times 6 = £3,452$
Enhanced Redundancy	$£3,452 \times 3.46 = £11,944.10$
Compensation Payment	$£11,944.10 - £3,452 = \mathbf{£8,492.10}$
Additional Pension	The Factors required for calculations of Additional Pension in relation to those individuals under 55 were not available at the time of preparation of this guidance. Specific calculations would be required for each individual.
Total LGPS (NI) Annual Pension	£3,028.00 (Deferred until the member's normal retirement age)



### Example 3

#### Individual 55 or over and not a member of the LGPS (NI) (Option 1)

Male aged 60, pay £30,000  
12 years' service

<b>Benefits</b>	<b>Type of benefits payable</b>
Statutory Redundancy	$£30,000 \times 7/365 \times 18 = £10,356$
Enhanced Redundancy	$£10,356 \times 3.46 = £35,831.76$
Compensation Payment	$£35,831.76 - £10,356 = \mathbf{£25,475.76}$

Enhanced Redundancy is less than 104 weeks' pay

### Example 4

#### Individual 55 or over choosing to buy additional pension using Compensation Payment (Option 1)

Female aged 55, pay £66,000  
31 years 270 days' membership of LGPS (NI)

<b>Standard Benefits</b>	<b>Type of benefits payable</b>
Statutory Redundancy	$£66,000 \times 7/365 \times 27 = £34,175.25$
Enhanced Redundancy	$£34,175.25 \times 3.46 = £118,246.36$
Compensation Payment	$£118,246.36 - £34,175.25 = \mathbf{£84,071.11}$
Additional Pension	£84,071.11 will buy £3,860 annual Additional Pension
Total LGPS (NI) Annual Pension	£32,032.00

<b>Annual Salary Cost</b>	<b>£</b>
Salary	66,000
Pension Contributions (20.0%)	13,200
Employer NI (2014/15)	6,845
Total Annual Salary Cost	86,045
Total Annual Salary Cost x 3.25	<b>279,646</b>

<b>Redundancy Cost to the Employer</b>	<b>£</b>
Capital Cost	124,489.71
Additional Pension	84,071.11
Statutory Redundancy	34,175.25
Compensation Payment	0
Total Redundancy Cost	242,736.07

Enhanced Redundancy is less than 104 weeks' pay  
Total redundancy cost does not exceed total annual salary cost x 3.25

## Example 5

Individual 55 or over and a member of the LGPS (NI) awarded Additional Pension by the employer instead of a Compensation Payment (Option 2)

Female aged 55, pay £66,000  
31 years 270 days' membership of LGPS (NI)

£120,981.04 will result in an award of £5,555 annual Additional Pension

<b>Standard Benefits</b>	<b>Type of benefits payable</b>
Statutory Redundancy	$£66,000 \times 7/365 \times 27 = £34,175.25$
Total LGPS (NI) Annual Pension	33,727.00

<b>Annual Salary Cost</b>	<b>£</b>
Salary	66,000
Pension Contributions (20.0%)	13,200
Employer NI (2014/15)	6,845
Total Annual Salary Cost	86,045
Total Annual Salary Cost x 3.25	279,646

<b>Redundancy Cost to the Employer</b>	<b>£</b>
Capital Cost	124,489.71
Additional Pension	120,981.04
Statutory Redundancy	34,175.25
Compensation Payment	0
Total Redundancy Cost	279,646.00

Total redundancy does not exceed total annual salary cost x 3.25