

# **Pay and Reward Policy Statement For All Council Staff 2020-21**

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## **Summary**

Shropshire Council recognises the importance of managing pay fairly and in a way that motivates staff to make a positive contribution and support the delivery of the Council's objectives. The pay policy details our approach to managing pay and reward in a way which supports the aims and objectives of the organisation.

This policy applies to all council staff, excluding schools where a separate policy exists.

### **1.0 Introduction**

- 1.1 Shropshire Council has a clear written policy on wages and salaries to ensure that all staff employed at the Council are rewarded fairly, without discrimination, for the work they do.
- 1.2 When reviewing the pay policy, Trade Union Representatives will be consulted as appropriate and their views taken into account when deciding the respective elements of the pay policy.
- 1.3 Shropshire Council recognises that pay is not the only means of rewarding and supporting staff, and endeavours to ensure that all staff have good working

conditions, regular access to appropriate development and training opportunities, and other forms of financial and non-financial reward.

1.4 This policy aims to reflect:-

- pay and grading underpinned by job evaluation (where a scheme exists)
- fairness and equality of opportunity
- the need to encourage and enable people to perform to the best of their ability
- the need to recruit and retain skilled, experienced, and qualified staff in a competitive market

1.5 Shropshire Council's employment offer includes a wider range of benefits alongside pay

- access to learning and development
- access to local government pension scheme
- flexible working where this fits business needs
- performance management which incorporates smart objectives and behaviours
- access to a range of benefits offered through 'Shropshire Rewards'
- carrying out work which is of public value and contributes to making Shropshire a great place to live and work.

1.6 To make these principles work, Shropshire Council needs remuneration arrangements which:-

- are based on a clear and rational process for setting and reviewing the pay of employees;
- provide a pay framework and levels of remuneration which are sufficiently flexible and reasonably competitive, taking account of relevant benchmarking, and market related pay data at local and national level;
- enable the Council to recruit and retain employees with the required skills, knowledge and experience; and
- which are affordable by the Council and support the provision of good quality public services.

1.7 Shropshire Council will make this policy and any related procedures available to all staff, ensuring that any concerns, complaints or formal appeals about its application are managed promptly, fairly and objectively.

1.8 Shropshire Council wishes to ensure that development and promotion opportunities, where possible, are available to all employees.

1.9 Shropshire Council will not promote staff through the grading system nor use other pay mechanisms in order to improve an employee's pension entitlement.

## **2.0 Legal Framework**

2.1 The primary legislation governing equal pay is the Equalities Act 2010 and subsequent amendments. This requires employers to ensure that men and women in the same employment, carrying out equivalent work (as defined below), receive the same level of pay. The following terms are contained in Equal Pay Legislation:

- 'Like work' is defined as work which is the same or broadly similar
- 'Work rated as equivalent' is defined as work which has achieved the same or similar number of points under a job evaluation scheme.
- 'Work of equal value' is defined as work which is broadly equal in value when compared under headings such as effort, skill and decision making responsibility.

2.2 In addition, indirect discrimination has been incorporated into equal pay as a result of case law in the UK and Europe. Indirect discrimination may arise when the pay policy has a disproportionate impact on one particular sex.

2.3 Differences in pay may be justified where it is established that the difference is for a genuine and material reason which is not related to gender.

2.4 From April 2018 all employers with more than 250 employees are required to report on the Gender Pay Gap. This information is published on Shropshire Council's website.

## **3.0 Definitions**

3.1 For the purposes of this policy and in line with legislation, pay is defined by Article 141 of the Treaty of Rome as:

*The ordinary basic or minimum wage or salary and any other consideration, whether in cash or kind, which the worker receives, directly or indirectly, in respect of his (or her) employment from his (or her) employer.*

3.2 Pay therefore includes allowances, pensions, discretionary bonuses, annual leave and sick pay, as well as other non-financial benefits such as vocational training.

3.3 Chief Officer means the Head of Paid Service - Chief Executive, Executive Director of Children's Services, Executive Director of Adult Services, Executive Director of Place, Directors (including Monitoring Officer and Section 151 Officer) and Assistant Directors,. For further details of the Council's delegations to officers including delegations to Chief Officers, see Part 8 of the Council's Constitution or follow the link below:

<http://shropshire.gov.uk/committee-services/ecSDDisplay.aspx?NAME=Part%208%20Delegations%20to%20Officers&ID=372&RPID=0&sch=doc&cat=13331&path=13331>

## **4.0 Principles**

### **4.1 Pay Structures**

- 4.1.1. Shropshire Council's pay structure is currently split across three sectors, described below. The pay range for a large proportion of staff is based on the NJC framework for Local Government Services (the Green Book). The national pay spine applies for posts on Grades 1 to PO 22 / Band 15.
- 4.1.2 Salaries in Shropshire Council were reduced, as part of changes by the Council to staff terms and conditions of employment in two stages, October 2011 and again in October 2012. Incremental progression was frozen from 1 April 2011 until 31<sup>st</sup> March 2013 and reinstated from 1 April 2013.
- 4.1.3. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining mechanism and/or as determined by Council Policy.
- 4.1.4 Following national negotiations between the NJC and three trade unions (Unison, GMB and Unite), agreement was reached for a pay award for 2018-2020. The agreement involves changes to the national pay spine. The agreement covers employees on spinal column points scp 6 to (new) scp 54.
- 4.1.5 The pay award consisted of a % increase on salaries from 2018 equating to a 2% increase overall, but with higher percentage increases for the lower spinal column points to allow headroom from the National Living Wage. From 1 April 2019 the structure significantly changes and has the lowest scp value starting at £9.00 per hour. The value of subsequent points is then determined by 2% increases on the previous spinal column point up to scp 28 (new scp 22). From scp 29 (new scp 23) there is an increase of 2% on 2018 values.
- 4.1.6 In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of commissioning or provide high quality services to the community, delivered effectively and efficiently and at the times at which those services are required.
- 4.1.7 The Council faces significant challenges in attracting, recruiting and retaining talent. The use of market supplements, additional payments and agency staff has increased over the years to compensate for the pay cuts in 2011 and 2012 which reduced the salaries of staff.
- 4.1.8 The Council, at its meeting on 17<sup>th</sup> May 2018 approved the implementation of the % pay award from 1 April 2018 and a return to the NJC rates of pay with effect from 1 October 2018.

- 4.1.9 A review of the pay and grading structure for 2019, including market supplements and additional payments, has been undertaken in consultation with the trade unions and changes agreed are reflected in this pay policy.
- 4.1.10. Equal opportunity considerations; pay and conditions will apply equally to employees working full-time and part-time in accordance with the Part-time Employment (Prevention of Less Favourable Treatment) Regulations 2000.

See Appendix A for current pay scales for Grade1 to PO22 / Band 15.

## **4.2 Pay Range – Grades 1 to 10**

- 4.2.1. For the majority of its staff, Shropshire Council operates a Grade 1 to 10 pay structure, ranging from spinal column point (scp) 7 to scp 28 (formerly scp 34). The Shropshire grading structure has been developed through the local application of the National Joint Council (NJC) Job Evaluation Scheme. The NJC Scheme is designed for application within local authorities and provides a mechanism for reviewing the duties and responsibilities of posts to determine the appropriate grade.
- 4.2.2. Salary on recruitment in all pay ranges should be set at a level within the range consistent with attracting and securing the appointment of good calibre people. Flexibility exists to pay a higher incremental point or a higher salary within the range for both recruitment and retention purposes. Such practice must be made within budgetary arrangements and take account of equality implications.
- 4.2.3. The lowest remuneration for Council employees is Grade 1, scp 7 (new scp 1) £17,364 p.a at 1 April 2019. In essence the council's "lowest paid employees", these jobs have been evaluated objectively using the NJC job evaluation scheme. (The Council also employs apprentices who are not included within the definition of 'lowest paid' as they are temporary training posts).

## **4.3 Pay Ranges – Principal Officer (PO)/Banded Posts**

- 4.3.1. From new scp 29 Shropshire Council has a Principal Officer grading structure in place. Originally 22 overlapping PO grades, these posts require a high level of technical competence or have significant management responsibility.
- 4.3.2. The overlapping structure is being replaced with five abutting bands (Band 11 to Band 15). Each band contains five spinal column points. The structure was developed by means of benchmarking existing job/roles using the Monks Job Evaluation Scheme, as agreed with the trade unions. All PO grades will transfer to the banded structure.
- 4.3.4 As previously mentioned in 4.1.4 the NJC agreed a pay award, effective from 1 April 2018, for 2018-2020 for all grades covering existing scp 6 to scp 60.

#### **4.4 Pay Ranges – Senior Pay Grades**

- 4.4.1 The Senior Manager Pay rates were reduced by 2.7% with effect from 1 January 2012, and were further reduced in October 2012 by 1.7%.
- 4.4.2 A review by the Local Government Association (LGA) was undertaken in March 2018 and recommended an increase in salaries for the Executive Directors (from £100,928 p.a. to £120,000 - £130,000 p.a.) and the Chief Executive (from £103,010 p.a. to £150,000 p.a.). All posts in the Senior Manager Pay Bands were job evaluated using the LGA Scheme for Chief Officers in the summer of 2018.
- 4.4.3 As outlined in 4.1.8, the Council at its meeting on 17<sup>th</sup> May 2018 agreed to restore NJC rates of pay from 1 October 2018. This also applies to Senior Manager Pay bands.
- 4.4.4 The revised grades from 1 October 2018 are shown below and take account of the positions detailed in 4.4.2 and 4.8.2.

<b>Grade</b>	<b>Pay Range 1 October 2018</b>	<b>Pay Range 1 April 2019 (2% pay award applied)</b>	<b>Job Title</b>
C1	£150,000	£153,000	Chief Executive
C2	£120,000 to £130,000	£122,400 – £132,600	Executive Director
C3	£105,000 to £110,000	£107,100 – £112,200	Director
C4	£90,000 to £95,000	£91,800 – £96,900	Assistant Director
C5	£80,000 to £85,000	£81,600 – £86,700	Head of Service
C6	£65,000 to £75,000	£66,300 – £76,500	Service Manager

- 4.4.5 The Joint National Council (JNC) for Chief Officers agreed a two year pay award covering the period 1 April 2018 to 31 March 2020 (2% applied on 1 April 2018 and 1 April 2019).

#### **4.5 Other Pay Schemes**

- 4.5.1 Shropshire Council has a small number of employees on other nationally determined pay scales and conditions, including:
- Soulbury (teaching staff now in Education Improvement Roles)
  - NJC for Youth Workers
  - NHS (TUPE staff only)
- 4.5.2 These pay schemes are used to give greater flexibility to meet particular service needs and assist in recruitment and retention of appropriately qualified and experienced staff within the respective sectors.

## **4.6 Salary Progression**

### **Grade 1 to PO22/PO Band 15 (scp 6 to scp 60)**

- 4.6.1. Any incremental progression within an evaluated grade is due on the 1<sup>st</sup> April each year, or 6 months after appointment if the employee was appointed between 1<sup>st</sup> October and 31<sup>st</sup> March. Progression is subject to work performance.
- 4.6.2. Posts are usually advertised within salary bands which contain several annual increments, and where the top of the salary band advertised represents the maximum incremental point within that pay range. Appointments are normally made at the minimum of the pay range, unless there is an objectively justifiable reason e.g. the candidate's previous experience or difficulties in recruiting at the lowest pay point. However, the advice of Human Resources must be sought in these cases, to ensure equality issues have been considered.
- 4.6.3. Incremental progression (for posts on NJC for Local Government Services terms and conditions) up to Band 14 within the pay range for the job takes place until the maximum scp of the job is achieved.
- 4.6.4 For Band 15 and Senior Pay Grades (C Grade), progression through the grade will be dependent upon individuals meeting objectives set through review at annual appraisals. There is no automatic incremental progression.

#### **4.6.5. Accelerated Increments**

- 4.6.5.1 The salary of an employee may be accelerated within the grade on the grounds of special merit or ability, by up to two increments, provided that the maximum of the grade is not exceeded. The additional benefit of increments granted in this way is not carried over on the regrading of the post or on the employee's promotion to a higher graded post.

#### **4.6.6. Additional Increments**

- 4.6.6.1 Up to two additional increments may be granted to employees (graded on an NJC grade) beyond the normal maximum of the grade of the post to which they are appointed.
- 4.6.6.2 The award of up to two additional increments may only be made to employees who have consistently achieved a high level of performance and who have made a significant contribution to the Council's work.
- 4.6.6.3 All employees who have completed 35 years of service will be considered, but not automatically accepted for the additions.
- 4.6.6.4 At any one time, the number of employees receiving additional increments shall not exceed 3% of the number of full time employees employed under the conditions of service to which the scheme applies.

#### **4.6.7. Honoraria**

- 4.6.7.1. An employee, who for any reason other than the annual leave of another employee is called upon at the request of their Directorate to undertake the full duties and responsibilities of a higher graded post for a continuous period of at least four weeks, is entitled to be paid in accordance with the grading of the post temporarily occupied. The salary to be paid in such circumstances is the salary that would apply if the employee were promoted to the higher graded post. Once the qualifying period of four weeks has been satisfied the higher salary will be paid with effect from the first day on which the employee was required to undertake the full duties and responsibilities of the higher post.
- 4.6.7.2. In any case where there is no automatic entitlement to a higher salary the Council may consider granting an honorarium (of an amount dependent upon the circumstances of each case) to an employee who performs duties outside the scope of his post over an extended period or where the additional duties and responsibilities involved are exceptionally onerous.

#### **4.6.8. Ex Gratia Payments**

- 4.6.8.1. The principal purpose of the ex-gratia payments scheme is to maintain the goodwill of staff who have suffered personal loss during the course of their duties and where no provision exists for the claim to be referred to the council's Insurers.

#### **4.7 Senior Pay Grade**

- 4.7.1 New appointments will normally commence on the bottom of the salary band or on an 'entry salary' within the bottom 10% of the salary band. However, this may be adjusted to take account of previous experience and remuneration.
- 4.7.2. Any additional payment within the Senior Pay Grade will be based on performance in relation to the achievement of objectives and on meeting the behavioural competences set.

#### **4.8 Pay Review**

- 4.8.1. Grades 1 to PO22/Band 15 are reviewed in line with the National Pay Award for Local Government staff, as described in 4.1.4. The Trade Unions submitted a pay claim in the summer of 2019 for 1 April 2020. To date there have not been any formal negotiations or agreement reached.
- 4.8.2 Shropshire Council's Senior Pay Grades are locally determined and not subject to national pay negotiations by the JNC for Chief Executives and Chief Officers in Local Authorities. There are no automatic cost of living increases and any adjustments to the pay band range are based on affordability and market



forces. As detailed in 4.4.5 above, the nationally agreed pay award for Chief Officers for 2018-2020 has been agreed and adopted by Shropshire Council.

#### **4.9 Market Supplement**

- 4.9.1. Basic pay may be supplemented by a market supplement which reflects the current national or regional rate for the nature of the post, provided this can be supported by researched market evidence.
- 4.9.2. Any Market Supplements are reviewed annually and can be adjusted or removed in line with market changes. As mentioned in 4.1.9 a review of pay and grading structures has taken place and market supplements has been included in this.

#### **4.10. Recruitment and Retention Payments**

- 4.10.1 The Director of Workforce & Transformation has delegated powers under Shropshire Council's Constitution to introduce and maintain employee benefits, other than the provision of cars, where these are likely to assist with recruitment and retention and where the costs can be found within existing budgets.

#### **4.11 Pay Data**

- 4.11.1. Shropshire Council will obtain up to date local, regional and, if appropriate, national pay data to inform decision making on local pay awards and market levels, alongside, other relative factors e.g. labour turnover rates.

#### **4.12 Allowances**

- **Sick pay**

- During 1st year of service 1 month's full pay
  - During 2nd year of service 2 months' full pay
  - During 3rd year of service 4 months' full pay
  - During 4th and 5th years of service 5 months' full pay
  - After 5 years of service 6 months' full pay

- **Overtime**

- Additional hours / overtime, which are not eligible for an enhancement (for night, weekend or public holiday work), will be paid at plain time.

- **Subsistence**

- Subsistence payments for reimbursement of the cost of breakfast and evening meal are made when an employee is required to stay away from their home overnight on Council business, on production of appropriate receipted evidence of such expenditure.

- **Annual Leave**

All staff are eligible to receive 25 days annual leave plus bank holidays per year, with 5 days extra awarded to those staff with 5 years local government service, giving a maximum entitlement of 30 days a year. Pro rata for part time staff.

An additional 2 days annual leave are given to staff per year which is to be used at Christmas when council buildings are closed between Christmas and New Year. Where a service operates at this time, the 2 days are added to leave entitlement to be used during the year.

- **Office Hours / Annualised Hours**

The public opening hours for Shropshire Council are 7am to 7pm, Monday to Friday and 8am to 1pm on a Saturday. All staff are subject to Annualised Hours, i.e. they are contracted to work a set number of hours over a year, not a fixed working week, with working patterns designed in line with the Council's Flexible Working Hours policy.

- **Callout/Standby**

Payments are made to reflect the unsociability of working in particular circumstances, where an employee is recalled to work at short notice. These are locally agreed.

- **Relocation**

Shropshire Council may provide relocation assistance to new recruits as part of the employment package; this is offered on an exceptional basis to attract candidates to hard to fill roles. The Council does not make payments to employees to reflect the costs of increased travel to work if the employee's work location changes. Approval of relocation assistance is delegated to the Director of Workforce & Transformation.

- **Salary Protection**

Shropshire Council operates salary protection arrangements in a range of circumstances including:

- where an employee has been at risk of redundancy and is successfully redeployed to another post at a lower salary (within 15%)
- Where an employee has been redeployed to another lower graded post due to a disability or health related issue
- Where as a result of a restructuring or grading review/ job evaluation process the grade of the post is reduced

In these circumstances the employee will receive pay protection (based on the level of pay but not hours of work). Protection normally applies for a period of up to 12 months.

- **Car Allowances**

Employees using their cars, motor cycles or cycles for the efficient performance of their duties, which have been agreed by their line manager, will be eligible to receive an allowance in line with HMRC Approved Mileage rates as follows

**Cars** Up to 10,000 miles (in each financial year April to March) – 45p per mile

Over 10,000 miles (in each financial year April to March) – 25p per mile

**Motor Cycle** 24p per mile

**Cycles** 45p per miles for the first 10,000 miles (for cycles, reimbursement above 20p per mile is liable for income tax)

#### **4.13 Termination of Employment**

4.13.1. In relation to the termination of employment, the Council will have due regard to making any appropriate payments where it is in the Council's best interests. Any such payments will be in accordance with contractual or statutory requirements and take into account the potential risks and liabilities to the Council, including any legal costs, disruption to services, impact on employee relations and management time. This is consistent with the risk management practices of well governed organisations in private, public and voluntary/charitable sectors.

4.13.2 Where a severance package (not including employee statutory entitlements) exceeds £100,000, the decision to award such a package will be made by full Council.

4.13.3. Shropshire Council has adopted a policy preventing any employee who has retired early from being re-employed or re-engaged by the authority other than in exceptional circumstances.

#### **5.0 Notice Periods**

5.1 The contractual period of notice required to be given to an employee to terminate their employment, and that required of them on resignation, will be clearly stated in the terms of their appointment. The following local scheme on contractual notice periods has been adopted for NJC employees:-

Those graded up to and including Grade 8	1 month
Those graded Grades 9 and 10 (scp 29-34) inclusive	2 months'
Those graded Band 11 (scp 35-39)	2 months'
Those graded Band 12 (scp 40-44)	3 months'
Those graded Band 13 (scp 45-49)	3 months'
Those graded Band 14 (scp 50-54)	3 months'
Those graded Band 15 (scp 55, 57, 59)	3 months'

- 5.2 The contractual notice period for Chief Officers is 3 months.
- 5.3. The statutory provisions relating to minimum periods of notice to be given by the employer to any employee are as contained in the Employment Rights Act 1996

**Period of continuous employment - Minimum notice**

One month or more but less than 2 years	Not less than 1 week
Two years or more but less than 12 years	1 week for each year of continuous service
12 years or more	Not less than 12 weeks

- 5.4 The employer's obligation to the employee under the contractual notice agreed must always be read against any additional notice required to be given to the employee under the statutory grade. Therefore an employee with one month's contractual notice entitlement, with 5 years' service, will be entitled to five weeks statutory notice on the termination of their employment by the Council and an additional week's notice for each additional year's service up to a maximum of 12 weeks' notice.

**6.0 Pensions**

- 6.1 All Council employees are entitled to join the Local Government Pension scheme (LGPS) which is offered by Local Government Employers. Staff eligible for membership of the LGPS will automatically become a member of the "scheme" in accordance with the Auto Enrolment Regulations. Employees have the right to decide to opt out of the "scheme" by following the required process. The benefits and contributions payable under the Fund are set out in the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2013. Appendix B provides details of Shropshire Council's Pensions and Retirement Policy and Appendix C details of the Council's Redundancy and Compensation Policy.
- 6.2 The current level of contribution to the scheme by employees effective from 1 April 2019 is as follows, based on actual pensionable pay:

Band	Full-time equivalent salary	Contribution rate – main scheme	Contribution rate – 50/50 scheme
1	£0 - £14,400	5.5%	2.75%
2	>£14,401 -£22,500	5.8%	2.90%
3	>£22,501 - £36,500	6.5%	3.25%
4	>£36,501 - £46,200	6.8%	3.40%
5	>£46,201 - £64,600	8.5%	4.25%
6	>£64,601 - £91,500	9.9%	4.95%
7	>£91,500 - £107,700	10.5%	5.25%
8	>£107,701 - £161,500	11.4%	5.70%
9	More than £161,501	12.5%	6.25%

The contribution band will be assessed using the actual pensionable pay plus any pensionable extra payments.

## **7.0 Senior Pay**

- 7.1. The salary levels of Chief Officers (to 3<sup>rd</sup> tier) on appointment is set by elected members, at the relevant committee of the council. The salary details for Chief Officers are published at:  
<https://shropshire.gov.uk/open-data/datasets/senior-salary-information/>

This information has been published since October 2010 in the interests of openness and transparency, and shows levels of remuneration for Chief Officers for the previous financial year. The definition of Chief Officer is contained in paragraph 3.3 above.

- 7.2 Under Regulation 4 of the Accounts and Audit (Amendment No2) (England) Regulations 2009 [SI 2009 No.3322] the Council has a legal requirement to report the remuneration of senior employees as part of its published salaries information. This requirement has now been reinforced under section 38 (1) of the Localism Act 2011, which requires the Council to produce a pay policy statement on an annual basis.
- 7.3 The relationship between the rate of pay for the lowest paid Council employees and the chief officers' is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement. The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton review 'Review of Fair Pay in the Public Sector' 2010. The Government supports the case for a fixed limit on dispersion of pay, through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The Hutton report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between the highest paid salary and the median average salary of the authority's workforce.
- 7.4 The remuneration of the most senior manager within Shropshire Council, the Chief Executive is £153,000 (at 1 April 2019). The median basic remuneration for a full time equivalent employee of Shropshire Council is £22,462 per annum. The mean basic pay, based on 3,393 posts ranging in pay from the Chief Executive remuneration to Grade 1 (scp 7 - £17,364), is £26,086. The current pay multiple from top to bottom of the organisation is 1:9. The ratio from the median pay to the Chief Executive pay is 1:7, which is well within the limits outlined in the Hutton Review.
- 7.5 Chief Officers do not receive bonuses.

- 7.6 All Chief Officers are eligible for the same Car Allowance as outlined for all employees in section 4.12 above
- 7.7 Chief Officers are currently entitled to 30 days annual leave (plus 2 days to be used at Christmas).
- 7.8 The Council will have regard to the specific legal requirements which apply to the termination of employment of the Head of Paid Service, the Section 151 Officer and the Monitoring Officer as its Statutory Officers.

## **8.0 Accountability and Decision Making on Remuneration and Reward**

- 8.1 The Council's Cabinet has powers delegated to it in accordance with Section 3 of the Constitution, to make decisions on major policy matters affecting the council as a whole and to make decisions which have significant service or resource implications across the Council as a whole. This includes significant locally determined changes to staff terms and conditions and remuneration.
- 8.2 The Employees' Joint Consultative Committee which consists of Trade union representatives and Members is constituted to agree changes to employee terms and conditions, such as changes to allowances, mileage, and annual leave, subject to ratification by Cabinet and, where the decision has significant financial implications, by full Council.
- 8.3 In accordance with the Council's constitution the Head of Paid Service (Chief Executive) has delegated powers to approve the grading and regrading of posts (covered by NJC for Local Government Service, Soulbury and Youth and Community Worker Conditions of Service) where the grade maximum is PO17/Band 15 or above (or equivalent). Chief Officers have authority to approve changes to the grading of posts (covered by NJC for Local Government Service, Soulbury and Youth and Community Worker Conditions of Service), taking account of job evaluation outcomes for posts covered by these schemes and subject to financial provision for the current and future years being available, and the proposed maximum of the grade being below PO 17/Band 15 (or equivalent).
- 8.4 New appointments that are made which have a remuneration package with a value of over £100,000 will be subject to approval of full Council.

## **9.0 Review of the Policy**

- 9.1 This policy will be subject to annual review and amendment, taking account of legislation, external best practise, internal data on recruitment and retention and external pay data etc.

## Appendix A

1 April 2019 Rates of Pay			
Grade	scp	Hrly Rate £	Annual Salary £
Grade 1	1	9.00	17,364
Grade 2	2	9.18	17,711
Grade 3	3	9.36	18,065
Grade 4	4	9.55	18,426
Grade 5	5	9.74	18,795
	6	9.94	19,171
Grade 6	7	10.14	19,554
	8	10.34	19,945
	9	10.54	20,344
	10		
	11	10.97	21,166
Grade 7	12	11.19	21,589
	13		
	14	11.64	22,462
	15	11.88	22,911
	16		
	17	12.35	23,836
Grade 8	18		
	19	12.85	24,799
	20	13.11	25,295
	21		
	22	13.64	26,317
Grade 9	23	13.99	26,999
	24	14.46	27,905
	25	14.92	28,785
Grade 10	26	15.36	29,636
	27	15.81	30,507
	28	16.26	31,371
Band 11	29	16.60	32,029
	30	17.04	32,878
	31	17.52	33,799
	32	18.03	34,788
	33	18.63	35,934
Band 12	34	19.11	36,876
	35	19.62	37,849
	36	20.12	38,813
	37	20.62	39,782
	38	21.13	40,760
Band 13	39	21.60	41,675
	40	22.12	42,683
	41	22.63	43,662
	42	23.13	44,632
	43	23.63	45,591
Band 14	44	24.14	46,572
	45	24.64	47,547
	46	25.31	48,821
	47	25.63	49,449
	48	26.13	50,414
Band 15	49	26.64	51,392
	50	27.13	52,348
	51	27.63	53,305
	52	28.14	54,284
	53	28.64	55,263



## **Pensions and Retirement Policy**

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**Appendix 1 – Flexible Retirement Process Flow**

**Appendix 2 – Flexible Retirement Request Manager Report**

### **1.0 Statement of Purpose/Objective**

In supporting one of our core values of promoting diversity, Shropshire Council no longer applies compulsory retirement at age 65. An early and flexible retirement age is provided as part of enhancing of the employment policies. This is to ensure that



Shropshire Council's retirement policy meets the requirements of the Equalities Act 2010.

## **2.0 Scope**

This policy is effective from April 2014, as a result of the changes in LGPS Regulation.

This policy applies to all Shropshire Council employees, other than those employed by schools, for which a separate policy will apply.

## **3.0 Roles and Responsibilities**

### **3.1 The Responsibilities of Managers**

- 3.1.1 Managers have a statutory duty to ensure that all employees approaching retirement age are informed of Shropshire Council's retirement policy, 6 to 12 months prior to an employee reaching the age of 65. They are also required to be aware of the flexible retirement provisions.

### **3.2 The Responsibilities of Employees**

- 3.2.1 Employees are responsible for deciding whether or not they wish to be a member of the pension scheme and for taking the necessary actions to request the transfer in of any other scheme membership as outlined in this policy. They are also responsible for following the relevant processes outlined below in respect of pension transfers, early retirement or flexible retirement.

## **4.0 Pensions**

### **4.1 Pension Auto-enrolment**

The government has introduced new regulations to encourage more people in the UK to save for their retirement and require employers (both private and public sector) to automatically enrol employees' into a 'qualifying pension scheme'. The Shropshire Pension Scheme is classified as a 'qualifying scheme'.

Employees who have previously opted out of the Pension Scheme, and who are eligible (please see below) for auto enrolment on 1 February 2013, will not be auto enrolled until 1 October 2017 due to a transitional delay.

#### **4.1.2 Eligibility criteria for auto enrolment?**

Criteria set by the government means that you will be eligible for auto enrolment if you:-

- are aged 22 or over, and are below state pension age, and
- are paid more than Pension Regulator threshold, which is subject to change each year in line with inflation.

#### **4.1.3 How does this affect you?**

Under the Pension Regulations, employees can join the scheme at any time.

If you are currently a member of the Pension Scheme, you will still receive correspondents (for each of your posts) regarding auto-enrolment as the Authority is required by legislation to keep you informed about how this affect you or the Scheme.

If you are not currently a member of the Scheme, and you meet the eligibility criteria on 1<sup>st</sup> February 2013, you will be automatically enrolled into the LGPS on 1 October 2017. You will receive correspondence from Pensions Services advising you of this. You will have the right to opt out if you wish

You may also be auto enrolled in the following circumstances: -

- a) If you change your role or take on an additional role.
- b) If you become eligible for auto enrolment after 1 February 2013. You will be auto enrolled into the Scheme from the date you become eligible.

So, for example, if your 22nd birthday falls after 1 February 2013, and you are paid more than Pension Regulator threshold you will be auto enrolled from your 22nd birthday.

Likewise, if you are paid more than the Pension Regulator threshold and you meet the age criteria, you will be auto enrolled from the first of the month that your pay increases over that threshold.

If you are auto enrolled, Pension Services will write and advise you of this. You do have the option to opt out of the Scheme if you wish. Forms for this purpose are available on the County Pension Scheme Website.

## **4.2 Joining the Pension Scheme and Contribution Rates**

4.2.1 Employees will automatically become a member of the pension scheme, unless one of the following applies: -

- Unless in a post in which the employee is required to join another public sector scheme, e.g. teachers
- Employed as a casual worker, in which case, if you have worked for us for three consecutive months or more, you are not already in the LGPS and you meet

the eligibility criteria detailed in section 4.1.2, you will be written to advising you that we will be applying the transitional delay. If you have worked on a casual basis for less than three consecutive months, you'll be written to advising you that we'll postpone auto enrolment until you have worked for three months, but that you have the right to opt into the LGPS at any time.

- Whereby the offer of employment, and subsequent contract does not exceed three months – You'll be written to advising you that auto enrolment will be postponed for three months, but that you have the right to opt into the LGPS at any time. If your contract is then extended beyond three months, you will be auto enrolled into the LGPS if you are not already a member and you meet the eligibility criteria detailed in section 4.1.2.
- Where the employee has written to Shropshire Pension Fund to confirm they do not want to be a member of the pension scheme. This can only be done once employment with the organisation has commenced.
- Employees aged 75 or over.

#### 4.2.2 Bandings

Effective from 1<sup>st</sup> April 2018, employees' pension contribution rate will be based on their actual pensionable pay according to the following table:

<b>Band</b>	<b>Full-time equivalent salary</b>	<b>Contribution rate – main scheme</b>	<b>Contribution rate – 50/50 scheme</b>
1	£0 - £14,100	5.5%	2.75%
2	>£14,101 -£22,000	5.8%	2.90%
3	>£22,001 - £35,700	6.5%	3.25%
4	>£35,701 - £45,200	6.8%	3.40%
5	>£45,201 - £63,100	8.5%	4.25%
6	>£63,101 - £89,400	9.9%	4.95%
7	>£89,401 - £105,200	10.5%	5.25%
8	>£105,201 - £157,800	11.4%	5.70%
9	More than £157,800	12.5%	6.25%

The contribution band will be assessed using the actual pensionable salary plus any pensionable extra payments.

For term time staff, the actual pensionable salary will be based on the actual pensionable salary across the term time week's only, plus any pensionable extras.

Any fee earning staff will be assessed on the previous year's earnings to 31<sup>st</sup> March or part year if the individual is not employed for the whole year.

The salary figures detailed in the table above will increase on 1<sup>st</sup> April each year by the rise in the Consumer Price Index.

#### 4.2.3 –Reassessment of Banding

The Council will re-assess bandings for all employees every April, with the exception of the following:

- Promotion or permanent/long term honoraria payments
- Down-grading or demotion
- A re-grading exercise

All of the above will prompt an immediate reassessment.

4.2.4 The Council will not re-assess pension contribution bandings after a back dated pay award.

4.2.5 Individual Pension contribution banding can be found on your payslip accessed through [MyView](#)

4.2.6 Any appeal against a decision regarding an employees pension contribution banding, or any other decision relating to an employees rights or liabilities under the scheme, will be as detailed in paragraph 9.1 below.

4.2.7 All payments in respect of the job carried out by the employee are pensionable, save for the following exclusions:

- Any sum which has not had income tax liability determined on it
- Any expenses incurred in carrying out the duties of the role
- Any payment made in consideration of loss of holidays
- Any payment in lieu of notice to terminate the contract of employment
- Any retention payment made in order not to terminate the contract
- Any amount paid in relation to the provision of a motor vehicle or any amount in lieu of
- Any payment in consideration of loss of future pensionable payment or benefits
- Any award of compensation for the purposes of achieving equal pay in relation to other employees
- Any payment made by the Authority to a member of staff on reserve forces service leave
- Returning Officer (or acting) fees other than those paid in respect of local government elections, elections for the National Assembly of Wales, Parliamentary Elections or European Parliamentary Elections.

4.2.8 In addition to pensionable contributions, an employee is able to pay additional pension contributions (APC). There is no minimal payment, although the maximum is £6,675 (figure at April 2015) per annum. Advice on this is available from the Pensions team (see paragraph 11.1 below).

4.3 Those scheme members wishing to voluntarily draw benefits on or after 55 and before 60, the 85 year rule will not be applied by the Authority in this circumstance, except in circumstances where the Council considers it is in its

financial or operational interests to do so. For those employees would have to meet any strain on fund cost via an actuarial reduction applied to their pension.

85 year rule is a very complex area and individuals considering retirement should contact Shropshire County Pension Fund for clarification as to whether, and if so how, protections apply to their pension benefits.

#### **4.4 50:50 Option**

- 4.4.1 This option allows employees to contribute half the normal contribution rates to the pension scheme, yet still provides the full death in service benefit.
- 4.4.2 The intention is that this option allows those who wish to join the scheme, but can't afford to pay the full contribution rates, as a "stepping stone" into the scheme.
- 4.4.3 Should you wish to remain in this option longer term, you will be required to opt out of the full contribution rate scheme every three years and re-join the 50:50 option
- 4.4.4 The employer will pay the same contribution rates as members paying the full contribution rates.
- 4.4.5 For new employees to the Council who wish to join the 50:50 option, you must elect to pay reduced contributions as a 50:50 member. You are only allowed to do this once you have started your employment with the Council.
- 4.4.5 Should you elect to join the 50:50 option, please refer to the Shropshire County Pension Scheme website where you are able to find the application form.
- 4.4.6 The switch to the 50:50 option will only take effect from the next available pay period and not the date that the application form has been completed.
- 4.4.7 The Pension Scheme will provide you with information regarding how joining the 50:50 option will impact on your benefits.

#### **4.5 Transferring Pension into the Shropshire Pension Fund**

- 4.5.1 Employees may choose to transfer other pension rights into the Shropshire Pension Scheme. Advice on this is available from the Pensions Team (see paragraph 11.1 below).
- 4.5.2 Transfers between Local Government Pensions Funds will happen automatically, unless the employee requests for this not to happen.
- 4.5.2 The request to transfer pension rights as per section 4.4.1, or in the event of 4.4.2 the employee then decides to transfer other Local Government Pension Fund benefits, should normally be made within 12 months of the employee starting employment with Shropshire Council.

- 4.5.3 In exceptional circumstances, where an employee can demonstrate good cause, they may seek an extension to the first twelve months by up to a further 12 months before making a decision on making an application to transfer their pension rights subject to confirmation from their Director that they are not likely to retire, or be subject to ill-health retirement in the near future. Please note that this provision is **discretionary** and in **all instances**, the employee should write to the Head of Human Resources requesting an extension to the twelve months, detailing any extenuating circumstances. The Head of Human Resources will be the first stage approval, with the Pension Fund having to also agree to the transfer.
- 4.5.4 Any appeal against a decision not to allow an employee to transfer pension rights, or any other decision relating to an employee's rights or liabilities under the scheme, will be as detailed in paragraph 9.1 below.
- 4.5.5 Relevant employees (those who have AVC contracts taken out prior to 13<sup>th</sup> November 2001) at retirement may request to transfer in AVCs (Additional Voluntary Contributions). Requests should be made within 1 month of retiring; however this may be extended to 3 months to allow for administrative procedures.

#### **4.6 Awarding extra Annual Pension**

- 4.6.1 As a result of the changes to the Local Government Pension Scheme Regulations 2014, Augmentation (also known as "Added Years") will no longer be permitted as part of the Scheme. The option for the employer to grant extra annual pension of up to £6,675 (figure at April 2015) to an active member of the scheme, or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency (APC) will only be in exceptional circumstances and is not an automatic entitlement.
- 4.6.2 The Head of Human Resources, in consultation with the Head of Finance, has discretion to approve an award after taking into account all the financial implications, including sharing the cost with the employee (Shared Cost Additional Pension Contributions – SCAPC). It should be noted that any extra annual pension granted would be subject to an actuarial reduction if the pension is drawn early, other than if on the grounds of Ill Health.
- 4.6.3 Shropshire Council will only voluntarily contribute towards the cost of purchasing extra pension via a SCAPC if a member has a period of authorised unpaid leave of absence and elects within 30 days of return to work to pay a SCAPC to cover the amount of pension 'lost' during that period of absence. The Council will contribute 2/3rds of this cost to a SCAPC.
- 4.6.4 Granting extra pension will also be permitted in accordance with the Council's Redundancy and Compensation Policy

## 5.0 Retirement

*For information on all aspects of retirement please refer to the “Shropshire Fund Pension Scheme Booklet – a guide to your pension” available from the Pensions Team (01743 – 252130) or look on their website <http://shropshirecountypensionfund.co.uk/>*

### 5.1 Early Retirement on Compassionate or Exceptional Grounds

- 5.1.1 With effect from 1<sup>st</sup> April 2014, the opportunity to apply for early release of benefits on compassionate or exceptional grounds will no longer be available and will only be considered in exceptional circumstances only.

Employees that left prior to 01 April 2014, the provision for compassionate grounds remains **discretionary** and in **all instances**, the employees should write to the Head of Human Resources detailing the exceptional circumstances and any associated evidence to support their request. The case will then be considered on the basis of the submission and any associated costs that the Council may have to meet.

### 5.2 Early Retirement on the Grounds of Ill Health

- 5.2.1 With effect from 1<sup>st</sup> April 2008, a three tiered ill health retirement scheme will apply (amended under the 2013 regulations). Extra membership on the grounds of ill health retirement will be awarded on the following basis:

- The first condition is that the member is, as a result of ill-health or infirmity of mind or body, permanently incapable (that the member will, more likely than not, be incapable until at the earliest, the member's normal pension age) of discharging efficiently the duties of the employment the member was engaged in.
- The second condition is that the member, as a result of ill-health or infirmity of mind or body, is not immediately capable of undertaking any gainful employment (in this instance, “gainful” is defined as “paid employment for not less than 30 hours per week for a period of not less than 12 months”)

- 5.2.2 The process for ill health retirements can be found within the Council's policy on “Caring about Sickness”, Section 9.

### 5.3 Flexible Retirement

- 5.3.1 Under the flexible retirement arrangements, employees who are members of the Local Government Pension Scheme, may request a reduction in their hours or move to a lower graded post and also draw their pension whilst continuing to work, under regulation 30(6) of the LGPS Regulation 2013 of the pension scheme regulations. This will be subject to management consent and will only be considered where there is a justifiable business case and the cost, if any, of early release of pension is managed within the section's budget.

**It should be noted that as this provision needs to be cost effective, cases will be considered on an individual basis and a reduction in hours needs to equate to a minimum requirement equivalent to one working day (pro-rotta) if already part-time.**

5.3.2 To be considered for this, employees must:

- be aged 55 or over
- not work in a post or area of work where there are difficulties in recruiting; there are skill shortages or work of a particular nature which requires their skills;
- get authorisation for early release of their pension.

5.3.3 Employees who request a reduction in their hours or in the grade of their post should use the procedure outlined in the Flexible and Agile Working Policy and submit a Flexible and Agile Working Request Form to their Manager. The manager will then complete a Flexible Retirement Request Manager Report, outlining the business case. See Appendix 1 Flexible Retirement Process Flow and Appendix 2 for manager report template.

5.3.3 Early release of pension before age 65 may mean pension benefits are reduced (please refer to Section 5.3.5). Employees should therefore obtain information on their pensionable benefits, which would apply in these circumstances before submitting a request. This is available from the Pensions team (see paragraph 11.1 below).

5.3.4 The decision to permit an employee to receive immediate payment of their pension under flexible retirement will be authorised by their Director, in discussion with the Head of Human Resources.

5.3.5 When making the decision to permit Flexible Retirement, all benefits pre 1st April 2008 will be released. A cost analysis of benefits accrued between the 1st April 2008 and 31st March 2014, and 1st April 2014 onwards will determine whether all, part or none of the benefits are released and whether actuarial reduction, in whole or in part, will be waived to benefits taken before Normal Pension Age (NPA).

5.3.6 Once the Manager has received approval from their Director and Head of Human Resources, they should complete the Flexible and Agile Working Acceptance Form and submit a Contract Amendment e-Form through MyView (refer to Appendix 1 for process).

**Please note that in order to be accepted for Flexible Retirement, approval is required from the Head of Human Resources and the appropriate Director. Merely accepting the reduction in hours does not automatically release the pension benefits of the employee**



## **6.0 Working beyond the age of 65**

### **6.1 Job applicants over the age of 65**

There will be no upper age restriction for job applicants to the Council. Where a job applicant aged 65 or over is appointed, they will receive the standard contractual terms which apply to the post.

### **6.2 Existing employees working beyond age 65**

6.2.1 The Employment Equality (Age) Regulations 2006 state that employees have the right to request not to be retired. As Shropshire Council does not apply a compulsory retirement age, an employee can continue in their post beyond the age of 65 if they wish to do so.

6.2.2 Performance of all employees will continue to be reviewed through the normal annual performance appraisal mechanisms. When being appraised, no employee should be treated differently because of their age.

### **6.3 Implications for employees in the Local Government Pension Scheme (LGPS) who work beyond age 65**

#### **6.3.1 Employees in the LGPS who continue to work beyond 65**

Employees over the age of 65 can remain in the scheme to the eve of their 75<sup>th</sup> birthday and their LGPS benefits earned up to their Normal Pension Age will be increased to compensate for their late payment. Benefits must be paid from age 75, even if employment continues beyond that age.

#### **6.3.2 Employees formerly in the LGPS who after a break in service are re-employed at 65 or above**

Employees under the age of 75 can re-join and remain in the scheme up to that age and benefits must be paid from age 75, even if employment continues beyond that age. Any LGPS pension already in payment will not be affected, but any part of that pension resulting from added years given in early retirement cases may be subject to adjustment. Details are available from the pension section in individual cases.

#### **6.3.3 Employees appointed at 65 or above with no previous reckonable service**

Employees under the age of 75 can join and remain in the scheme up to that age and benefits must be paid from age 75, even if employment continues beyond that age.

## **7.0 Pre-retirement Courses**

- 7.1 Employees who have indicated that they wish to retire will have the opportunity of attending a Pre-Retirement Course, to better prepare them for that change.
- 7.2 Further details of the Planning a Positive Retirement course are available on SC Intranet: <http://staff.shropshire.gov.uk/training-and-development/staff/planning-a-positive-retirement/>

## **8.0 Links to Other Policies**

- 8.1 This policy links to Shropshire Council's Flexible Working Framework and to the Council's Redundancy and Compensation Policy, Absence Management Policy with relation to ill health.

## **9.0 Pensions Appeals**

- 9.1 In accordance with Regulation 73 of the Local Government Pension Scheme (Administration) Regulations 2013, the Council is required to draw all employees' attention to the fact that, if they are dissatisfied with any decision in relation to their rights or liabilities under the Scheme, they may make an application to the Head of Treasury and Pensions, as the person appointed for resolving first stage disputes. An appeal must be made within six months of the event. Standard forms and guidelines are available from the Pension Team for this purpose.

If employees remain dissatisfied, they may apply for a reconsideration of the decision to the Head of Legal and Democratic Services. The final level of appeal would be to the Pensions Ombudsman.

In all instances, all initial concerns, or matters whereby an employee is not in agreement, should be referred to the individual who made the original decision. The Pension Scheme will also be available to advise you of your rights under the Scheme.

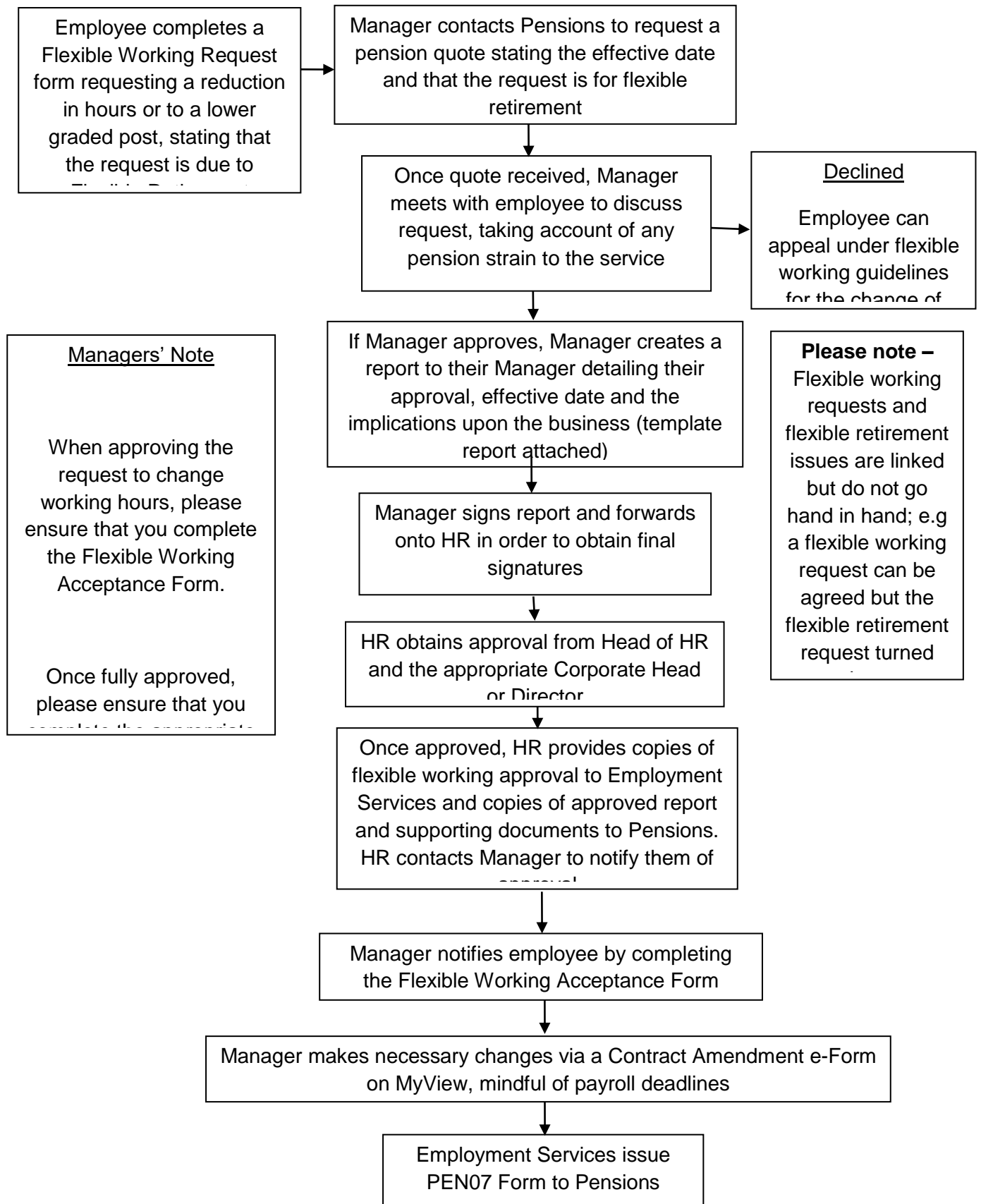
## **10.0 Monitoring and Review**

- 10.1 Human Resources will work with Managers to monitor the application of this policy. Shropshire Council may review any aspect of the procedure in the light of changing circumstances at any time, in consultation with the trade unions.
- 10.2 The policy will be reviewed at regular intervals, in conjunction with changes to legislation, and any changes to the regulations as informed by the LGPS that may impact upon it. .

## **11.0 Further Advice on Pensions**

- 11.1 Advice and information on the Local Government Pension Scheme (LGPS) is available from the Pensions team who can be contacted on 01743 252130 or at [pensions@shropshire.gov.uk](mailto:pensions@shropshire.gov.uk). Further useful information can also be found at <http://shropshirecountypensionfund.co.uk/>

## Appendix 1 - Flexible Working Process Flow



## **Flexible Retirement Request Manager Report**

Employee Name:

Employee number:

### **Background**

**Include the following in your business case:**

- *Current employment details – include current post, hours worked and current SCP details*
- *Effective date of change and what that change will be*
- *How the approval of the request will benefit the team*
- *Details regarding the strain (if any) on the pension fund, and the cost implications in relation to the team budget (if any)*

I agree to this request for flexible retirement and that pension payments commence with effect from (date).

### **Direct Line Manager**

.....Date.....  
(Name and sign)

**Post:** .....

### **Next Level of Line Management**

.....Date.....  
(Name and sign)

**Post:** .....

### **Head of Human Resources & Development**

.....Date.....  
(Name and sign)

### **Director of Group or Service Area**

.....Date.....  
(Name and sign)

### **Attached supporting paperwork:**

Flexible Working Request Form

Flexible Working Approval Form

## Redundancy Policy

### Contents

1. Introduction
  2. Exclusions to the Policy
  3. Objectives
  4. Potential Redundancy Situation
  5. Alternatives to Compulsory redundancy
  6. The Consultation Process
  7. Application of the Compulsory Redundancy Criteria
  8. Redeployment
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  10. Appeals Against redundancy
  11. Redundancy Payments
  12. Payment of Pension
  13. Assistance to Seek New Employment
  14. Review of Policy
- Appendix A Redundancy Selection Criteria  
Appendix B Redundancy Appeals Procedure

### 1. Introduction

- 1.1 Shropshire Council aspires to be a fair and equitable employer committed to the principle of maintaining the highest possible level of job security for its employees. However, it is recognised that there may be certain circumstances e.g. in times of severe budgetary constraints when staffing reductions are necessary.
- 1.2 In the event of a potential redundancy situation being identified Shropshire Council will endeavour to address this by limiting external recruitment, redeploying employees where possible, considering requests for voluntary redundancy and other reasonably practicable measures in order to avoid a compulsory redundancy situation. However, should compulsory redundancy become necessary Shropshire Council will strive to ensure a consistent and fair method of selection is applied.
- 1.3 The Redundancy Policy sets out how potential redundancy situations and, if necessary, compulsory redundancies will be managed within Shropshire Council.
- 1.4 The policy applies to all Council employees, except those employed directly by schools who have a specific policy available on the Schools Learning Gateway.

### 2. Exclusions to the Policy

- 2.1 The Redundancy Policy will not apply in the following circumstances:
  - Termination during, or at the end of a probationary period of service in accordance with the Probationary Performance Policy, whether or not the probationary period was extended beyond its originally specified duration.
  - Resignation by an employee, or other termination, by mutual consent.

- To agency staff, contractors or external consultants.
- Apprentices who do not secure permanent employment after their training.
- Employees on a fixed term contract with less than 2 years' service in the affected post.

### **3. Objectives**

3.1 The objectives of the Redundancy Policy are to:

- Ensure the Council complies with its legislative requirements in relation to redundancy situations;
- Provide clear advice when handling potential redundancy situations;
- Outline measures that may be available to seek to minimise or avoid compulsory redundancy;
- Set out a clear framework for the management of compulsory redundancy situations including the application of a Redundancy Selection Criteria;
- Ensure that where compulsory redundancy is necessary employees leave the Council feeling that they have been treated in a fair and equitable manner.

### **4. Potential Redundancy Situation**

4.1 A potential redundancy situation arises when:

- An employer has ceased, or intends to cease, to carry on the business in the place where an employee was so employed; or
- Where the requirements of the business for employees to carry out work of a particular kind have ceased or diminished or are expected to cease or diminish; or
- Where the requirements of the business for employees to carry out work of a particular kind, in the place where they are so employed, have ceased or diminished or are expected to cease or diminish.

4.2 As soon as it becomes evident that a potential redundancy situation could exist then the Service Manager, in conjunction with HR Business Partner will identify those likely to be affected, both directly and indirectly.

4.3 In some instances the employee(s) to be made redundant will comprise all those undertaking a particular job. In these circumstances, however, care must be taken to check whether a wider group of employees could potentially be affected as a consequence of them having similar or common contracts of employment. In this situation it may be appropriate to ring fence those employees highlighted and follow the process as detailed in Appendix A.

## **5. Alternatives to Compulsory Redundancy**

5.1 In order to avoid or reduce the need for compulsory redundancy alternative measures will be considered. These will include the following:

- Natural wastage through normal staff turnover;
- Suspending relevant external recruitment;
- Reducing overtime;
- Reducing the number of hours worked;
- Voluntary redundancy;
- Redeployment within the Council.

## **6. The Consultation Process**

6.1 Consultation must be carried out “in good time” i.e. as soon as redundancies are proposed. Where 20 or more redundancies are proposed there is a statutory duty to consult with the Trade Unions. The Chief Executive or Director with the support of HR will be responsible for issuing a Section 188 notice to the relevant Trade Unions and submitting a HR1 form to the Secretary of State.

6.2 When consulting staff, it is important to consult those who are sick, on maternity, paternity or adoption leave. Failure to consult an employee on maternity leave may lead to a successful sex discrimination claim at tribunal, with unlimited compensation.

6.3 Where the Council is proposing to make redundancies consultation must begin at the earliest opportunity and no less than follows:

<b>Number of employees</b>	<b>Period of Consultation</b>
between 20 and 99 employees at one establishment within a period of 90 days or less,	at least 30 days before the first of the dismissals takes effect.
Over 100 employees at one establishment within a period of 90 days or less,	a period of at least 45 days consultation will apply.
fewer than 20 in one establishment	the Council will endeavour to observe a consultation period of at least 30 days

6.4 Fixed term contracts that have reached their termination date or will terminate during the consultation time are excluded from the requirement to consult collectively.

6.5 An employee(s) and, where appropriate, his/her representative(s) will be provided with the following information as part of the genuine and meaningful consultation process:

- The reason(s) for the proposal(s);
- The number(s) and description of employees proposed to be dismissed as redundant;
- The total number of employees of that description employed at the establishment in question;
- The timeline of the planned consultation period;
- The proposed structure;
- The proposed method of selecting the employees who may be dismissed;



- The proposed method of carrying out the dismissals, including the period over which the dismissals are to take effect; and
- The proposed method of calculating the amount of any redundancy payments – other than statutory payments – to be made to the employees who are dismissed.

Consultation will also include ways of:

- Avoiding or reducing the number of dismissals i.e. considering other options instead of dismissal; e.g. suspending recruitment or reviewing the options for redeployment; and
- Mitigating the consequences of dismissal, e.g. outplacement support

During the consultation process all employees have the option to have individual consultations with management and HR to discuss their options or to put forward evidenced counter proposals to the planned restructure or redundancy.

## **7. Application of the Compulsory Redundancy Selection Criteria**

- 7.1 If, despite consideration of alternative measures, the need for compulsory redundancy is unavoidable, then the 'Redundancy Selection Criteria', attached at Appendix A to the Policy, will be used to determine which employee(s) will ultimately be declared redundant unless it is evident that all employees will be made redundant. In the event of a restructure or job re-design the selection method may be through interviews. It should be noted that the Council reserves the right to amend the redundancy selection criteria/weighting where circumstances suggest that this would be reasonable.
- 7.2 All employees involved in the redundancy selection process will be provided with a copy of the 'Redundancy Selection Criteria', together with an explanation as to how this will be applied, prior to the redundancy selection taking place.

## **8. Redeployment**

- 8.1 The Council will make every reasonable effort to find alternative work within the organisation for any employee who is selected for redundancy. Such employees will be added to the redeployment register for any available vacancies at the time of their redundancy selection and during their notice period.
- 8.2 Where either an employee or management have identified a post as being potentially suitable alternative employment the employee will need to participate in a selection process in order to establish whether or not the position is suitable for the employee taking into account his/her skills, knowledge, experience, level of seniority as well as the terms and conditions of the post.
- 8.3 Employees who are on Maternity, (or Adoption), leave are legally entitled to be offered any suitable alternative job before any other employee Failure to do so will result in the dismissal being automatically unfair.

8.4 Where an alternative post offered is substantially the same with regards to:

- Existing Grade
- Work location;
- Duties of the post;
- Working hours

the post will be considered Suitable Alternative Employment (SAE).

If the employee accepts the offer of redeployment they will be entitled to a 28 day trial period. The purpose of the trial period is to enable both the Council and an employee to assess the suitability of the post.

8.5 Should the Council deem an employee to be unsuitable for the post, or the employee themselves has concerns about their new role during the 28 day trial period, appropriate action will be taken in consultation with the employee, which may include seeking further redeployment opportunities, but may also include an employee finishing work in line with notice previously issued.

The determination of what is suitable and, indeed, what constitutes an unreasonable refusal is not statutorily defined and hence each case will need to be determined on merit and in consultation with HR

Should an employee unreasonably refuse an offer of SAE, the employee will lose his/her right to any redundancy payment that may be due.

For more information please refer to the [Redeployment Procedure](#).

## **9. Issuing Notice of Redundancy**

9.1 Notice of redundancy will not be issued until the agreed consultation period has elapsed.

9.2 The Council's obligation to the employee must always be read against any additional notice required so the notice period will be whichever is greater; statutory or contractual. Therefore an employee in a Grade 7 post with a contractual notice period of 1 month who has 6 years' service will be given 6 weeks statutory notice. For more information on notice periods please see the [Periods of Notice Policy](#).

9.3 Payment in lieu of notice is not justifiable in cases where the timetable for redundancy is known sufficiently well in advance to give normal notice, and there is nothing else preventing this.

9.4 If you have been made aware through consultation that you are at risk of redundancy the employee and manager need to work together to ensure that all pro rata annual leave and credit/debit hours are taken wherever possible. Payment of annual leave is not justifiable in cases where employees have known sufficiently well in advance of their termination date. Annual leave needs to be pro rata to their termination date and used prior to leaving. In the event that an individual has exceeded their annual leave entitlement, action will be taken to recover the amount from pay.

## 10. Appeals against Redundancy

- 10.1 Notice of redundancy will contain details of the right of appeal against Selection for Redundancy to the Redundancy Appeals Panel. Any appeal must be submitted in writing to the Head of HR within **10** working days of receipt of the redundancy notification and provide all details of the reason for the appeal. For the full appeal process see Appendix B.
- 10.2 While an appeal is in progress, the contractual period of notice will continue to run from the original date of notification of redundancy.

## 11. Redundancy Payments

- 11.1 All eligible employees (see paragraph 2.1) who are made redundant either following a call for volunteers, or through a compulsory redundancy and have a minimum of two years continuous service with local government or a Redundancy [Modification Order](#) body are entitled to a redundancy payment. Redundancy payments are calculated dependent of the length of continuous service in the affected post. The maximum length of service counted for statutory redundancy pay is 20 years.
- 11.2 Employees will receive the following entitlement:

Service	Entitlement
For service between ages 16 – 21	½ weeks' pay for each completed year of service multiplied by 1.5
For service between ages 22 – 40	1 weeks' pay for each completed year of service multiplied by 1.5
For service from age 41 and above.	1 ½ weeks' pay for each completed year of service multiplied by 1.5

- 11.3 A weeks' pay is defined as the amount to which an employee is entitled under his or her contract of employment when he/she works a normal week. If an employee's working hours vary, or where additional payments are made, pay is averaged over the previous 12 weeks from the date of your termination letter.
- 11.4 If an employee holds more than one post they will only be made redundant from the affected post and will remain in any other posts. Redundancy pay will be calculated on the continuous start date of the post from which they are being made redundant and all other continuous start dates will remain.

For Example:

Post 1: Admin post started 01/01/1990

Post 2: Assistant Social Worker post started 01/01/2005

If you were made redundant from your Admin post then the continuous start date used for redundancy calculations would be 01/01/1990 and your start date would remain as 01/01/2005 for the other post.

If you were made redundant from your Assistant Social Worker post then the continuous start date used for your redundancy pay would be 01/01/2005.

- 11.5 The additional compensatory payment (1.5 multiplier) is calculated taking account of any local government service, and service covered by the Redundancy Payments Modification Order up to a maximum of 20 years in total.

For example:

Current Continuous Service: 4 years from age 41 = 6 weeks' pay (4 x ½ week's pay)  
Previous Service: 10 years from age 20 = 9 weeks' pay (2 years at ½ week's pay + 8 years at 1 weeks' pay)  
Total: 6 + 9 = 15 week's pay x 1.5 multiplier

- 11.6 Final redundancy payments will be made once the employee has completed their notice period and all final salary payments have been made. The redundancy payment will then be calculated and paid on the next available pay run.
- 11.7 Redundancy payments are expressly exempt from income tax. They will, however, be taken into account in determining whether or not the total compensation paid to an employee exceeds the £30,000 tax-free limit.
- 11.8 Any offer of employment made by any local authority (or specified body covered by the Modification Order) accepted whilst under notice of redundancy and commencing within four weeks of the date of redundancy would disqualify an employee from receiving a redundancy payment.
- 11.9 In the event of being re-employed in another local authority post (or with a related employer) after termination and having received a redundancy payment, continuity of service for purposes of any future redundancy pay rights will start afresh.
- 11.10 All employees are responsible for checking their redundancy calculations to ensure any errors are highlighted as soon as possible.

## 12. **Payment of Pension**

- 12.1 Any employee who is subject to these redundancy provisions, who is aged 55 and over at the date of termination and is a member of the pension scheme, will be eligible to receive immediate payment of their pension. In these cases, the employing service will meet any additional strain on pension fund.

### 12.2 Purchasing Additional Pension Benefits

If the employee is a member of the Local Government Pension scheme, there will be an option for the council to purchase additional pension benefits under regulation 13 of the Local Government Pension Scheme Regulations 2013 as an **alternative**, but not as well as additional compensation under section 11.1. The award of additional pension cannot exceed £6,500 from 1<sup>st</sup> April 2015 and that figure is increased on 1<sup>st</sup> April each year. Additional pension benefits can be purchased by the notional additional compensation i.e. the excess over the statutory payment calculated in accordance with paragraph 11.1. This will be at no extra cost to the Council and the calculation will take into account any additional pension costs met by the Council

resulting from the early payment of pension benefits. The employee must be an active member of the LGPS and any decision to opt for this alternative must be made before their employment is terminated.

### **13. Assistance to Seek New Employment**

- 13.1 An employee with at least two years continuous service at the dismissal date has a statutory entitlement to reasonable time off with pay during his/her notice period to look for new employment or to make arrangements to undertake training for future employment. The Employment Rights Act 1996 does not specify what is deemed to be a reasonable amount of time off, However, employers do not have to pay more than two-fifths of a week's pay regardless of the length of time off allowed. For example, if an employee works five days a week and they take four days off in total during the whole notice period, Shropshire Council is only obliged to pay employees for two days. Employees are required to provide reasonable notice of their interview, including proof of the interview date, time and location to their Manager
- 13.2 The council also provides a number of courses for employees facing redundancy to give them the skills and knowledge to apply for alternative employment. Further information is available [here](#).

### **14. Review of Policy**

- 14.1 This policy will be reviewed by HR and Development, in consultation with unions.

**1.0 Introduction**

- 1.1 It is essential that during a redundancy process the Council ensures that fair and transparent criteria for selection for redundancy are identified and applied consistently.
- 1.2 As a preliminary stage to selection, volunteers for redundancy may be invited to express an interest and be considered by management. However the Council is under no obligation to accept these volunteers. Care must be exercised when selecting from a list of volunteers to ensure that a balanced workforce remains in order to meet the demands of the service.
- 1.3 The handling of compulsory redundancies where selection is involved requires a systematic approach, if any dismissals are to be judged as fair. There is also an expectation amongst Trade Unions that in the event of compulsory redundancies being necessary, the Council will adopt reasonable selection criteria. These guidelines are to be used in the event of compulsory redundancies affecting National Joint Council for Local Government Services, Soulbury, Youth Service employees, other than those whose posts form part of the establishment of a school. The guidelines aim to ensure that good industrial relations practice is maintained in dealing with difficulties of this kind. There may be occasions where different selection criteria is used and in this case employees will be made aware of this at the beginning of the consultation period.
- 1.4 Any team or service faced with the problem of achieving employee reductions by selection for compulsory redundancy will have the principal objective of maintaining a balanced workforce after the redundancies are carried out, measured against the anticipated needs of the Authority. On this basis the approach to selection will be as follows:-

**2.0 Unit of Selection**

- 2.1 The "unit of selection" should be clearly defined - that is the area of work (based on geography, function and/or level) where reductions are necessary. The relevant Trade Unions and employees concerned will be made aware of the unit of selection by the consultative stages required by the Redundancy Policy.

**3.0 Selection Procedure**

- 3.1 Wherever possible two senior managers and a HR Business Partner together, with responsibility and/or knowledge of staff in the unit of selection will then apply selection criteria in the following way:-

**Stage 1**

Completion of the Selection Criteria Matrix. The application of the redundancy matrix will effectively score or rank the individuals within the pool and identify those employees who are likely to be 'at risk' of redundancy, depending on the number of redundancies needed in the particular service area. Once agreed, for a specific situation, matrices and weighting cannot be changed to influence the results.

<b>Relevant Qualification and skills</b>	<b>Score</b>
Has all the relevant qualifications and skills required	5
Is working towards a relevant qualification and has the skills required	4
Either has the relevant qualification but does not have all the skills required OR has the skills required but does not have the relevant qualification	3
Does not have the relevant qualification or skills	1

<b>Relevant Experience</b>	<b>Score</b>
Has the relevant experience to be able to be effective in the role with immediate effect, or with minimal development	5
Has relevant experience but would require some structured development	3
Has insufficient experience	1

<b>Work Performance</b>	<b>Score</b>
Regularly exceeds target performance in a number of different and additional tasks	5
Regularly achieves target performance in usual tasks	3
Usually performs below target performance	1

<b>Ability to learn new tasks</b>	<b>Score</b>
Learns new tasks faster than the majority of employees at the same level	5
Learns new tasks as quickly as the majority of employees at the same level	3
Needs longer than the majority of other employees at the same level to learn new tasks	1

<b>Attitude towards others</b>	<b>Score</b>
Is always co-operative with colleagues and managers and demonstrates a positive attitude	5
Usually co-operative with colleagues and managers and normally demonstrates a positive attitude	3
Can sometimes be negative and does not always co-operate fully with colleagues or managers.	1

<b>Continuous Employment</b>	<b>Score</b>
Over 15 years' service	5
Between 10 and 15 years' service	4
Between 5 and 10 years' service	3
Between 2 and 5 years' service	2
Up to 2 years' service	1

## Weighting

### Compulsory Redundancy

To achieve the total score for an employee, each criterion is weighted by a factor of 1-3 to reflect its relative importance. The weightings take into account the service's requirements to meet its future service needs and targets as well as the need to maintain a balanced workforce. The weighting will be as follows:

- Qualifications & Skills (x3)
- Experience (x3)
- Work performance (x3)
- Ability to learn new tasks (x2)
- Attitudes towards other (x2)
- Continuous Service (x1)

Having weighted the scores, a total is calculated for each employee. For example, where necessary to reduce the headcount in a service area from 20 to 15 a selection matrix is completed for all 20 employees. The 5 with the lowest scores will be provisionally selected for redundancy.

### Voluntary Redundancy

- Qualifications & Skills (x1)
- Experience (x1)
- Work Performance (x3)
- Ability to learn new tasks (x1)
- Attitudes towards others (x1)
- Continuous Service (x3)

## Stage 2

Where a tie-break situation arises and more than 1 employee has a similar score, the following criteria will be taken into consideration. This criteria is to be used only in such a situation.

Disciplinary Record	Score
No disciplinary record	5
Informal disciplinary discussion / letter of concern	4
Verbal warning	3
Written Warning	2
Final written warning	1

*Only current warnings on file where the disciplinary process has been completed at the date of the selection exercise should apply. Do not take into consideration any current or outstanding disciplinary investigations.*

## Stage 3

If selection is still necessary, timekeeping records will be considered from the previous 12 months. The frequency of and reasons for poor timekeeping will be taken into account.



#### Stage 4

If it has not been possible to select by Stage 3 then an interview or assessment will be carried out.

- 3.2 The personal circumstances of employees at risk of redundancy must not be taken into account at any stage of the selection process. At all stages the employees concerned should be given details of any records to be used.
- 3.3 Where selection criteria have been applied those selected must be notified as soon as possible and in a sensitive manner which fully recognises the difficulties faced by the employee. Those not selected should also be told of the decision as soon as possible.
- 3.4 Where someone has been selected for compulsory redundancy, they must be given the reasons for their selection in writing and notifying them of their right to appeal (refer to section 11).

**1 Process to be followed prior to the Appeal**

- 1.1 The Appeal will be heard by the Chief Executive, or a delegated Director, and the Head of HR will appoint a Clerk to the Appeal.
- 1.2 The Clerk to the Appeal will write to the employee informing of them of the date and time of the appeal hearing which will usually be held within three weeks of receipt of the notification of appeal. However, if this will not be possible the employee will be notified of the likely timescale. Acknowledgement of receipt will be required from the employee and the employee must also provide any written evidence they intend to use in the hearing to the clerk of the Appeal at least seven days in advance of the hearing.
- 1.4 Seven days prior to the Appeal, the manager who made the redundancy decision will prepare a statement of case and send it to the Clerk of the Appeal. The statement of case will need to explain the following:
  - The papers (often including committee reports) which provide information on the need for the redundancy
  - The selection criteria used (where applicable)
  - Details of the employees in all posts included in the pool for redundancy selection broken down by gender, age, start date, ethnic origin, disability and length of service in current post.
  - Any measures taken to try and avoid compulsory redundancy
  - Details of consultation arrangements
  - The reasons provided by the employee appealing against redundancy.
- 1.5 Although the employee is likely to have seen the documentation contained within the statement a copy should be sent to the employee seven days before the hearing by the Clerk of the Appeal.

**2 Process to be followed at the Appeal**

- 2.1 An employee has the right to be accompanied, at the Appeal, by a Trade Union representative or work colleague.
- 2.2 At the Appeal it will be the responsibility of the manager who made the redundancy decision to demonstrate to the Redundancy Selection Appeals Panel that the redundancy selection criteria have been applied fairly. It will be for the employee or his/her Trade Union representative, or work colleague, to demonstrate to the Redundancy Selection Appeals Panel that the redundancy selection criteria have been applied inappropriately and/or the information considered had been incorrect resulting in the employee being selected wrongly for redundancy.
- 2.3 The Chief Executive, having considered submissions from both parties, can determine that the redundancy selection criteria had:
  - Been applied correctly and dismiss the appeal;
  - Not been applied correctly and/or the information upon which it was based was incorrect but that the resultant amendments would have made no difference to

the outcome of the redundancy selection and on these grounds dismiss the appeal;

- Not been applied correctly and/or the information upon which it was based was incorrect but it was unclear what impact this would have on the redundancy selection and so refer the matter back to the Redundancy Selection Panel for reassessment;
- Been applied incorrectly and/or the information upon which it was based was incorrect with the result that the employee had been selected wrongly for redundancy and so uphold the appeal;
- Not been applied to the correct group of employees and so refer the matter back to the Redundancy Selection Panel for re-assessment.

### **3. Process to be followed after the Appeal**

- 3.1 The decision of the Chief Executive will be final.
- 3.2 The Chief Executive will give the outcome to the appeal in writing as soon as reasonably practicable and normally within 14 working days.
- 3.3 Where the appeal is unsuccessful and a redundancy decision is confirmed, employment will terminate on the date specified in the original written notification of redundancy.
- 3.4 In the event that an appeal against redundancy selection is allowed this may mean that another employee will have to be selected for redundancy, provided that the alternatives to redundancy have been considered in respect of the selected employee and the employee has subsequently been afforded the right of appeal. In these circumstances the employee concerned should be advised as soon as is practicable and the opportunity to appeal afforded.