



*Dunbartonshire and Argyll & Bute
Valuation Joint Board*

SCHEME OF VOLUNTARY EARLY RETIREMENT AND VOLUNTARY SEVERANCE

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1. Introduction

- 1.1 The purpose of this document is to inform employees of the scope and eligibility criteria; the application process; and the arrangements and terms which apply to agreed early retirements and voluntary severances, in line with Dunbartonshire and Argyll & Bute Valuation Joint Board's (The "Joint Board") Discretions Policy. Applications of interest should be submitted by **17 February 2012**.
- 1.2 The Joint Board will use its discretion to improve terms relating to early retirements and voluntary severances. The Scheme was launched in November 2011 and will remain open for formal applications for employees wishing to be considered for release by **31 May 2012**. An extension to this deadline may be approved by the Joint Board.
- 1.3 Where approved, employees being granted early retirement or voluntary severance will leave the Joint Board by **31 May 2012**. Any offer will be subject to an agreed termination date in line with these dates. Early retirement or voluntary severance will be at the discretion of the Joint Board and there is no automatic entitlement for a post to be released.

2. Background

- 2.1 The changing financial demands placed on the Joint Board make it necessary for the Board to be able to manage change effectively. This includes the need to manage staffing resources in a way which meets the Joint Board's goals and objectives but which is also fair and flexible for employees.
- 2.2 This Scheme of Voluntary Early Retirement /Voluntary Severance provides a mechanism for dealing with these demands and will enable the Joint Board to secure staff reductions effectively and speedily.
- 2.3 The Scheme operates on the basis that the need for reductions in staffing levels must be set against the continuing demand for high quality service delivery. All applications for this Scheme will therefore be considered taking into account the needs of services.

3. Financial Case

- 3.1 Any case for voluntary early retirement or voluntary severance must demonstrate that the departure of a member of staff from the Joint Board on voluntary terms would be in the financial interest of the Joint Board.
- 3.2 The Joint Board will use the discretions available in the Policy on Discretions, but in so doing, the Joint Board will endeavour to ensure that:

- it exercises its discretions reasonably and

- any early retirements/severances result in a long term and sustained saving to the Joint Board.

4. Scope/Eligibility

- 4.1 The Scheme will apply generally to employees of the Joint Board, though not all posts will be suitable for early retirement or voluntary severance. Discretion will only be granted where service demands and service targets can be reasonably maintained.
- 4.2 Employees must have at least 2 years continuous service (as defined within the contract of employment) or pensionable service by the date of termination of employment.
- 4.3 All decisions will be at the discretion of the Joint Board and there will be no automatic entitlement to the benefits of the scheme. Each application will be considered on its own individual merits.
- 4.4 There is no right of appeal against a decision not to allow an employee to leave employment on voluntary early retirement or voluntary severance.
- 4.5 Within the above terms the scheme applies equally to all employees irrespective of age, gender, gender re-assignment, religion or belief, sexual orientation, disability, pregnancy/maternity, marriage and civil partnership and race.

5. Scheme Provision & Options

NOT A MEMBER OF THE LGPS	
Entitlement	Severance Payment of up to 60 weeks

MEMBER OF THE LGPS (joined AFTER 5 April 2006)	
Aged 54 or under	Severance payment of up to 60 weeks
Aged 55 or over	2 years but less than 5 years pensionable service Pension with no added years
	5 years up to 6 years 243 days pensionable service Total membership doubled (dependent on maximum added years attainable up to age 65)
	More than 6 years 243 days pensionable service Pension with up to an added 6 years 243 days dependent on costs and maximum added years up to age 65 or maximum of 40 years entitlement

MEMBER OF THE LGPS (joined ON OR BEFORE 5 April 2006)	
Aged 49 or under	Severance payment of up to 60 weeks
Aged 50 or over	2 years but less than 5 years pensionable service Pension with no added years
	5 years up to 6 years 243 days pensionable service Total membership doubled (dependent on maximum added years attainable up to age 65)
	More than 6 years 243 days pensionable service

	Pension with up to an added 6 years 243 days dependent on costs and maximum added years up to age 65 or maximum of 40 years entitlement
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6. Application Procedures

6.1 Employees interested in the Scheme of Voluntary Early Retirement can access provisional figures by using the Strathclyde Pension Fund Office Pension Calculator which can be accessed on www.spfo.org.uk. (click on Benefit Calculator which is listed under 'Useful Tools'). You will find it useful to have your most recent Annual Benefit statement from Strathclyde Pension Fund Office (SPFO) to hand. Please contact the West Dunbartonshire Council Employee Lifecycle Team for further guidance if necessary.

6.2 Employees interested in a severance payment can calculate their payment by using the attached ready reckoner (**Appendix 1**). To use the ready reckoner - find your current age on the left-hand column, and move across the number of completed years service (up to a maximum of 20). This figure is the number of **weeks** severance pay due. Multiply this figure by your weekly contractual pay to calculate your severance payment.

Contractual elements include bonus, shift allowance, contractual overtime but not casual overtime. Please contact the Employee Lifecycle Team for further guidance if necessary.

6.3 Employees interested in the Scheme are requested to complete and submit the form contained in **Appendix 2** during the Application Period of the scheme. Completed applications must be returned to the Assessor & ERO:

235 Dumbarton Road
 CLYDEBANK
 G81 4XJ
 Telephone: 0141 562 1260

6.4 Only during the stage of formal application will figures be requested from the Pension Office by the Joint Board/WDC HR & OD Services.

6.5 Employees will be advised of the outcome of their application as soon as it has been given due consideration. Where an offer of release through early retirement is being made, detailed pension information will be included in the offer letter. Where an offer of release through voluntary severance is being made, details of the severance payment will be included in the offer letter.

6.6 Where more than one application is received for voluntary early retirement or voluntary severance from a specific group of employees, selection criteria will be used. The selection criteria will be non-discriminatory and flexible enough to ensure that voluntary severance/voluntary early retirement does not result in the service continuity being compromised. The selection criteria used will be dependent on the specific group.

6.7 Successful candidates will be issued with an offer letter which will detail:

- Voluntary severance lump sum (if applicable)
- Pension benefits (if applicable)
- Proposed date of termination

The letter will also request that the employee advise the Assessor & ERO as to the acceptance of the offer. The offer will remain available for a period of 7 days as from receipt of the offer letter.

- 6.8** Although resignation from the Joint Board is on a voluntary basis and agreed between both parties, under law it is still defined as a “dismissal”. A formal offer will also include a date for a meeting between the employee and the appropriate Manager. The purpose of the meeting will be to finalise the offer arrangements. Employees have the right to be accompanied at this meeting by a trade union representative or work colleague.
- 6.9** Following this meeting, employees will receive a final confirmation letter confirming the date of termination on the grounds of voluntary early retirement or voluntary severance. In line with the Statutory Dismissal Procedures the employee will also be given the right to appeal against the termination.

7. Compromise Agreement

- 7.1** Contractual notice periods will form part of the termination agreement and acceptance of a voluntary offer will include waiving the right to notice and payment in lieu, if the contractual notice period cannot be met by the agreed leaving date. In these circumstances there will be no payment in lieu of notice. Employees leaving through the Scheme will be required to sign a Compromise Agreement which will confirm all details of final payments, entitlements and terms of the voluntary release, and waiving of right to notice (if required).
- 7.2** Employees must receive independent Legal Advice from a Solicitor, suitably Certificated Trade Union Official or Advice Centre Official, and the employee must make the necessary arrangements to receive this advice. The advisor will discuss with the employee the terms of the agreement and what rights are being removed by signing the agreement. The person providing the advice must provide verification of their right to provide the service and ensure that they are suitably insured to provide the advice. A certificate requires to be signed by the person providing Independent Legal Advice which, within the signed agreement, binds the employee and the Joint Board to the terms.
- 7.3** The Joint Board will contribute a maximum of £300 plus VAT towards any fees which the employee will incur in seeking independent legal advice. The employee will require to pay any additional costs.

8. Information and Support for Employees

- 8.1** Information and support for employees leaving the Joint Board will be provided by WDC Employee Lifecycle Team and the Pensions Office and may include presentations from SPFO.

8.2 Employees who are leaving through the Scheme may also be entitled to reasonable time off to attend job interviews.

9. Miscellaneous

9.1 A list of Frequently Asked Questions is attached at **(Appendix 3)**.

9.2 All annual leave must be taken by the date of termination of employment.

9.3 Please refer to the Local Government Pension Scheme website for general information on pension benefits www.lgps.org.uk.

9.4 Employees applying for release through the Scheme must not individually contact the Strathclyde Pension Fund Office for pensionable figures as detailed calculations can only be provided through an authorised request from the employer.

“Severance” Ready Reckoner

Age	Continuous Years Service																		
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
17*[1]	2																		
18	2																		
19	2	3																	
20	2	3	4																
21	2	3	4	5															
22	2	3	4	5	6														
23	3	4	5	6	7	8													
24	4	5	6	7	8	9	10												
25	4	6	7	8	9	10	11	12											
26	4	6	8	9	10	11	12	13	14										
27	4	6	8	10	11	12	13	14	15	16									
28	4	6	8	10	12	13	14	15	16	17	18								
29	4	6	8	10	12	14	15	16	17	18	19	20							
30	4	6	8	10	12	14	16	17	18	19	20	21	22						
31	4	6	8	10	12	14	16	18	19	20	21	22	23	24					
32	4	6	8	10	12	14	16	18	20	21	22	23	24	25	26				
33	4	6	8	10	12	14	16	18	20	22	23	24	25	26	27	28			
34	4	6	8	10	12	14	16	18	20	22	24	25	26	27	28	29	30		
35	4	6	8	10	12	14	16	18	20	22	24	26	27	28	29	30	31	32	
36	4	6	8	10	12	14	16	18	20	22	24	26	28	29	30	31	32	33	34
37	4	6	8	10	12	14	16	18	20	22	24	26	28	30	31	32	33	34	35
38	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	33	34	35	36
39	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	35	36	37
40	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	37	38
41	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	39
42	5	7	9	11	13	15	17	19	21	23	25	27	29	31	33	35	37	39	41
43	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40	42
44	6	9	11	13	15	17	19	21	23	25	27	29	31	33	35	37	39	41	43
45	6	9	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40	42	44
46	6	9	12	15	17	19	21	23	25	27	29	31	33	35	37	39	41	43	45
47	6	9	12	15	18	20	22	24	26	28	30	32	34	36	38	40	42	44	46
48	6	9	12	15	18	21	23	25	27	29	31	33	35	37	39	41	43	45	47
49	6	9	12	15	18	21	24	26	28	30	32	34	36	38	40	42	44	46	48
50	6	9	12	15	18	21	24	27	29	31	33	35	37	39	41	43	45	47	49
51	6	9	12	15	18	21	24	27	30	32	34	36	38	40	42	44	46	48	50
52	6	9	12	15	18	21	24	27	30	33	35	37	39	41	43	45	47	49	51
53	6	9	12	15	18	21	24	27	30	33	36	38	40	42	44	46	48	50	52
54	6	9	12	15	18	21	24	27	30	33	36	39	41	43	45	47	49	51	53
55	6	9	12	15	18	21	24	27	30	33	36	39	42	44	46	48	50	52	54
56	6	9	12	15	18	21	24	27	30	33	36	39	42	45	47	49	51	53	55
57	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	50	52	54	56
58	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	53	55	57
59	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	56	58
60	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	59
61*[2]	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60

Notes:

17* [1] - The table starts at age 17, as it is possible for a 17 year old to have 2 years service. Compulsory school leaving age can be 15 3/4 or 15 4/5 where a child is 16 before 1 September.

61* [2] – The table stops at age 61 because for employees aged 61 and over, the payment remains the same as for age 61.

How to Use the Ready Reckoner:

Find your current age on the left-hand column, and move across the number of completed years service (up to a maximum of 20). This figure will give you the number of **weeks** severance pay due. Multiply this figure by your weekly contractual pay to calculate your severance payment. Contractual elements include bonus, shift allowance and contractual overtime but not casual overtime.

Example:

Employee A; Aged 44 at date of leaving. Continuous service of 19 years and 6 months. Weekly wage of £430

Go down the left hand column to the box marked **44**. Move along this row until it is in line with the column which shows **19** years continuous service. (This is the number of completed years).

Employee A is entitled to **41** weeks severance pay

$$\text{Severance Payment} = 41 \times \text{£}430 = \text{£}17630$$

APPLICATION FOR VOLUNTARY SEVERANCE OR VOLUNTARY EARLY RETIREMENT		Dunbartonshire and Argyll & Bute Valuation Joint Board	
EMPLOYEE DETAILS:			
First Name(s):		Surname:	
Address:			
Post Title:		Department:	Location:
Employee Ref No: (on payslip)		Date of Birth:	NI Number: (on payslip)
*Date of Continuous Service:	Weekly Hours:	Grade:	Salary/Wage: *Include contractual payments i.e. shift allowance/contractual overtime etc, or any preservation.
If you require a receipt that your application has been received, please provide an email address :			
ELECTED OPTIONS: (Please tick the box relevant to your circumstances)			
NOT A MEMBER OF THE LGPS			Please tick below
Severance Package	Severance Payment of up to 60 weeks		
MEMBERS OF THE LGPS - Joined after 5 April 2006			
Aged 54 or under	Severance payment of up to 60 weeks		
Aged 55 or over	2 years but less than 5 years pensionable service		
	Pension with no added years		
	5 years up to 6 years 243 days pensionable service		
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Aged 55 or over	More than 6 years 243 days pensionable service		
	Pension with up to an added 6 years 243 days dependent on costs and maximum added years up to age 65 or maximum of 40 years entitlement.		

MEMBERS OF THE LGPS - Joined <u>on or before</u> 5 April 2006		
Aged 49 or under	Severance payment of up to 60 weeks	
Aged 50 or over	2 years but less than 5 years pensionable service Pension with no added years	
	5 years up to 6 years 243 days pensionable service Total membership doubled (dependent on maximum added years attainable up to age 65)	
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REQUESTED LEAVING DATE	
Please outline the date you are seeking to leave the Joint Board's employment on a voluntary basis.	Date:

EMPLOYEE CONFIRMATION OF INTEREST:	Please tick below
I am interested in voluntary severance/early retirement and understand this is without commitment by either party at this stage.	
Signature:	Date:

LINE MANAGER SIGNATURE:	Please tick below
Line managers should confirm by signing the document that they have discussed the application with the employee.	
Signature:	Date:

NOTES:

1. *Continuous Service - Continuous Service is defined as unbroken service within Dunbartonshire and Argyll & Bute Valuation Joint Board, or other Councils (or bodies contained within the Redundancy Modification Order). To work out when your continuous service started, work back from today to a point in your local government employment where a break of not more than 7 days occurs.

2. ** Salary/Wage - This is your current annual salary or weekly wage including **contractual** allowances eg contractual overtime (not casual), shift allowances, bonus payments. Please refer to your Contract of Employment for details of these allowances. Include all contractual elements (If in detriment this salary should be shown)

Frequently Asked Questions

Q1. How long will it be before I receive my severance payment?

The date you will receive your severance payment is dependent on your leaving date and your pay pattern. The following gives an indication of when you should receive your severance pay:-

Monthly Employees

- If you leave between the 16th of the month and the 5th of the following month a cheque will be sent to your home address, within a couple of days of your leaving date.
- If you leave between the 6th of the month and the 15th of the month you will receive your severance payment in your normal 15th of the month pay.

Q2. How long will it be before I receive my pension?

Your pension benefits will come direct from Strathclyde Pension Fund Office (SPFO). Normally your lump sum will be payable within the 2 weeks after your leaving date. Your monthly pension payments will be made on the 15th of each month, for that calendar month, directly into your bank or building society.

Q3. Do I pay tax and NI on my severance payment?

There are no deductions on severance payments of **up to £30,000**. Tax is payable on any element above £30,000.

Q4. Do I pay tax and NI on my pension and lump sum?

Your lump sum is tax free. Your pension will be taxable (dependent on your taxable income) but there is no deduction for NI contributions.

Q5. How is my severance payment calculated?

The severance payment is calculated by multiplying your weekly pay (including all contractual elements) by the number of weeks severance you are entitled to. To calculate the number of weeks severance you are entitled to, you will require to use the ready reckoner contained within the Policy. Check your age against your length of service (up to a maximum of 20 years) and go across the columns to the point where age and service meet. When you have this figure, multiply it by your weekly contractual pay.

Q6. If I am under 50 and in the Pension Scheme, or under 54 and joined after 5 April 2006, what happens to my pension when I leave?

Your pension will be deferred until you reach normal retirement age. This means you will not be able to access your pension until you retire.

Q7. Will my severance payment change if my pay increases before I leave?

Your severance payment is based on your weekly pay at the time you are notified of the offer in writing. If your pay increases after this date there will be no change to your severance payment. However if your pay at that week changes after the calculation i.e. application of cost of living increase then it would be recalculated.

Q8. What will happen to my holiday entitlement?

All annual leave must be used before your termination date, however if agreed with your Manager that, due to service needs, leave cannot be taken, then this will be paid in your final salary.

Q9. Will I receive a period of notice?

Notice will form part of your retirement or severance agreement, in some circumstances you may have to waive your right to statutory notice and that is part of the agreement.

Q10. Can I leave earlier than the agreed termination date?

This may be possible in cases of voluntary severance. However, if you are taking an early retirement package there are minimum notice requirements (3 months) necessary for SPFO to enable statutory provision of retirement information e.g. commutation. If these dates are met and early release is agreed by the Assessor & ERO you may leave at an earlier date. In cases of voluntary severance, if early release is agreed by the Assessor & ERO you may leave at an earlier date.

Q11. Can I take early retirement and still carry on working with the Joint Board?

Under the new provisions within the Local Government Pension Scheme you may now be able to take early retirement and access your pension whilst remaining in employment with the Joint Board. You would, however, require either reducing your hours or grading and this would have to be with the agreement of the Assessor & ERO who would consider the needs of the business. In these circumstances an actuarial reduction may apply to your pension and lump sum. In cases of flexible retirement there is no enhancement to pension.

Q12. Can I apply for posts within the Joint Board if I have taken an early retirement or severance package?

Employees volunteering for early retirement or severance may, in some circumstances, have restrictions on re-employment with the Joint Board. You would be unable to apply for the same post or function within 6 months of leaving. It may also affect other organisations which fall under the redundancy modification order. If an employee who is under notice of redundancy receives an offer of a job from another body listed in the redundancy modification order before the termination of his or her employment and takes it up within four weeks of the end of the old employment, there will be no dismissal for redundancy payment purposes. The employee will retain continuity of

service. The employee will not be entitled to any redundancy compensation. Severance is regarded as voluntary redundancy for these purposes.

If an employee takes a new job with a modification order body in these circumstances the provisions relating to a trial period in the Employment Rights Act 1996 will apply. Therefore, if the employee decides not to continue with the job during the first four weeks he or she will be able to terminate the contract (whether with or without notice) and receive a redundancy payment from the old employer.

Where in doubt please contact WDC Employee Lifecycle and Workforce Planning Team

Q13. Will my pension be affected if I take up a post with another local authority and I have received compensatory added years (CAY)?

If, after retiring on redundancy or efficiency grounds with additional service granted by the Joint Board, you return to employment within local government or another organisation that participates in the LGPS, your pension may be reduced or suspended. If your new rate of pay plus your pension is greater than your final pay at date of retirement, your additional service pension will be reduced or suspended. A second test is also applied to the additional service pension awarded at the time you leave your new employment. This is to ensure that the service you build up in your new employment, plus the total service used to calculate your first pension, does not exceed the service you could have built up in the scheme had you worked continuously until age 65. If this is exceeded your additional service pension will be permanently reduced. If you do consider becoming re-employed within local government, or another organisation that participates in the LGPS you should contact Strathclyde Pension Fund Office to seek further information as to how your pension may be affected.

Q14. Will I be allowed time off to look for new work?

You will be allowed reasonable time off to look for new work if you are leaving the Joint Board's employment on a voluntary basis. However you should seek permission, in advance, from your Line Manager when you require time off and this should be a reasonable period.

Q15. Why is the process so long for accessing my pension?

The pension rules introduce a number of new provisions for scheme members. They also impose a statutory function for the SPFO to advise members taking retirement of their range of rights under the new rules to enable members sufficient time to exercise choices prior to their retirement date. This requires that SPFO has a minimum of 3 months notice of an employee's retirement date. SPFO will then provide you with your pension options (eg commutation of pension to lump sum).

Q16. How do I calculate continuous service?

Continuous Service is defined as unbroken service within Dunbartonshire and Argyll & Bute Valuation Joint Board, or other Councils (or bodies contained within the Redundancy Modification Order). To work out when your continuous service started,

work back from today to a point in your local government employment where a break of not more than 7 days occurs. Please note that pensionable service may be different from continuous service. Pensionable service is based on actual membership of the pension scheme. Service is pro-rata to hours worked. For example if you work for a year at 17.5 hours this equates to 6 months pensionable service.

Q17. I have had 2 breaks in service for maternity leave. Does this affect my continuous service?

All instances of Maternity Leave, Paternity Leave, Maternity Support Leave and Adoption leave are not counted as breaks in service and are deemed to be continuous. However, any unpaid leave will not be counted.

Q18. How can I calculate my weekly wage?

Monthly paid employees:

Monthly paid employees who have no contractual allowances can calculate their weekly wage by dividing the annual salary by 365 and then multiplying this by 7. For example an employee who has an annual salary of £18840:-

$$£18840 \div 365 \times 7 = \text{Weekly Wage } £361.32$$

If you have a contractual allowance, for example, night duty or irregular hours, then you would calculate your weekly wage by taking this into account. For example, the same employee as above who has an annual allowance of £1770 for weekend enhancements would calculate the weekly wage as follows:-

$$£18840 + £1770 = £20610 \div 365 \times 7 = \text{Weekly Wage } £395.26$$