

KEY DECISION: NO

REPORT NO. PEO2504

**UPDATED PENSION DISCRETIONS POLICY AND ORGANISATIONAL CHANGE
POLICY**

SUMMARY AND RECOMMENDATIONS:

This report seeks Cabinet's approval for the implementation of the updated Pension Discretions Policy to reflect additional discretions since the policy was last updated in August 2010.

The Council's Organisational Change Policy was reviewed at the same time and it was identified that the clause outlining the process for the protection of pension benefits was no longer valid and should be removed.

Recommendations:

That Cabinet

- i. Approve the updated Pension Discretions Policy 2025 as set out at Appendix A of the report
- ii. To note the deletion of the clause regarding the process for the protection of pension benefits in the Organisational Change Policy, as set out at Appendix B of the report.

1. INTRODUCTION

- 1.1 Under the Local Government Pension Scheme (LGPS) regulations, the Council are required to publish a written policy statement confirming how they will exercise the compulsory discretions and any of the optional discretions allowed under the LGPS.
- 1.2 The discretions policy gives employers scope to manage the Pension Scheme benefits payable in specific situations. However many of the discretions, if awarded, would lead to additional costs being incurred by the Council. Therefore, it is important for the Council to consider each discretion, taking into account the Pension Membership population and the possible future financial costs which could be incurred.
- 1.3 The Council currently has a Pension Policy Statement in place which sets out the allowed discretions. This was agreed by Cabinet in November 2008 and updated in August 2010. Since then, the Pension Scheme has changed significantly and there are now additional discretions that we are required to have a policy on and include in the Pension Policy Statement.

2. THE LOCAL GOVERNMENT PENSION SCHEME (LGPS)

- 2.1 The LGPS is one of the largest public sector pension schemes. It is a statutory scheme with the benefits set out in law, and its regulations are issued by the Ministry of Housing, Communities and Local Government (MHCLG). It is a 'defined benefit' pension scheme.
- 2.2 The LGPS has changed over the years, the present scheme introduced on 1 April 2014 is a CARE (Career Average Revalued Earnings) Scheme. Prior to this date it was a Final Salary Scheme.
- 2.3 The LGPS benefits are as follows:
- an annual pension on retirement based on pension you build up
 - a choice of tax-free lump sum when you retire – subject to HM Revenue and Customs limits
 - the ability to pay 50% of your normal contributions for 50% of the normal pension benefits
 - the ability to increase your pension by paying extra contributions
 - pension payable from your normal pension age (usually linked to State Pension Age)
 - voluntary retirement from age 55, normally reduced as the pension is being paid earlier
 - annual adjustment of active pension accounts, deferred pensions and pensions in payment each April, in line with the cost of living
 - an ill health pension from any age (subject to qualifying service for a period of two years)
 - a death in service lump sum of three times your pensionable pay
 - a spouse's, civil partner's or cohabiting partner's pension in the event of the death
 - children's pensions for eligible children in the event of death.
- 2.4 The Government sets the earliest age at which you can access your pension savings under normal circumstances. This is currently age 55 however, as indicated above, it is rising to age 57 from 6 April 2028.
- 2.5 Within the Council approximately 97% of the workforce participate in the LGPS.
- 2.6 Employee contributions are assessed by a percentage of earnings whilst the Council currently contributes 17.9% of earnings. This percentage is reviewed every 3 years following fund valuation.

3. UPDATED PENSION DISCRETIONS POLICY

- 3.1 The proposed Pension Discretions Policy amendments can be found at Appendix A of this report. There are 13 mandatory pension discretions under Part A of the report and 4 optional pension discretions under Part B. This Policy includes

previously agreed discretions and sets out a recommended approach to other discretions which are highlighted.

4. ORGANISATIONAL CHANGE POLICY

- 4.1 The Council's Organisational Change Policy was reviewed in conjunction with the Pension Discretions Policy. It was identified that the Certificate of Protection clause, detailed under Section 8 of this policy, was only valid before 1st April 2008 and therefore it should be removed.
- 4.2 The Organisational Change Policy is set out at Appendix B of the report.

5. RISKS

- 5.1 There are no risks associated with the consideration of this report.

6. LEGAL IMPLICATIONS

- 6.1 There are no legal implications associated with the consideration of this report. The Council People Management policies and procedures and provisions within the constitution provide framework for decision making associated with employees.

7. FINANCIAL AND RESOURCE IMPLICATIONS

- 7.1 This updating of the Council's pensions policy doesn't have any financial implications on the Medium-Term Financial Strategy and the proposals do not incur any additional unbudgeted strain on the Council's finances.

8. EQUALITIES IMPACT IMPLICATIONS

- 8.1 There are no equalities impact implications directly associated with this report. The papers attached with this report are considered against the three progress levels of the Diverse and Engaged Workforce module of the Equality Framework for Local Government.

CONTACT DETAILS:

Report Author: Estelle Rigby, Principal People Business Partner
(Estelle.rigby@rushmoor.gov.uk)
Belinda Tam, Corporate Manager – People
(Belinda.tam@rushmoor.gov.uk)

Director: Karen Edwards, Executive Director
(karen.edwards@rushmoor.gov.uk)

APPENDICES

A – Pension Discretions Policy

B – Organisational Change Policy

Employer Local Government Pension Scheme Discretions Policy

Employer name: Rushmoor Borough
Council

Employer number: 00305

Policy effective from:
April 2025

Statement of policy

On the Local Government Pension Scheme Regulations (LGPS) 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.

This document sets out Rushmoor Borough Councils policy on the operation of each of the mandatory discretions (and optional discretions where chosen) available under the LGPS Regulations. It states whether or not discretions will be operated and the circumstances and criteria for applying them.

The following discretions apply to members who were actively paying into the scheme as at 1 April 2014 onwards

PART A - Mandatory Discretions

1 Power to award additional pension

Regulation 31

Whether, at the full cost to the Scheme employer, to grant extra annual pension of up to £8,344 (figure as at 1 April 2024) to an active member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency [regulation 31 of the LGPS Regulations 2013]

Employer Policy Decision

Current policy states:

We will not consider either increasing total membership of active members or awarding an additional amount of pension.

Revised recommended wording:

The Council will not consider either increasing total membership of active members or awarding an additional amount of pension.

2 Shared cost additional pension contributions

Regulation 16(2e) (4d)

Whether, how much, and in what circumstances to contribute to a Shared Cost APC scheme.

Whether, where an active member wishes to purchase extra annual pension of up to £8,344 (figure as at 1 April 2024), by making additional pension contributions (APCs), to voluntarily contribute towards the cost of purchasing that extra pension via a shared cost

additional pension contribution (SCAPC) [regulations 16(2)(e) and 16(4)(d) of the LGPS Regulations 2013].

Note: This does not include instances where the employee is paying for *lost* pension via an APC where the election was made in the first 30 days (or longer if the employer allows) – in this circumstance the employer *must* pay two-thirds of the cost of such purchase.

Employer Policy Decision

No reference to this in current policy.

Revised recommended wording:

The council will only contribute to the cost of a member's additional pension contributions, where required to do so under the LGPS regulations. Where a member is voluntarily making additional pension contributions, the council will not consider meeting any part of that cost.

3 Whether to allow flexible retirement

(Regulation 30 (6)) & TP11(2) & R30(8)

Whether to allow flexible retirement for staff aged 55 or over who, with the agreement of the Scheme employer, reduce their working hours or grade [regulation 30(6) of the LGPS Regulations 2013] and, if so, as part of the agreement to allow flexible retirement:

- Whether, in addition to the benefits the member has built up prior to 1 April 2008 (which the member must draw), to allow the member to choose to draw:
 - I. All, part or none of the pension benefits they built up after 31 March 2008 and before 1 April 2014, and / or
 - II. All, part or none of the pension benefits they built up after 31 March 2014 [regulations 11(2) and 11(3) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014], and
- Whether to waive, in whole or in part, any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age (NPA) [regulation 3(5) of the LGPS Transitional Provisions, Savings and Amendment) Regulations 2014, regulation 18(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and regulations 30(6) and 30(8) of the LGPS Regulations 2013].

Employer Policy Decision

- i) **Whether to allow flexible retirement.**

Current policy refers to separate Flexible Retirement Policy.

Recommend including the following:

The council will consider all written requests for flexible retirement and will only approve a request subject to it being financially and operationally viable for the Council.

Consent to pension benefits being paid, in line with age eligibility, may be approved provided the employee's remuneration is permanently reducing by at least 40% through a reduction in hours or grade.

Consideration will be given to the requirement of the service and any early retirement charge which is payable to the Pension Fund being considered affordable in each case.

ii) Whether to allow the member to choose to take

- a. part or none of the pension benefits they built up after 31 March 2008 and before 1 April 2014, and / or
- b. all, part or none of the pension benefits they built up after 31 March 2014.

Recommended wording:

All benefits built up are included.

iii) Whether to waive, in whole or in part, any actuarial reductions which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age.

Current policy:

The waiving of pension benefit reductions will only be considered in exceptional circumstances.

Revised recommended wording:

In only exceptional circumstances, the Council may consider waiving the members early payment reduction. Any exceptional cases must be approved by the Head of Paid Service and be supported by a business case.

4 Switching on the 85-year rule

[paragraph 1(1)(c) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014]

Whether to “switch on” the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

Members are now able to voluntarily retire between ages 55 and 60. If they were a member of the LGPS on 30 September 2006 then some of their benefits could be protected from reductions applied to early payment under the 85-year rule. This rule only applies automatically to members voluntarily retiring from age 60 but the employer has the discretion to “switch it on” for voluntary retirements between age 55 and 60.

This discretion does not apply to flexible retirement (see [Regulation 30\(6\)](#)) whereby the 85-year rule is always switched on.

Where the employer does not choose to “switch on” the rule, then:

- a) If the member has already met the 85 year rule, the member’s benefits are to be reduced in accordance with actuarial guidance issued by the Secretary of State (with the benefits from any pre 1 April 2008 membership for members who will not be 60 or more on 31 March 2016, and benefits from any pre 1 April 2016 membership for members who will be 60 or more on 31 March 2016, which would not normally have been subject to an actuarial reduction nonetheless being subject to a reduction calculated by reference to the period between the date the benefits are drawn and age 60) [paragraphs 1(2) and 1(4) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014], or
- b) If the member has not already met the 85 year rule, the member’s benefits are to be reduced in accordance with actuarial guidance issued by the Secretary of State (with the reduction on that part of the member’s benefits subject to the 85 year rule being calculated by reference to the period between the date the benefits are drawn and age 60, or the date of attaining the 85 year rule, whichever is the later), and
- c) The Scheme employer can exercise a discretion to waive any actuarial reductions (including where an actuarial reduction may still be applied to a member’s benefits after ‘switching back on’ the 85-year rule in full) (at cost to the Scheme employer, via an employer strain charge).

Employer Policy Decision

Current policy

In exceptional circumstances the waiving of any reduction in benefits under the LGPS ‘rule of 85’ will be considered.

Revised recommended wording:

As a rule the Council will not switch on the 85 Year rule. However, in exceptional circumstances the waiving of any reduction in benefits under the LGPS ‘rule of 85’ will be considered. Any exceptional cases must be approved by the Head of Paid Service and be supported by a business case

5 Waiving of actuarial reductions

Regulation 30(8), TP3(1), TPSch 2, para 2(1), B30(5) and B30A(5)

Whether to waive, in whole or in part, any actuarial reductions on benefits which a member voluntarily draws before normal pension age (other than on the grounds of flexible retirement).

Employers can agree to waive any actuarial reductions due in the case of employees retiring any time after age 55. For active members voluntarily retiring on or after age 55 and before Normal Pension Age (NPA), who elect under regulation 30(5) of the LGPS Regulations 2013 to immediately draw benefits, and for deferred members and suspended tier 3 ill-health pensioners who elect under regulation 30(5) of the LGPS Regulations 2013 to draw benefits (other than on ill health grounds) on or after age 55 and before NPA.

There are 4 member groups which you would be making the discretions policy on, the below covers in what circumstance reductions can be waived and to which benefits these would apply:

Group 1 - Members joined before 1 October 2006 and who reached 60 before 1 April 2016

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2016, and/or
- To waive, in whole or in part, on any grounds, actuarial reductions applied to benefits built up after 31 March 2016.

Group 2 - Members joined before 1 October 2006 and who reach age 60 between 1 April 2016 and 31 March 2020 and also meet their critical retirement age before 1 April 2020 (date member meets the 85-year rule).

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2020, and/or
- To waive in whole or in part on any grounds, actuarial reductions applied to benefits built up after 31 March 2020.

Group 3 - Members joined before 1 October 2006 and who reach age 60 after 31 March 2020 (or who would reach age 60 between 1 April 2016 and 31 March 2020 and don't meet their critical retirement age before 1 April 2020 (date member meets the 85-year rule)

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2014, and/or
- To waive, in whole or in part on any grounds, actuarial reductions applied to benefits built up after 31 March 2014.

Group 4 - Members joined after 1 October 2006

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2014, and/or
- To waive, in whole or in part on any grounds, actuarial reductions applied to benefits built up after 31 March 2014.

Employers should also note that the strain cost of any such retirements would need to be met by the employer and paid into the Pension Fund at the appropriate time.

Employer Policy Decision

Whether to waive any actuarial reductions for a member voluntarily drawing benefits before NPA (other than on the grounds of flexible retirement), as outlined above.

Recommended approach:

As a rule, the Council will not waive actuarial reductions applicable to an employee who retires voluntarily before the NPA.

The following discretions apply to members who left the scheme between 1 April 2008 and 31 March 2014

6 Whether to “switch on” the 85-year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60

[paragraph 1(1)(c) & 1(2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014]

Whether to “switch on” the 85-year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60.

A member with a deferred benefit who left the scheme voluntarily between 1 April 2008 – 31 March 2014 and who has subsequently become a deferred pensioner may now claim their benefits from age 55 without their employer’s consent. However, these benefits will be reduced for early payment.

Where a member has reached the 85-year rule at the point of retirement, an employer can consent to switching on the 85-year rule. Any ‘strain’ to the Fund will be payable immediately by the Scheme employer.

Employer Policy Decision

Recommended approach:

The council will not switch on the 85 year rule. However, in exceptional circumstances the waiving of any reduction in benefits under the LGPS ‘rule of 85’ will be considered.

Any exceptional cases must be approved by Head of Paid Service and be supported by a business case.

7 Whether to 'switch on' the 85-year rule upon the voluntary early payment of a suspended tier 3 ill health pension?

[paragraph 1(1)(c) & 1(2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014]

Whether to "switch on" the 85-year rule for a member with a suspended tier 3 ill-health pension voluntarily drawing benefits (on or after 14 May 2018) on or after age 55 and before age 60.

Where a member has reached the 85-year rule at the point of retirement, an employer can consent to switching on the 85-year rule. Any 'strain' to the Fund will be payable immediately by the Scheme employer.

Employer Policy Decision

Recommended approach:

The council will not switch on the 85 year rule. However, in exceptional circumstances the waiving of any reduction in benefits under the LGPS 'rule of 85' will be considered

Any exceptional cases must be approved by the Head of Paid Service and be supported by a business case

8 Whether to waive upon the voluntary early payment of deferred benefits any actuarial reduction on compassionate grounds?

[regulation 30(5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and paragraph 2(1) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014]

A member with a deferred benefit who left the scheme voluntarily between 1 April 2008 – 31 March 2014 may now claim their benefits from age 55 without their employer's consent. However, these benefits will be reduced for early payment.

An employer can consent to waiving any reductions, on compassionate grounds, that would normally be applied to deferred benefits which are paid before age 65.

Employer Policy Decision

Recommended approach:

The council will not waive actuarial reductions.

9 Whether to waive upon the voluntary early payment of a suspended tier 3 ill health pension, any actuarial reduction on compassionate grounds?

[regulation 30A(5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and paragraph 2(1) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014]

A member with a suspended tier 3 ill health pension and who left the scheme between 1 April 2008 – 31 March 2014 may now claim for their pension to be brought back into payment from age 55 without their employer's consent. However, these benefits will be reduced for early payment.

An employer can consent to waiving any reductions, on compassionate grounds, that would normally be applied to deferred benefits which are paid before age 65.

Employer Policy Decision

Recommended approach:

The council will not waive actuarial reductions.

The following discretions apply to members who left the scheme between 1 April 1998 and before 1 April 2008

10 Whether to 'switch on' the 85-year rule upon the voluntary early payment of deferred benefits

[paragraph 1 (1) (f) & 1 (2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) regulations 2014]

Whether, as the 85-year rule does not automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their deferred benefits (on or after 14 May 2018) on or after age 55 and before age 60, to switch the 85-year rule back on in full for such members.

Deferred members who left the scheme after 1 April 1998 are now able to voluntarily retire between ages 55 and 60. If they were a member of the LGPS on 30 September 2006 then some of their benefits could be protected from reductions applied to early payment under the 85-year rule. This rule only applies automatically to members voluntarily retiring from age 60 but the ceding employer has the discretion to "switch it on" for voluntary retirements between age 55 and 60.

Where the employer does not choose to "switch on" the rule, then benefits built up would be subject to reduction in accordance with actuarial guidance issued by the Secretary of State regardless of whether a member meets the rule or not. If the employer does agree to "switch on" the 85-year rule, the employer will have to meet the cost of any strain

resulting from the payment of benefits before age 60 i.e. where the member has already met the 85-year rule or will meet it before age 60.

Employer Policy Decision

Recommended approach:

The council will not switch on the 85 year rule.

11 Whether to grant applications for the early payment of pension benefits on or after age 50 and before age 55 [regulation 31(2) of the LGPS Regulations 1997].

Whether to grant application for early payment of deferred benefits on or after age 50 and before age 55.

A member with a deferred benefit who left the scheme between 1 April 1998 – 31 March 2008 can claim their benefits from age 50 with their employer's consent.

However, these benefits may be reduced for early payment and/or be subject to an unauthorised payment charge under the Finance Act 2004.

Employer Policy Decision

Recommended approach:

The council will not grant applications for the early payment of pension benefits on or after age 50 and before age 55.

12 Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits [regulation 31(5) of the LGPS Regulations 1997 and paragraph 2(1) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014].

Whether to waive any actuarial reduction on compassionate grounds which would normally be applied to benefits which are paid before age 65.

Employers should note that the strain cost of any such retirements would need to be met by the employer and paid into the Pension Fund at the appropriate time.

Employer Policy Decision

Recommended approach:

As a rule, the council will not waive any actuarial reduction that would normally be applied.

Any exceptional cases must be approved by the Head of Paid Service and be supported by a business case.

The following discretions apply to members who ceased active membership before 1 April 1998**13 Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds [regulation D11(2)(c) of the LGPS Regulations 1995].**

Whether to grant early payment of a deferred benefit on compassionate grounds, on or after age 50 and before NRD.

If granted, these benefits may be reduced for early payment and/or be subject to an unauthorised payment charge under the Finance Act 2004.

Employer Policy Decision**Recommended approach:**

The council will not grant early payment of a deferred benefit on or after age 50 and before Normal Retirement Date (NRD).

- These policies may be subject to review from time to time. Any subsequent change in this Policy Statement will be notified to affected employees.
- If the employer decides to amend the policy, no change can come into effect until one month has passed since the date the amended policy statement was published.
- Any changes to this policy will be notified to the Hampshire Pension Services within 1 month of the change.

For the full list of discretions policies go to:

<http://lgpslibrary.org/assets/gas/ew/DISCLv1.6c.pdf>

Signed on behalf of:

Completed by:

Position:

Signature:

Date:

PART B – Optional Discretions

(The four detailed are the most frequently used Regulations, but remain optional – see [LGA Discretions](#) for the full list of optional employer discretions)

1 Membership Aggregation

Regulation 22 (7)(b),(8)(b)

Whether to extend the 12 month option period for a member to elect to join deferred benefits to their current employment/membership.

The election to keep separate pension benefits must be made within 12 months of becoming an active member, who must be active at the date of election.

An employer may allow a period longer than 12 months.

Employer Policy Decision

Current policy

We will only accept elections to combine pension rights from previous local government employment with a current period of membership which are made within 12 months of rejoining the scheme, except for those members who hold certificates of protection or whose pension rights are affected by Pay & Grading changes.

Revised recommended wording:

We will only accept elections to combine pension rights from previous local government employment with a current period of membership which are made within 12 months of rejoining the scheme.

2 Transfers of Pension Rights

Regulation 100(6)

Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS.

Where an active member requests to transfer previous pension rights into the LGPS, the member must make a request within in 12 months of becoming an active member.

An employer may allow a longer period than 12 months.

Employer Policy Decision

Current policy

We will only accept the election for transfer of pension rights from an external pension provider into the LGPS if this election is made within 12 months of the member joining the LGPS.

3 Time limit for a member to elect to purchase additional pension by way of a shared cost additional pension contribution (SCAPC) upon return from a period of absence

Regulation 16(16) of the LGPS Regulations 2013.

Whether to extend the 30 day deadline for member to elect for a SCAPC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserve forces service leave).

Employer Policy Decision

Recommended approach:

The council will extend the 30-day deadline for members to elect for a SCAPC upon return from period of absence from work with permission with no pensionable pay.

4 Shared Cost Additional Voluntary Contribution arrangements

Regulation 17 of the LGPS Regulations 2013 and regulation 15(2A) of the LGPS (Transitional Provisions and Amendment) Regulations 2014.

Whether to allow a Shared Cost Additional Voluntary Contribution (SCAVC) arrangement. To determine how much will be allowed to be contributed to the SCAVC arrangement. To define in what circumstances contribution to a SCAVC arrangement will be allowed.

Employer Policy Decision

Recommended approach:

The council offers a Shared Cost AVC scheme and will pay shared cost AVCs where an employee has elected to pay AVCs by salary sacrifice.

This discretion is subject to the employee meeting the conditions for acceptance in the salary sacrifice shared cost AVC scheme and may be withdrawn or changed at any time.

- These policies may be subject to review from time to time. Any subsequent change in this Policy Statement will be notified to affected employees.
- If the employer decides to amend the policy, no change can come into effect until one month has passed since the date the amended policy statement was published.
- Any changes to this policy will be notified to the Hampshire Pension Services within 1 month of the change.

Signed on behalf of:

Completed by: **Position:**

Signature: **Date:**

--	--	--	--	--	--



ORGANISATIONAL CHANGE POLICY

Like all organisations, Rushmoor needs to adapt to meet the changing requirements of its customers, and the environment in which it operates.

This means that from time to time, changes will be required to ways of working, hours or places of work, duties and roles, which will affect individuals or groups of individuals.

This policy sets out the principles that will apply in such circumstances, and the consultation processes which will be followed.

This policy and process will also apply in the event of the transfer of staff to another organisation under TUPE regulations.

1. Principles

The following guiding principles will apply to any organisational change within the Council:

- Adherence to employment legislation and to ACAS good practice guidance on managing change
- Consideration of equality and diversity implications
- Fair and reasonable treatment of all staff
- Minimal disruption to services and the local population
- Consultation which is genuine, meaningful and open, involving Unison as the recognised trade union.

2. Who is covered?

This policy covers all regularly employed staff. It does not cover contractors, self-employed staff, agency workers, or casual staff who are employed on an 'as and when' basis.

3. Informal consultation

Where temporary changes are necessary, such as providing holiday/sickness cover for colleagues, employees are expected to be flexible to meet the demands of the service they work within without the need for consultation.

Where minor changes are necessary which are permanent in nature, for example a new way of working, a change to some elements of the job, a change to reporting lines, or a change to actual times/days/place of work, informal consultation with affected individuals will take place. This is usually in the form of a discussion between the line manager and the staff member(s) affected by the change, either individually or as a group. Following that discussion and the exploration of any issues arising, reasonable notice of any such change may be given. The guiding principles above will apply, as they will in any change situation.

4. Formal consultation

Where more significant contractual changes are necessary, for example changes to role, grade, contracted hours, or where there are potential redundancies, a formal consultation process should be followed. The length and format of any such formal consultation period will depend on the changes to be made, and the number of people affected, and will comply with the requirements of legislation. Where redundancies are proposed, there are statutory minimum consultation periods required. These are:

- at least 45 days before the first dismissal takes effect where 100 or more redundancies are proposed at one establishment;
- at least 30 days before the first dismissal takes effect where 20–99 redundancies are proposed at one establishment.

Where fewer than 20 redundancies are proposed, there are no statutory minimum consultation periods, but the Council will allow a sufficient time period to allow for meaningful consultation. Where only one or two staff are affected, this may be a minimum of two week's consultation.

5. Voluntary redundancy

Where posts are 'at risk' of redundancy, the Council will take steps to minimise the proposed redundancies and to mitigate the impact of those redundancies. In attempts to reduce the number of compulsory redundancies, employees may be asked if they want to volunteer for redundancy. In such circumstances, the Council reserves the right to accept or reject any volunteers for redundancy.

6. Compulsory redundancy

If compulsory redundancies are unavoidable, the Council will give careful consideration to and consult over the selection criteria to be applied for any affected posts.

This may include any number or all of the following criteria dependent on the number of posts affected, the number of staff in the 'selection pool', and the availability of objective data upon which to base a decision:

- a) employee's skills, knowledge and experience
- b) potential for the employee to be retrained
- c) any live disciplinary/capability warnings
- d) employee's sickness absence record

In some cases the application of selection criteria will not be necessary or possible, as the posts affected will be individual, specialised positions, for which a pool for redundancy does not exist. This may also apply when funding has expired for certain pieces of work.

In circumstances where a small group of staff are affected, all staff in the selection pool may be required to apply for remaining jobs and through the

recruitment process the employee's skills, knowledge, experience and potential to be retrained will be objectively assessed.

In certain circumstances where the knowledge, skills and experience of another post holder is considered more valuable to the organisation a 'redundancy transfer' may take place (also known as 'bumping'). This could mean that a more senior employee who is prepared to move into a junior role to avoid redundancy may be moved into that alternative post, making the employee whose job is not redundant displaced and at risk of redundancy.

7. Redeployment process

Where staff are placed 'at risk' of redundancy, they will be given consideration for any suitable alternative roles which are available in the Council. A role will be deemed a 'suitable alternative' if it is the same grade or one grade below the affected employee's current grade.

In these circumstances, if an employee 'at risk' can demonstrate that they meet the essential criteria for the new role on an application, or that they could meet the requirements following a short period of retraining, they will be given consideration at an interview.

If a number of staff who are 'at risk' are interested in one post, the selection panel decision will be made on the basis of the individual who can best meet the requirements of the post.

8. Salary protection

Where someone who is 'at risk' is offered and accepts suitable alternative employment at a lower grade, their basic pay will be protected for a fixed period of **12 months**. Basic pay protection means that the individual remains on their existing salary grade point and no further increments or cost of living increases may be awarded.

This agreement relates to the protection of basic pay as well as any existing provision for protection of cash alternative payments, private health cover and other benefits.

After the protection period, the individual's salary will reduce to the maximum of the new grade and cost of living increases will then be reinstated as they arise.

~~Under the Pension Regulations, the Council may issue a 'certificate of protection of pension benefits' to employees whose salary is reduced as a result of downgrading. Alternatively, pension benefits accumulated in the former post may be 'frozen' and preserved and new, separate benefits accumulated in the new post. The best option will vary according to individual circumstances. It is therefore strongly recommended that the employee seeks advice from the County Council's Pension Services section before reaching any decision.~~

9. Trial period following redeployment

Offers of alternative employment to avoid redundancy are subject to a statutory four week trial period. During this time the trial period may be terminated by either party (employer or employee), and the employee retains their entitlement to a redundancy payment.

Trial periods may be extended at the discretion of the manager for the purposes of retraining. In all cases the terms and length of the trial period should be clearly set out in writing along with the offer of an alternative role.

10. Redundancy payments

If there is no alternative to redundancy, staff with a minimum of 2 years continuous local government service will be entitled to a redundancy payment. In accordance with the Redundancy Payments (Continuity of Employment in Local Government) (Modification) Order 1999, service with bodies named in the Modification Order will count towards continuous service for the purpose of redundancy payments .

Redundancy will be paid in accordance with the statutory minimum requirements (see Appendix A) but with the following enhancement:

A weeks pay

The Council will waive the weekly pay ceiling placed on statutory redundancy payments and to exercise the powers contained in The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and to calculate redundancy payments on an employee's **actual** weekly pay.

A week's pay is calculated by dividing the annual salary by 365 and then multiplying by 7.

Overtime does not count unless the Council is contractually bound to provide it, and the employee is bound to work it.

If an employee's hours vary from week to week, a week's pay is the average weekly remuneration for the 12 weeks prior to the calculation date. If the employee receives no pay for any of those 12 weeks, the 12 week period is extended to include weeks where pay was made.

Discretionary redundancy payments

The Council will exercise its discretion to make one-off lump sum payments. In these circumstances, the statutory weeks of redundancy pay may be increased by up to 1.5 times, thus giving a maximum payment of 45 weeks' pay. The resulting compensation payment will include the statutory redundancy payment.

Offer of a new job with a modification order body

If the Council gives the employee notice of redundancy and before the dismissal takes effect the employee receives an offer of employment from another body specified in Schedule 2 of The Redundancy Payments (Continuity of Employment in Local Government) (Modification) Order 1999, the individual will lose their entitlement to a redundancy payment.

This only applies where the relevant body make the offer of the new job before the end of the old contract, and the employment starts within four weeks of the date of redundancy.

If the contract ends on a Friday, Saturday or Sunday, the 4 weeks is counted from the Monday of the following week.

11. Support for those affected by change

Any process of change can cause uncertainty and anxiety for the people affected. Support to staff in these circumstances is available through the Employee Assistance Programme .

12. Appeals

Any member of staff who is dismissed on the grounds of redundancy will have the right to appeal if they consider that a redundancy situation has not arisen; they have been unfairly selected; or that a proper consultation process has not been followed.

Appeals must be made in writing to the HR Manager within 7 calendar days of the date of notice of dismissal. Appeals will be heard by a Head of Service or Director who has not been directly involved in the case, supported by HR.

13. Early retirement on the grounds of redundancy/in the interests of efficiency

Employees who are members of the LGPS qualify for an immediate pension if they are retired early on the grounds of redundancy, or in the interests of the efficiency of the service. The minimum retirement age in these circumstances is 55.

In cases of redundancy there would also be an entitlement to a redundancy payment.

14. Review

Any amendments to this policy will be made in consultation with the Cabinet Member for Corporate Services, following consultation with Unison.

Organisational Change Policy		Date
Policy owner	Human Resources	
Policy author	Rachel Gray	August 2016
Approved by	DMB	August 2016
Approved by	Council	December 2016
Due for review		December 2019
Reviewed		April 2025

APPENDIX A

The minimum statutory redundancy payment depends on the following factors:

- The length of continuous employment (minimum 2 years)
- The age of the employee
- The amount of weekly pay, up to a statutory limit which is set each year by the government.

Redundancy pay is calculated as follows:

- half a week's pay for each full year you were under 22
- one week's pay for each full year you were 22 or older, but under 41
- one and half week's pay for each full year you were 41 or older.

The number of weeks pay on which the payments are based are as follows, up to a maximum of 20 years service.

A redundancy pay calculator can be found on the gov.uk website:

<https://www.gov.uk/calculate-your-redundancy-pay>