



COMPENSATION POLICY

1. Introduction

- 1.1. The compensation provisions contained in this policy are not contractual.
- 1.2. The provisions rely on the use of powers which the Council may apply in response to legislation, statutory guidance or similar and are at its sole discretion.
- 1.3. This Policy applies to all employees of the Council, except teachers.
- 1.4. For the purpose of this policy, employees are as defined in section 230 of the Employment Rights Act 1996 or any substituting or amending legislation.
- 1.5. It is the Council's policy that redundancies should be avoided, and as such the Redundancy and Redeployment Policy should be used to ensure that all efforts are made to minimise redundancies.

2. Compensation

- 2.1. The Council is obliged to make payments defined by statute in cases of redundancy and these may be enhanced at the discretion of the Council under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. Furthermore under these Regulations, the Council may grant compensation in the event of termination on the grounds of the efficiency of the Council's service.
- 2.2. The Council will not pay redundancy compensation to those for whom there is not a statutory requirement to do so.

Role of the Compensation Panel

- 2.3. The Compensation Panel must consider all payments which are to be made to employees who are to be made redundant and for payments to those who are due to be dismissed on efficiency grounds.
- 2.4. The Panel consists of the Director of Human Resources, Director of Finance, and the Director of Legal Services, or their senior representatives. The Director of Children's Services & Lifelong Learning may join the panel, or their nominated representative, as required.
- 2.5. A representative of the employing department will present the recommendation to the panel. The panel will seek confirmation that
 - grounds exist for either redundancy or efficiency of the Council's service
 - all efforts have been made to avoid severance on these grounds
 - and will seek evidence of efforts to redeploy the employee.

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Enhancement

- 2.6. In some circumstances the payment made to employees may be enhanced above the minimum statutory level. The following criteria will be taken into account [these are not in any order of priority] by the Compensation Panel: -
- The financial implications for the Council
 - The performance of the employee (where this can be measured)
 - The attendance record of the employee (absences due to disability or maternity/pregnancy will be disregarded)
 - The extent to which the employee has sought, by their actions, to avoid redundancy
 - The extent to which this redundancy contributes to facilitating the better performance of the Council
 - The extent to which the person has contributed to the Council
 - The likelihood of the employee being able to seek future employment or maintain their career prospects
- 2.7. The Panel will consider the Chief Officers recommendation in each case together with the comments of the relevant Head of Finance.
- 2.8. The level of compensation, including any statutory or enhanced redundancy payment, will not exceed an amount equivalent to 104 weeks pay. A week's Pay, which may be calculated as an amount up to or equivalent to actual weekly pay, will be as defined by statute.
- 2.9. If the Panel recommends enhanced payments, the employee, once final approval is obtained, can request that this is used to augment their pension. The decision to augment must be made before the date of termination of employment.

Confirmation of Panel's decision

- 2.10. The Panel's decision will be subject to formal confirmation under standing orders from the Leader, or nominated councillor.

Final payment

- 2.11. The level of compensation may be varied, at the discretion of the Council, at any time up to and including the employees last day of service.

Pension

- 2.12. The relevant Human Resources team will seek as necessary from the pensions administrator (currently the LPFA), an estimate of benefits that are due to the employee.

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Effect of other employment

- 2.13. Employees will be disqualified from receiving redundancy compensation if
- a) They are offered [formally either verbally or in writing], on or before their last day of service, a job with any body covered by the modification order to start within four weeks of their last day of service and they accept the offer or
 - b) They unreasonably refuse an offer of suitable alternative employment (see also with the Redundancy & Redeployment policy).

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