



DERBY CITY COUNCIL

**PERSONNEL COMMITTEE**  
**19 November 2009**

## **ITEM 6**

Report of the Corporate Director of Resources

### **Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006**

#### **RECOMMENDATION**

1. To confirm the existing policy on the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 with no amendments.

#### **SUPPORTING INFORMATION**

- 2.1 The Council's policy statement made in accordance with regulation 7 of these regulations was issued in April 2007 and is attached to this report.
- 2.2 It was agreed that the policy would be reviewed every two years. This review is now overdue.
- 2.3 The regulations give the employer the discretion to calculate statutory redundancy payments on the basis of an employee's actual week's pay. The Council chose to exercise this discretion which was a continuation of existing practice.
- 2.4 The regulations also give the employer the discretion to award a one-off lump sum payment of up to 104 weeks' pay, inclusive of any statutory redundancy payment, in cases of redundancy or termination in the interest of the efficient exercise of the Council's function. The Council chose not to exercise this discretion as it was felt to be difficult to develop non-discriminatory criteria.

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**Background papers:** None

**List of appendices:** Appendix 1 Implications

<b>IMPLICATIONS</b>
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**Financial**

1. In most cases the cost of using actual weeks pay for redundancy calculations will be greater than the statutory weeks pay of £380

**Legal**

2. None arising directly from this report

**Human Resources**

3. None arising directly from this report

**Equalities Impact**

4. None arising directly from this report

**Corporate Priorities**

5. Giving you excellent services and value for money



## **POLICY STATEMENT**

1. This policy statement is made in accordance with regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 ('the regulations').
2. In accordance with regulation 11, the Council will continue to apply its current policy under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2000 to employees whose employment with the Council commenced before 1 October 2006 and whose termination date is after 30 September 2006 but before 1 April 2007. This policy statement will therefore apply to all other cases and in particular where the termination date of the employment is on or after 1 April 2007.
3. This policy will normally be reviewed every two years. If the Council decides to change its policy, it will publish a statement of the amended policy, the provisions of which shall not come into effect until at least one month after its publication, as required by regulation 7.
4. In formulating and reviewing its policy, the Council, in accordance with regulation 7,
  - (a) will have regard to the extent to which the exercise of their discretionary powers (in accordance with the policy), unless properly limited, could lead to a serious loss of confidence in the public service; and
  - (b) will be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.
5. In particular, it will take into account:
  - the scope and effectiveness of the policy
  - the ability to implement organisational change
  - cost
  - reasonableness
  - the need to protect the Council from legal challenge
  - employee relations implications, including the views of the recognised trade unions.
6. The Council will calculate the statutory redundancy payment on the employee's actual week's pay, in accordance with regulation 5.

7. The Council will not exercise any discretion under regulation 6 to pay compensation, either in cases of redundancy or terminations in the interest of the efficient exercise of the Council's functions.
8. Where an employee's employment is terminated on the cessation of a joint appointment, the Council will calculate the statutory redundancy payment (if applicable) on the employee's actual week's pay, in accordance with regulation 5.
9. Although not an issue for consideration under the regulations themselves, the Council will continue its current policy and not exercise the power it has under the Redundancy Payments Pension Regulations 1965 to offset the statutory redundancy payment against pensions or lump sums which are paid from the Local Government Pension Scheme immediately on redundancy, or within a short time thereafter.