



VOLUNTARY EARLY RELEASE ARRANGEMENT

(covering all employees)

CONTENTS

Section

1	<u>INTRODUCTION</u>
2	<u>SCOPE AND KEY STAKEHOLDER RESPONSIBILITIES</u>
3	<u>PRINCIPLES</u>
4	<u>EARLY RELEASE PAYMENT</u>
5	<u>FINANCIAL ASSESSMENT</u>
6	<u>CONSIDERATION AND APPROVAL</u>
7	<u>GENERAL</u>
8	<u>SUPPORT</u>
9	<u>RAISING A CONCERN</u>
10	<u>REVIEW</u>

APPENDICES

A	<u>Key Stakeholder Responsibilities</u>
B	<u>Early Release Payment - Calculation</u>

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1. INTRODUCTION

1.1 CultureNL has to explore ways to achieve business efficiencies and ease budget pressures. A voluntary early release arrangement may be approved where it can be shown that:

- it is in CultureNL's interests and achieves business efficiencies
- the costs are affordable and can be met.

1.2 Early release is not automatic and is subject to agreement between CultureNL and the employee.

1.3 Voluntary early release will **not** be used in a formal redundancy situation.

2. SCOPE AND KEY STAKEHOLDER RESPONSIBILITIES

2.1 The policy is available to all employees who have at least 1 year's continuous service with CultureNL and are aged below normal retirement age. Normal retirement age for this purpose is the same as an individual's state pension age – with 65 as the earliest age.

CultureNL recognise continuous previous local government service as defined in The Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999 and subsequent Amendment Orders.

2.2 The key stakeholders who can help to progress a voluntary early release include the employee, Service Managers, the Chief Executive - CultureNL and Human Resources (HR) and their main responsibilities are outlined in [Appendix A](#).

3. PRINCIPLES

3.1 A voluntary early release takes place when CultureNL and an employee mutually agree to end the employment contract for efficiency reasons on a specified date.

3.2 There is no dismissal in law and the employee has no entitlement to notice or a payment in lieu of notice.

3.3 Early release may result from an approach by CultureNL or in response to an employee's request.

3.4 CultureNL will only consider an early release where there is a sound business case and the costs are affordable and can be met.

4. EARLY RELEASE PAYMENT

- 4.1 Where a voluntary early release is approved, the employee will be eligible for a payment. The minimum payment is 1.5 weeks' pay and the maximum 45 weeks' pay, subject to an overall cap of £30,000 (the tax-free limit for severance payments).
- 4.2 The actual payment level will be subject to the case satisfying CultureNL's costs/savings test and payment may be reduced where that is necessary to provide the required saving.
- 4.3 At least 1 year's recognised continuous service with CultureNL (including any recognised previous local government service) at the date of leaving is needed to qualify for a payment. The payment is based on -:
- a) 1.5 weeks pay for each completed year of recognised continuous service¹ (up to a maximum of 30 years will count);
 - b) the employee's actual week's pay².
- 4.4 [Appendix B](#) has a quick reference table to work out payments and a sample calculation.

Eligibility for payment of pension

Local Government Pension Scheme (LGPS) members

- 4.5 Under the relevant Pension Regulations an employee, who is aged 55 or over³ and who meets the criteria of the Scheme, is **automatically entitled** to receive the immediate release of unreduced pension benefits. This means pension benefits already earned in the scheme are released with no actuarial reduction providing an employee qualifies. Where a "Strain on the Pension Fund" cost is incurred this will be included in the overall affordability of a case.

¹ Continuous service is service without a break with CultureNL, other Scottish local authorities and other bodies named in a document called the 'Modification Order'. Generally, continuity of service will be broken if an employee does not have a contract in a particular week (running from Sunday to Saturday).

² A week's pay is determined by provisions in the Employment Rights Act 1996. Generally, for staff whose pay does not vary, a week's pay will be annual salary ÷ 52. If pay varies with the amount of work or time work is done then a week's pay will be the average weekly pay in the last 12 weeks.

³ In the Local Government Pension Scheme, access to pension at age 50 is protected for an employee who was a member of the 1998 Scheme on 5 April 2006. For all other members access to pension is from age 55 onwards.

- 4.6 CultureNL will not pay other compensation in addition to the early release payment (e.g. redundancy payment, “added years” etc.). Also, an employee cannot receive compensation for any period of service that they have previously received enhanced benefits on (i.e. periods of service will not count more than once).

5. FINANCIAL ASSESSMENT

- 5.1 An early release payment is a direct cost to CultureNL. In some cases there may also be an immediate cost associated with the early release of pension. This is the amount CultureNL must pay to the Pension Fund to compensate for the early payment of benefits.

A maximum period of 3 years will be used to assess the costs and savings and each case will only be supported if CultureNL can recover the costs involved from the savings achieved within the 3 year period.

- 5.3 A financial assessment will be carried out for each case to-:

- identify the actual costs
- determine if these costs are affordable and can be met
- identify proposed savings
- establish the financial benefit to CultureNL.

- 5.4 Where a case incurs a “strain”/mandatory compensation cost, the financial assessment will be subject to approval by the Finance Manager.

- 5.5 CultureNL may approve, in exceptional circumstances, the inclusion of “other securable savings” as part of the above financial assessment for a case. Such a proposal by a Service Manager will require to be submitted to the Board of CultureNL for consideration. The Service Manager will detail the exceptional circumstances of the case for special consideration and identify the source(s) of the proposed “other securable savings”.

6. CONSIDERATION AND APPROVAL

- 6.1 An employee's interest in voluntary early release will be kept confidential. Where support for a case is a possibility, HR will provide an estimate of the payment and obtain an estimate of pension benefits and costs (if appropriate) from the relevant Pension Scheme to help the employee and the Service decide whether or not to proceed with an application.
- 6.2 Where the employee decides to proceed with an application, the Service Manager will consider if -:
- a) there is a sound business case;
 - b) there is a requirement to retain the employee's knowledge, qualifications and experience to meet business needs and maintain organisational balance;
 - c) the financial assessment has been undertaken and is satisfactory; and
 - d) the required overall financial benefit is provided.
- 6.3 Where a Service Manager has to decide between competing cases, due regard will be given to CultureNL's interests, cost and affordability.
- 6.4 A case will only proceed for final consideration where the Service Manager has given their support in principle and the financial assessment provides a satisfactory outcome.
- 6.5 The arrangements for the final approval of a case are as follows-:
- a) cases with a salary up to £50,000 will be approved by the Chief Executive – CultureNL on the Board's behalf;
 - b) cases that exceed a salary of £50,000 must be considered by the Chief Executive, Finance Manager, in consultation with a representative of the Audit & Governance Group of the Board of CultureNL;
 - c) a case involving a Service Manager will be submitted for consideration and approval by the Chief Executive to the Board of CultureNL.
- 6.6 All approved cases will be reported to the Board of CultureNL on a biannual basis.
- 6.7 Where a case is approved, the line manager will arrange for the employee to be notified in writing of the decision, the compensation payable and how it has been calculated. HR will then initiate the release arrangements.
- 6.8 Where a decision is taken not to proceed, the line manager will advise the employee of the decision and the reasons in writing.

7. GENERAL

- 7.1 Where a voluntary early release is agreed, the employee (with sufficient service to qualify for the payment) will not have to repay the 12 weeks half pay received if the release is during maternity/adoption leave or before the end of the 3 months following a return to work.
- 7.2 CultureNL may withhold an early release payment where the employee is dismissed for reasons of misconduct or the employment otherwise ends before the mutually agreed release date.
- 7.3 CultureNL will not normally re-engage an employee who has benefited from this arrangement in a similar role or as a consultant in the 6-month period after leaving. However, it is recognised that individuals may apply for other advertised vacancies through the normal recruitment and selection process.

8. RAISING A CONCERN

- 8.1 An employee who is concerned about the application of this policy should talk it over informally with their line manager or another manager as early as possible to see if a solution can be found.
- 8.2 If the matter cannot be resolved informally, the employee can raise the concern formally through the Grievance Procedure.

9. REVIEW

- 9.1 The Policy will be reviewed, as required, by the Chief Executive and in consultation with the recognised Trade Unions.
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KEY STAKEHOLDER RESPONSIBILITIES

The **Service Manager** will consider a case in the first instance to decide if support in principle can be given on the basis that financial and/or operational benefits will be achieved and the associated costs are affordable and can be met.

The **employee** who has expressed an interest in voluntary early release should give serious consideration to the estimate of payment/benefits that is provided and seek independent advice on the implications of leaving employment early before making a final decision.

The **Chief Executive - CultureNL** will consider supported cases to decide if approval can be given. Their decision is final and there is no further right of appeal.

Human Resources (HR) will liaise with all parties involved and facilitate the process.

EARLY RELEASE PAYMENT - CALCULATION

The minimum payment is **1.5 weeks'** pay and the maximum payment is **45 weeks'** pay, subject to an overall cap of £30,000.

The completed years of continuous local government service at the date of leaving are multiplied by 1.5 to get a number of weeks pay. This total is then multiplied by the employee's actual week's pay to give the early release payment amount.

Example: a person with 4 completed years' of continuous service and pay of £350 a week would be eligible for 6 weeks pay (i.e. $4 \times 1.5 = 6 \times £350 = £2,100$)

Complete Years of Continuous Local Government Service	Calculation	No. of weeks pay
0	-	0
1	1 x 1.5	1.5
2	2 x 1.5	3
3	3 x 1.5	4.5
4	4 x 1.5	6
5	5 x 1.5	7.5
6	6 x 1.5	9
7	7 x 1.5	10.5
8	8 x 1.5	12
9	9 x 1.5	13.5
10	10 x 1.5	15
11	11 x 1.5	16.5
12	12 x 1.5	18
13	13 x 1.5	19.5
14	14 x 1.5	21
15	15 x 1.5	22.5
16	16 x 1.5	24
17	17 x 1.5	25.5
18	18 x 1.5	27
19	19 x 1.5	28.5
20	20 x 1.5	30
21	21 x 1.5	31.5
22	22 x 1.5	33
23	23 x 1.5	34.5
24	24 x 1.5	36
25	25 x 1.5	37.5
26	26 x 1.5	39
27	27 x 1.5	40.5
28	28 x 1.5	42
29	29 x 1.5	43.5
30	30 x 1.5	45

Notes:

- a) Only completed years of service count. **Continuous local government service** is defined by the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999 (as amended). For this purpose service includes service with CultureNL and other bodies named in the Modification Order. Generally, continuity of employment will be broken if an employee does not have a contract in a particular week (running from Sunday to Saturday); and
- b) **An actual week's pay** is defined by the Employment Rights Act 1996 and will generally be determined by reference to the employee's actual basic pay plus any contractual allowances (e.g. contractual overtime, shift allowance, etc.) at the date of leaving. Generally for staff whose pay does not vary, a week's pay will be annual salary \div 52. If pay varies with the amount or time of work then a week's pay is the average weekly pay in the last 12 weeks.