

## THE LOCAL GOVERNMENT (EARLY TERMINATION OF EMPLOYMENT) (DISCRETIONARY COMPENSATION) (ENGLAND AND WALES) REGULATIONS 2006 - POLICY STATEMENT

In accordance with the requirements of Regulation 7(1) of the above Regulations, Nottingham City Council has agreed the following policy statement in respect of the discretions available under Regulations 5 and 6 of the same Regulations (the 'DCR' Regulations).

### 1. Regulation 5

- 1.1 For employees with two or more years' continuous service with the City Council (or with an organisation covered by the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999) (the 'RPMO'), who are dismissed by reason of redundancy, compensation will be paid equivalent to the statutory redundancy payment to which they are entitled under the Employment Rights Act 1996 (ERA).
- 1.2 In calculating the amount of redundancy compensation to which an employee is entitled under this Regulation, the statutory limit<sup>15</sup> on a week's pay as imposed by section 227 of the ERA will apply.
- 1.3 Continuous service with an organisation covered by the provisions of the RPMO will count towards the redundancy compensation calculation under this Regulation.

### 2. Regulation 6

- 2.1 For employees who are entitled to a statutory redundancy payment under Regulation 5, no discretionary compensation element will be paid under Regulation 5.
- 2.2 For an employee who is dismissed in the interests of the efficient exercise of the Council's functions, the Council shall have discretion to make a payment to the employee up to a maximum of 52 weeks' pay in circumstances where there is a demonstrable business benefit to the Council arising from the payment. Discretionary compensation payments paid in the interests of the efficient exercise of the Council's functions will not normally exceed £30,000 unless prior approval is obtained from the Appointments and Conditions of Service Committee. It is expected that discretionary payments made in the interests of the efficient exercise of the Council's functions will only be considered in exceptional circumstances.
- 2.3 Discretions under this policy shall be applied in the following manner:
  - a) Payments to officers at the level of Head of Service and above<sup>16</sup> on the grounds of redundancy (compulsory or voluntary) or in the efficient exercise of the functions of the Council shall be made at the discretion of the Appointments and Conditions of Service Committee.

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<sup>15</sup> With effect from 1 February 2013, the statutory limit of a week's pay is £450 per week.

<sup>16</sup> This includes Corporate Directors and officers within the Strategic Leadership Management Group (SLMG).

- b) Payments to officers below the level of Head of Service on the grounds of voluntary redundancy or in the efficient exercise of the functions of the Council shall be made at the discretion of the Chief Executive.
- c) Payments to officers below the level of Head of Service on the grounds of compulsory redundancy shall be made at the discretion of the relevant Corporate Director.

### **3. Additional Membership of the Local Government Pension Scheme**

- 3.1 Employees who are members of the Local Government Pension Scheme (LGPS) who receive a discretionary compensation payment under Regulation 6 of the DCR, will have the option to convert their discretionary compensation payment under Regulation 6 (in the case of redundancy, the 'discretionary compensation element'), into additional membership of the LGPS up to a maximum of ten years.
- 3.2 The decision to convert any of the discretionary compensation element into pension must be taken before the employee leaves the employment of the Council.

### **4. Potential employment related claims**

A condition of the Council exercising its discretions under Regulations 5 and 6 will be that the employee agrees to sign a compromise agreement under the Employment Rights Act 1996, by which the employee will agree not to pursue any legal claims, including unfair dismissal claims, against the Council. Where an employee unreasonably refuses to enter into such an agreement, the employee will be entitled only to the statutory minimum compensation (if any).

### **5. Changes to this policy**

In accordance with Regulations 7 (2) and (3), any changes to this policy and its application will not be made until one month after a statement setting out the intended changes has been published. The policy will be periodically reviewed to ensure its continued effectiveness.

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