



SEVERANCE POLICY

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PART 1

1.1 POLICY STATEMENT

SEStran is committed to maintaining, as far as possible, the security of employment for its employees and the avoidance of compulsory redundancies. Every effort will therefore be made to ensure that measures are taken to reduce the likelihood of such a scenario arising. It is recognised however, that from time to time, a number of internal and external factors impact on how services are delivered which in turn impacts on the number of employees required. It also accepts that there may be situations where employees may express an interest in severance.

The Severance Policy aims to ensure that all employees will be treated fairly and the process applied is transparent and objective. The principles of the policy will be applied to severance and both voluntary and compulsory redundancy situations. The policy will be implemented in consultation with all recognised Trade Unions.

PART 2

2.1 INTRODUCTION

The Severance Policy covers all employees of SEStran who cease employment where:

- on the grounds of business efficiency, it is in the interest of SEStran that an employee should leave its employment; or
- alternative options have proven to be unsuccessful in avoiding such a situation and an employee is to be dismissed by reason of redundancy.

The purpose of the policy is to set out the framework within which employees will be compensated in the above circumstances, for loss of future employment. The policy outlines the benefits that may be payable in an efficiency (severance) or redundancy situation. For the purposes of this policy, the definitions are as follows:

- Severance – where an employee leaves SEStran’s service on a voluntary basis, through business efficiency and is awarded compensation for loss of future employment. Any termination is by agreement and may be in response to a corporate exercise or to an individual expression of interest.
- Voluntary Redundancy- voluntary redundancy can be requested and considered where a pool has been identified as part of a compulsory redundancy process. Where a compulsory redundancy exercise occurs, voluntary redundancy will, where appropriate, be requested and considered in the first instance from within the identified pool.
- Compulsory Redundancy - The Employment Rights Act 1996 defines a redundancy situation (see section 2.5.1). This will arise where the employee is dismissed on the grounds of compulsory redundancy in accordance with the agreed criteria noted within the policy.

This document constitutes the statement of published policy required by Regulation 51A of the Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations 1998.

2.2 SCOPE

This policy covers all employees of SEStran.

Where an employee wishes to access their pension scheme benefits and continue working in their existing post or another post, their request should be dealt with in accordance with SEStran's policy on Flexible Retirement.

2.3 GENERAL PRINCIPLES AND CONSIDERATIONS

Every effort will be made to avoid a situation where compulsory redundancies need to be implemented. Options which will be considered in such circumstances are outlined in paragraph 2.5.3.

Nothing in the policy can take precedence over the statutory provisions that authorise SEStran to pay pension scheme benefits, statutory redundancy benefits or compensatory benefits. The final decision regarding any discretionary payment lies with SEStran.

Where an employee has received a benefit under the Severance Policy, they cannot be re-employed by SEStran, including as a casual worker or on a consultancy basis for SEStran. In specific circumstances and to meet service requirements, the Partnership Director, in consultation with SEStran's Human Resources Adviser, may authorise a short term arrangement, however this must be time limited.

Where appropriate, benefits in respect of part time employees will be proportionately reduced relative to the actual hours worked.

With the exception of compulsory redundancy situations, the compensatory lump sum may be offered on the basis of a signed compromise agreement between the employer and the employee. Where appropriate, this will be discussed with the employee at the time the formal offer is made to them.

2.4 SEVERANCE

Severance includes cessations and retirements on the grounds of SEStran's business efficiency.

From time to time, SEStran may seek expressions of interest in severance. Alternatively, employees may request consideration of severance at any time in their employment. In these situations the termination date will be by mutual agreement. As the reason for the termination itself is by mutual agreement, no notice period nor notice pay need be given. Severance requests should be submitted using the SEV1 form attached.

Severance should not be used to encourage poor performers to leave the employment of SEStran. Such cases should be dealt with by using the appropriate training and development techniques to improve the employee's performance, or ultimately, by using SEStran's Capability or Disciplinary Procedure. Similarly employees with ill health should be managed in accordance with the Managing Sickness Absence Policy & Procedure.

Voluntary requests will normally only be approved and agreed where efficiency savings are achieved (see section 2.4.1 for further information on assessment). There is no guarantee that any request will be approved or agreed.

In order to compensate for the future loss of employment, and to encourage employees to voluntarily offer to terminate their employment with SEStran, a compensatory lump sum will be payable and where appropriate pension benefits may be released. The compensatory lump sum is an immediate one off payment, paid by SEStran.

A compensatory lump sum cannot be awarded if the employee is being awarded compensatory added years for the same employment.

See section 3 for levels of compensatory lump sum payments that can be awarded.

2.4.1 Assessing Applications for Severance

When considering an application for severance under the scheme, the Partnership Director will:

- Prepare a comprehensive assessment of service delivery implications for consideration by the Performance & Audit Committee, including the replacement strategy (see section 2.4.2) and financial implications of any offer being considered;
- Support will be sought from SEStran's Human Resources Adviser and Accountant on the proposal as required.

2.4.2 Replacement Strategy/Financial Implications

If an employee is to be granted severance, the Partnership Director must clearly identify efficiency savings and/or operational improvements that will be implemented. Generally any proposal will be expected to include the deletion or redesign of the employee's or a related post. This could include techniques such as job design and/or alternative service delivery methods. The list below is not exhaustive but provides an indication of

the type of situations that could be considered to achieve the necessary savings:

- The employee will not be replaced and the post will be deleted;
- The employee will not be replaced, thus leaving the post vacant;
- The employee will be replaced, but a vacant post at a lower grade in the structure will be deleted;
- The vacant post will be re-designed on a lower grade;
- The vacant post may be filled on a part time basis.

SEStran has to meet any associated cost of granting a severance application, including any payment to the Pension Fund (a “strain payment”) to offset the liability arising from the early payment of an employee’s pension scheme benefits and any other payments arising from the severance package.

Where severance is proposed for the Partnership Director, the Chair of the Partnership Board will prepare the assessment in consultation with SEStran’s Human Resources Adviser and Accountant.

All severance proposals require approval by the Performance & Audit Committee. A severance proposal will normally only be approved by the Performance & Audit Committee where financial savings of at least 100% of the annual salary can be recovered over a period of up to 3 years. In exceptional cases the Committee may recommend to the Partnership Board acceptance of a proposal where savings require to be achieved over a longer period of time but where there is a strong business case to progress the application.

In each case, the SEStran will require to determine how the existing workload will be delivered in the future on the basis of the proposal. The information provided will be shared with the Trade Unions as appropriate.

2.4.3 Approval Process

The Partnership Board will consider all relevant factors, including the costs and savings to SEStran.

Whilst decisions on severance should be based on financial benefit, consideration must also be given to operational improvements and on-going service delivery.

Normally only where it can be demonstrated that financial savings of at least 100% of the annual salary will be recovered over a period of no more than 3 years, and that the proposal is in the interests of SEStran, will an offer be approved. In exceptional cases the Performance & Audit Committee may recommend to the Partnership Board acceptance of a proposal where savings require to be achieved over a longer period of time but where there is a strong business case to progress the application.

If an application is to be granted, the Partnership Director, with support from SEStran's Human Resources Adviser, must consult with the appropriate Trade Union(s) regarding the future performance of the employee's work.

Where a severance request is approved on the basis of the post being deleted or amended, the Partnership Director is responsible for ensuring that the necessary changes are made to the budget and establishment.

There is no general right of appeal against any refusal to grant a severance request. Where however an employee considers that their request has not followed policy or has been dealt with unfairly, the matter will be dealt with as part of the normal grievance process.

Where a severance request is refused, SEStran and employee may consider alternative approaches such as Flexible Retirement.

All documentation relating to severance applications (whether granted or not) will be retained by the Partnership Director for future audit purposes.

2.5 REDUNDANCY

2.5.1 Definition of Redundancy

The Employment Rights Act 1996 outlines that a redundancy situation arises where a dismissal is wholly or mainly because SEStran:

- has ceased, or intends to cease, to carry on a particular function or role of its business for the purposes of which the employee was so employed or;
- has ceased, or intends to cease, to carry on a particular function or role of its business in the place where the employee was so employed or;
- requirements for employees to carry out work of a particular kind has ceased or diminished or are expected to cease or diminish or;
- requirements for the employees to carry out work of a particular kind, in the place where they were so employed, has ceased or diminished or are expected to cease or diminish.

In cases where employees have less than 2 years' service and who are on a temporary contract advice should be sought from SEStran's Human Resources Adviser.

Any redundancy exercise will be initiated by the Partnership Board.

2.5.2 Consultation

The Trade Union & Labour Relations (Consolidation) Act 1992 (TULR (C)A) requires SEStran to formally consult 'in good time' with recognised Trade Unions where redundancies are contemplated. To do otherwise is in breach of this legislation and would bring with it potential liability. As such, collective consultation with recognised Trade Union

representatives must take place prior to any decision being made that compels, contemplates or plans for redundancies.

The aim of collective consultation is to avoid the termination of employment contracts, minimise the number of workers affected and mitigate the consequences of any proposed redundancies. This consultation process will enable Trade Unions to formulate constructive proposals for consideration and work with SEStran to achieve the above objectives. Collective consultation will be undertaken with a view to reaching agreement.

Although as much time as practical will be provided, SEStran will abide by the statutory minimum timelines for consultation for employers with less than 20 employees:

- Where it is proposed that 19 or fewer employees could potentially be made redundant from one establishment, no collective consultation is required, however in accordance with good practice, SEStran will consult with relevant employees/ Trade Unions at least 30 days prior to notification of the first dismissal. The requirement for individual consultation with those affected will still apply. This will not include the end of a temporary project or individual contract which necessitates a redundancy payment, due to the length of the contract.

The collective consultation process may end before the expiry of these periods if that is the intention of, or inferred by, the relevant Trade Unions.

In accordance with legislation, SEStran will initially provide the following information to main Trade Union contacts of the recognised Trade Unions:

- The reason/s for potential redundancy;
- The numbers and descriptions of employees proposed for redundancy;
- The total number of employees of any such description employed at the establishment in question or where more appropriate, by SEStran in general;
- The proposed method of selection for redundancy (refer to section 2.5.6);
- How the redundancy dismissals are to be carried out including the time period;
- The method of calculating the amount of redundancy payments to be made to those who are dismissed.

Information will also be provided to relevant Trade Unions/ employees where there are implications for employees not directly affected by the redundancies, for example, those employees whose roles or working arrangements may differ as a result of the redundancies being made. Employees who are absent from the workplace during the consultation

process such as on a career break, long term sick or maternity/adoption leave will be provided with the relevant notification and information.

SEStran recognises certain Trade Unions for collective bargaining purposes and will fully consult with these Trade Unions on potential redundancies, however information will be provided directly to affected employees where necessary and appropriate. Following the commencement of the formal consultation process with Trade Unions, information will be provided to affected employees as quickly as possible thereafter.

Women who are on maternity leave when there are redundancies that may affect them must be consulted. This will mean either inviting them to come in to discuss the situation or visiting them at home. If the post of a woman on maternity leave disappears during any redundancy exercise, she is entitled in accordance with legislation, to take priority for any other suitable vacancies, even if she is not the strongest candidate.

2.5.3 Alternative Measure to Redundancy

Where the need for redundancies has been identified, attempts in the first instance will be made to avoid compulsory redundancies by considering a number of options:

- Restrictions on Recruitment/vacancy management – for instance, stop advertising vacancies in order to reduce numbers being appointed or recruit temporary employees to offer some level of short term flexibility if this would assist;
- Voluntarily reduced hours; this may be of interest to a number of employees which may reduce the need for compulsory redundancies or reduce the numbers affected.
- Reduction in overtime where applicable;
- Short time working; it may be that employees would consider reducing their hours of work on a temporary basis to reduce the need for compulsory redundancies.
- Redeployment, including retraining of employees – individuals identified as part of a pool could consider redeployment/training opportunities.
- Career breaks/sabbaticals;
- Discontinuing temporary employees;
- Flexible Retirement
- Natural turnover;
- Voluntary Severance;
- Voluntary Redundancy (see section 2.5.5 below); and
- Any other cost/saving initiative which may be available.

This list is not exhaustive but an indication of options that may be considered. The Partnership Board will consider these options as appropriate. They may also be considered prior to any compulsory redundancies being proposed.

2.5.4 Identifying the Pool

SEStran will in the first instance determine the pool of employees from which the compulsory redundancies will be made. The pool will be determined by the area or function reducing or ceasing,

If a unique post is identified for redundancy affecting a single employee, depending on the tasks of the role there may not be a need to identify a pool.

Where necessary, support will be provided by SEStran's Legal and Human Resources Advisers to identify the suitable pool of employees.

Once a pool of employees has been identified, no vacancy will be automatically advertised for recruitment. Where possible, each post will be considered for redeployment against the pool of employees, with the aim of reducing the numbers that may require to be made redundant. Any redeployment will be on the basis of the terms and conditions of employment for the new post.

2.5.5 Voluntary Redundancy

In the interests of SEStran, before any compulsory redundancy exercise is progressed, a voluntary redundancy option will enable all employees, with over 2 years continuous service, within the specific pool identified, to apply to be considered for voluntary redundancy.

There is no right to voluntary redundancy and the Partnership Board will make the final decision on which volunteers to accept, which will be based on the selection principles outlined below.

A full consultation process as outlined in Section 2.5.2 will be required for any voluntary redundancy exercise. In this situation, the Partnership Board will determine the termination date.

In order to compensate for the future loss of employment and to encourage employees to voluntarily offer to terminate their employment with SEStran a compensatory lump sum will be payable. The compensatory lump sum is an immediate one off payment, paid for by SEStran.

Assessing Applications for Voluntary Redundancy

When considering an application for voluntary redundancy, the Partnership Director must:

- Prepare a comprehensive assessment of service delivery implications for the Partnership Board, including the operational and financial implications of any offer being considered;
- Support will be sought from SEStran's Human Resources Adviser and Accountant on the proposal as required.
- Where more than one employee from the same pool/unit requests voluntary redundancy, and where necessary, the selection process outlined in section 2.5.6 will be used to determine the employees who

may be further considered. Whilst this will provisionally determine the selection process, consideration must also be given to the financial cost of any offer(s) being assessed before any final determination is made.

- Where severance is proposed for the Partnership Director, the Chair of the Partnership Board will prepare the assessment in consultation with SEStran's Human Resources Adviser and Accountant.

Replacement Strategy/Financial Implications for Voluntary Redundancy

If an employee is to be granted voluntary redundancy, the Partnership Director must clearly identify efficiency savings and/or operational improvements that will be implemented. Generally any proposal will be expected to delete the employee's or a related post, however it is accepted that where more than one employee is involved, in some circumstances this may require the team to be redesigned or a restructure of a unit, resulting in the creation of a post at a lower level.

SEStran has to meet the cost of granting a voluntary redundancy application, including any payment to the Pension Fund (a "strain payment") to offset the liability arising from the early payment of the employee's pension scheme benefits.

Taking this into account, a voluntary redundancy proposal will only be approved, where financial savings of at least 100% of annual salary will be recovered over a period of no more than 5 years and it is in the interests of SEStran.

In each case, Services will require to identify how the current workload will be managed. This means determining how the existing workload will be delivered in future on the basis of the proposal being made, information which will be provided to all employees.

Approval Process for Voluntary Redundancy

The Partnership Board, with guidance from SEStran's Human Resources Adviser and Accountant will consider all relevant factors, including the cost and savings to SEStran and the operational implications.

Whilst decisions on voluntary redundancy should be based on the financial benefit, consideration must also be given to on-going service delivery to ensure it is in the interests of SEStran.

Normally only where it can be demonstrated that financial savings of at least 100% of the annual salary will be recovered over a period of no more than 3 years, and that the proposal is in the interests of SEStran, will an offer be approved. In exceptional cases the Performance & Audit Committee may recommend to the Partnership Board acceptance of a proposal where savings require to be achieved over a longer period of time but where there is a strong business case to progress the application.

If an application is to be granted, the Partnership Director, with support from SEStran's Human Resources Adviser, must, with the employee's agreement, consult with the appropriate Trade Union(s)/ employees regarding the future performance of the employee's work. This may include the re-organising or restructuring of the work.

Once approved, the Partnership Director will ensure the necessary changes are made to the budget and establishment.

There is no general right of appeal against any refusal to grant a voluntary redundancy request. Where however an employee considers that their request has not followed policy or has been dealt with unfairly, the matter will be dealt with as part of the normal grievance process.

All documentation relating to voluntary redundancy applications (whether granted or not) will be retained by the Partnership Director for future audit purposes.

2.5.6 Selection Criteria

Where there are more employees than jobs in the identified pool, selection criteria will have to be applied in order to select the required number of employees for redundancy. Selection criteria must be as objective as possible, measurable and justifiable in order to ensure the fair and transparent selection of employees for redundancy.

The redundancy selection criteria should be objective wherever possible, precisely defined and capable of being applied in an independent and consistent manner to all employees. This is to ensure that the process is conducted fairly. The criteria that will be used is as follows:

- **Qualifications.** These must be the essential qualifications for the post and will be identified from the person specification and job description.
- **Essential skills, experience, knowledge and competencies** to undertake the post. These need to be specific, measurable and linked to the post and will be identified from the person specification and job description.
- **Standards of work and performance.** Information from Annual Performance Appraisals should assist in this assessment.
- **Disciplinary Record.** Only current warnings can be used. Expired warnings should not be considered and therefore records must be checked and accurate.
- **Sickness & attendance.** Records must be checked and accurate. Absences relating to carer's leave, maternity leave and pregnancy related absences should be discounted. The total of disability-related absences may need to be adjusted downwards to provide a fair comparison.

The scoring for each criterion will be as per Appendix 1 attached. Weighting may be applied to the criteria which will be developed at the time of each redundancy exercise to meet the needs of SEStran at any given time. This information will not be available to the manager making the assessments to ensure objectivity. Those employees with the lowest scores will be selected for redundancy.

Where a situation arises, where all other criteria measures have been exhausted and the employee scores are even, then length of service with SEStran will be used, on a Last in First Out (LIFO) basis. If an individual has broken service, the periods of employment will be aggregated to allow a fair comparison to be made.

The blend or matrix of criteria used may differ between each selection exercise undertaken by SEStran.

2.5.7 Implementation Process

Stage 1 – Information Meeting

A brief meeting will be held with all affected employee/s and the relevant manager with support from SEStran's Human Resources Adviser. The purpose of the meeting will be to advise the employee/s that they are at risk of redundancy. At this meeting the manager will provide brief reasons for the redundancy and the process to be followed along with timescales. This meeting should be a consultative meeting only and is an opportunity to provide information on the reasons and process to be used along with exploring options to reduce the need for redundancies. It should be made clear to the employees that no decision has been made at this stage as to whether they will be made redundant. Employees can be asked to consider their position with regards to suitable alternative employment at this stage.

The manager, with support from SEStran's Human Resources Adviser, will also write to all employees within the pool to confirm that they are at risk of redundancy and outline the selection process and timescales to be applied.

Before Stage 2 the affected employees should have the opportunity to comment on the proposed selection criteria.

Stage 2 – Scoring

The employees contained in the established 'pool' will be scored using the agreed criteria by the relevant manager. The manager may consult SEStran's Human Resources Adviser for assistance in completing this. Once all scoring is completed the scoring sheet will be issued to the relevant employee for their consideration. No weighting will be applied at this stage.

Stage 3 – Individual Meetings.

A meeting will be arranged with each employee, providing at least 5 days notice, to discuss and assess the scoring. This is an opportunity for employees to challenge the scoring, raise concerns or any specific

matter that arises from their own assessment. The relevant manager, and SEStran's Human Resources Adviser, will be present and each employee will have the right to representation of their choice at this meeting.

Employees should be allowed enough time to reasonably consider their individual scoring and the redundancy proposal in general, for example alternative actions that could be considered to avoid the redundancy. SEStran's management should give consideration to any reasonable representations the employee makes.

Where an employee disagrees with the scoring, a panel, made up of 3 members of the Partnership Board will assess written submissions from both management and the employee for final consideration of any disputed scoring. The panel will make the final decision.

Stage 4 - Finalise Scores

Following individual meetings with employees, the relevant manager will finalise all scores. At which time the full list of scores for will be discussed with Trade Unions. Trade Unions will have an opportunity to challenge the scoring applied, however the final decision will lie with the relevant manager. Those with the lowest scores will be highlighted at this stage as being at risk of redundancy.

Stage 5 – At Risk – Redeployment & Re-Training

Those at risk of redundancy will have an opportunity to meet with a representative(s) from Human Resources, or other advisers where appropriate. This will help facilitate any redeployment process and will also provide an opportunity to discuss and consider any possible re-training opportunities.

Stage 6 - Notice of redundancy

After consideration of any representations and where there is no alternative to redundancy, a meeting should be convened with each employee to advise them of the outcome of the scoring process. The relevant manager and SEStran's Human Resources Adviser, should be present to confirm the decision in relation to whether the employee has been selected for redundancy. The employee will have the right to representation at this meeting.

An employee who is made redundant is entitled to notice. Where the employee has been selected, they will be issued with written notice of redundancy and will be placed on the redeployment list for the purposes of seeking suitable alternative employment. Employees who are given notice must be paid during the notice period even if they are unable to work eg through sickness. The minimum periods of notice employees are entitled to is based on their length of continuous service as follows:

Continuous Service

Less than four years (but at least one month)

Period of Notice

4 week's notice

At least four years

one week for each
completed year of
service,
to a maximum of
12 weeks

Information will also be provided in relation to the proposed termination date and entitlement to payments including outstanding annual leave, all of which will be confirmed in writing. Generally, employees will be required to work their full notice period, however in specific circumstances, pay in lieu of notice may be more appropriate. During the notice period, employees are entitled to reasonable time off to assist in the search for other employment.

The employee will also be advised of the right for their case to be formally reviewed by a review panel. The Partnership Director will write out within 5 working days confirming their decision and provide information on the review process.

Stage 7 Review Process

Any employee who has been selected for redundancy and who is dissatisfied with the way in which SEStran has applied the redundancy selection criteria, or who believes that he/she has been unfairly disadvantaged by the selection criteria or not given a fair opportunity to put forward representations, can request a formal review of his/her selection for redundancy.

The review should be lodged within five working days of the formal notification of redundancy being given. The request for a review should be submitted to the Partnership Director, who will arrange for a review hearing to be heard within 5 days of receipt of the request, or as soon as possible thereafter. The review hearing will be chaired by an independent member of the Partnership Board who has had no prior involvement in assessment of that individual's case. The same member of the Board will consider all review cases received from the one pool, unless due to unforeseen circumstances this is impractical.

The outcome of the review process will be communicated to the employee in writing within five working days of the review hearing. The decision of the review hearing will be final. Human Resources support will be given in this process as required.

The process to be adopted at the review hearing is outlined in Appendix 3.

2.5.8 Alternative Employment

Employees within an identified pool will be asked whether they would be willing to consider any suitable alternative employment opportunities which may be available. If they are then selected for redundancy, any potentially suitable posts will be discussed with them.

Employees should be made aware of the consequences of accepting or refusing an offer of suitable alternative employment, for example should the employee unreasonably refuse an offer of suitable alternative employment, they may lose the right to a redundancy payment.

If the post of a woman on maternity leave disappears during any redundancy exercise, she is entitled to take priority for any other suitable vacancies, even if she is not the strongest candidate.

Consideration should also be given to reasonable adjustments that can be made to posts in line with the Equality Act.

Employees selected for redundancy should also be afforded reasonable time off to look for work or to arrange training. The employee should submit their request in writing to the Partnership Director, outlining the reason for the time they require, within a reasonable time frame for the request to be considered.

If an employee finds alternative employment external to SEStran and wishes to leave before the end of their notice period they may lose the right to a redundancy payment and any outstanding period of notice. If the employee wishes to leave prior to their termination date they must submit their request in writing to the Partnership Director and consideration will be given to this.

3. COMPENSATORY PAYMENTS

- 3.1** Where eligible and approved, the package may consist of a combination of components. Some elements are mandatory and some discretionary. Levels of compensation vary depending on whether the termination of employment is voluntary or the employee has been dismissed on grounds of redundancy.

In severance and redundancy situations a compensatory lump sum is payable. The compensatory lump sum payment made under these arrangements by SEStran includes any entitlement to the statutory redundancy payment as per the Employment Rights Act 1996. An employee made redundant, with 2 or more years' continuous service is entitled to a redundancy payment. SEStran operates the Statutory Redundancy Payment scheme which from 1st October 2009 is as follows:

- Employees aged 22 and under – 0.5 weeks pay for each year of continuous service;
- Employees aged between 23 and 40 – 1 weeks pay for each year of continuous service;
- Employees aged 41 and over – 1.5 weeks pay for each year of continuous service;

Appendix 4 provides an easy reference matrix to assist in calculating the above.

A week's pay is the amount an employee would normally receive under his/her contract on the date of the cessation. If a week's pay varies for any employee an average pay over the previous 12 weeks will be used (excluding non-contractual payments such as overtime).

For the purposes of this policy continuous service is service with employers listed in The Redundancy Payments (Continuity of Employment in Local Government, etc (Modification) (Amendment) Order 2001, where there has been a break of seven days or less between employments. Employees with less than 2 years continuous service are not eligible for a redundancy payment.

The compensatory lump sum payment will be calculated as at the termination date or where appropriate, the date when the notice period has expired.

For the purposes of this policy where an employee's pay exceeds the maximum level specified in the Employment Rights Act 1996, the redundancy payment will be based on the employee's actual pay.

SEStran can decide to pay a compensatory lump sum that is less than the maximum allowed, although any statutory redundancy entitlement would be the minimum payable in redundancy situations. There is no right to receive this payment for termination on grounds of efficiency.

This Policy does not apply to situations where a redundancy payment is paid as a consequence of the end of a temporary or fixed term contract, in this situation the standard statutory redundancy award with no multiplier will be paid.

3.2 COMPENSATORY PAYMENT ON GROUNDS OF EFFICIENCY - SEVERANCE & VOLUNTARY REDUNDANCY

In order to compensate employees for the loss of future employment, in situations where the employee voluntarily requests severance or redundancy, a maximum payment of up to 45 weeks may be available (subject to a maximum of £40k in cases of voluntary severance only). Appendix 4 provides an easy reference matrix of the above calculation for all age/service ranges, which in the case of any severance or voluntary redundancy situation, will be multiplied by 1.5.

3.3 COMPENSATORY PAYMENT ON GROUNDS OF COMPULSORY REDUNDANCY

In order to compensate employees for the loss of future employment in compulsory redundancy situations, a maximum payment of up to 30 weeks may be available. Appendix 4 provides an easy reference matrix of the above calculation for all age/service ranges.

3.4 COMPENSATORY ADDED YEARS

Compensatory added years could be used as an alternative to a compensatory lump sum on the basis of financial/economic grounds as the cost of compensation can be spread over a longer period.

Compensatory added years can be awarded to those who are or could be members of the pension scheme provided they have completed at least 5 year's service and would qualify for immediate access to scheme benefits on redundancy or efficiency grounds. The benefits arising from compensatory added years are a lump sum and a pension based on the compensatory period awarded and the employee's final pensionable pay. Compensatory added years compensation is paid for the duration of the employees' lifetime, or where appropriate, payable to the spouse or civil partner, which means it is not uncommon for a compensatory added years payment to be paid for a significant period of time. The immediate and ongoing costs of awarded compensatory added years are met by Sestran.

Compensatory added years and compensatory lump sums are mutually exclusive. It is possible however to combine a statutory redundancy payment with an award of compensatory added years.

Where appropriate, SEStran will determine the approach that will be taken on each occasion, ie to offer compensatory lump sum or whether compensatory added years is more appropriate. Employees may request compensatory added years as an alternative to a compensatory lump sum. There is however no guarantee or right to be offered compensatory added years.

Should compensatory added years be considered appropriate and offered as part of the package to an employee as an alternative to a compensatory lump sum, the total value of the package will be limited to the value of the compensatory lump sum, ie the 54 or 66 weeks. In all cases, the maximum number of compensatory added years that can be awarded is the shortest of the following:

- The number of years needed to make up the employee's pension scheme membership to 40 years;
- The period equivalent to the employee's service;
- The period between the date of cessation and the employee's 65th birthday; and
- 5 years.

3.5 PENSION SCHEME MEMBERS – MANDATORY PENSION SCHEME BENEFITS

SCOTTISH LOCAL GOVERNMENT PENSION SCHEME

Accrued pension benefits must be released if the employee retires on redundancy or efficiency grounds and:

- has attained age 50, having been an active member of the Scottish LGPS on 5th April 2006, or
- has attained age 55, and
 - has at least 2 years' scheme membership, or
 - has completed less than 2 years' membership but has transferred in previous pension rights from outwith the Scottish LGPS.

Pension benefits are dependent on scheme membership. Membership up to 31/3/2009 will be based on a pension of 1/80th of final pensionable pay for each year of service along with a lump sum payment, whereas membership from 1/4/09 is based on 1/60th of the annual pay, with no automatic lump sum. There is the opportunity to take a smaller pension in return for a larger lump sum.

Members of the scheme, who neither qualify for retirement benefits nor a refund, can leave their rights deferred in the pension fund for payment at retirement age. Alternatively, they can elect to transfer them to a new pension arrangement.

Employees are encouraged to contact the Pensions Section, City of Edinburgh Council, for further information where appropriate.

Retirement benefits are inflation-proofed provided employees have attained age 55. A spouse, civil partner or child's pension benefits are inflation-proofed irrespective of the age of the beneficiary.

3.6 PAYMENT IN LIEU OF NOTICE & OUTSTANDING ANNUAL LEAVE

In general, in cases where severance is granted by reason of efficiency or voluntary redundancy the employee will be considered to be leaving the employment of SEStran by mutual consent so no notice will be payable. Termination dates will, in most cases, be by agreement, however SEStran reserves the right to withdraw an offer if the termination date proposed by an employee is not suitable.

In compulsory redundancy situations, employees will in most situations be required to work their notice period. Where this is not the case, the compensatory lump sum, as detailed above, will include any contractual or legal entitlement to pay in lieu of notice. No additional payment will therefore be payable in this respect.

Employees will be required to take any unused annual leave entitlement prior to the agreed termination date. In exceptional circumstances a payment in lieu of outstanding annual leave may be authorised by the Partnership Director in advance of the agreed termination date.

3.7 TAX & DEDUCTIONS

A compensatory lump sum may be subject to the deduction of income tax depending on the level of the termination package.

It is a condition of this policy and a term of the employee's contract of employment that any outstanding payments due to SEStran will be deducted from the final salary and/or compensatory package.

3.8 IMPACT OF RE-EMPLOYMENT

In the limited circumstances referred to in section 2.3 above, where an individual is in receipt of a compensatory added years benefit and is re-employed, the benefit can be affected by the re-employment.

In addition, re-employment may affect the payment of the Scottish LGPS benefit. The individual should discuss these aspects with the Pensions Section if appropriate.

PART 4

4.1 MONITORING & REVIEW

This policy will be reviewed annually, in accordance with Sestran's schedule for review of Human Resources Policies and as required to take account of developments within SEStran and changes in legislation.

Appendix 1 – SEStran Voluntary Severance (SEV1 Intimation of Interest)

Appendix 2 – Redundancy Selection Matrix

Appendix 3 – Review process

APPENDIX 1**SEStran – VOLUNTARY SEVERANCE
SEV1 - INTIMATION OF INTEREST**

PART A PERSONAL DETAILS			
FORENAME		SURNAME	
ADDRESS			
		POSTCODE	
TELEPHONE NUMBER		EMAIL ADDRESS	
DATE OF BIRTH			

PART B POST/JOB INFORMATION			
JOB TITLE			
EMPLOYEE NUMBER		CURRENT SALARY	

PART C AUTHORISATION/DECLARATION			
I hereby intimate an interest in voluntary severance and I authorise the Pensions Section, City of Edinburgh Council, to disclose all details of my pension rights and benefits to the SEStran representatives who will be considering this intimation. I am making this application on a voluntary basis.			
Signed		Date	

Notes to Employee

1. All applications for Voluntary Severance will be considered and processed in accordance with SEStran's Severance Policy . A copy of the Policy is available from your line manager and from SEStran's website.
2. Completed forms should be returned to the Partnership Director.
3. There is no automatic right for a severance request to be granted and no guarantee that an offer will be made to you. You will be advised whether or not your request can be progressed as quickly as possible.

In accordance with the Data Protection Act 1998, you are advised that the above information will be processed as required to allow your application to be considered and information regarding your application will be held on file for statistical/ audit purposes.

APPENDIX 2
REDUNDANCY SELECTION MATRIX

QUALIFICATIONS

No qualification for post	Part qualified/part completed qualification	Obtained qualification
0	3	5

SKILLS & EXPERIENCE, KNOWLEDGE & COMPETENCIES

Essential skills, experience and competencies to undertake the post linked to the job description and personal specification for the post; These need to be specific, measurable and linked to the post. The appraisal processes should help determine these levels.

Lack of skills experience, knowledge & not meeting competencies /in formal capability process (performance related)	Acceptable level in some areas, with high level of gaps in all criteria	Acceptable level across all areas, with some gaps showing in most criteria	A very high level for one or more of the criteria and small gaps in all remaining areas	Very high level across all areas
0	2	3	4	5

STANDARDS OF WORK AND PERFORMANCE

Non-acceptable standard or work and performance and fails to meet objectives	Low level of standard of work and performance which has raised concern in the last 12 months	Acceptable level of work and performance and sometimes meets objectives	Usually a very high level of work and performance and usually meets objectives	High standard of work and performance and always meets objectives
0	2	3	4	5

DISCIPLINARY RECORD

Live Final Written Warning on file	Live Written warning on file	No disciplinary record
0	3	5

SICKNESS/ATTENDANCE*

More than 1 trigger reached in previous 2 years	1 trigger reached in previous 2 years	No Triggers reached in previous 2 years
0	3	5

* In cases where an employee has a condition which is covered by the Equality Act 2010 and there has been disability-related absence, the above will be multiplied by 2, for example, a disabled employee who has reached 2 triggers in

the previous 2 years will score 3 points and where they have reached 3 or more triggers, they will score 0.

APPENDIX 3

REVIEW PROCESS

Notification of Appeal

Any employee who has been selected for redundancy can ask for the situation to be reviewed on the following grounds:

- the application of the redundancy selection criteria;
- the selection criteria have unfairly disadvantaged the employee;
- the employee has not given a fair opportunity to put forward representations;
- the policy has not been applied properly.

Employees must confirm their intention to apply for a review/appeal in writing to the Partnership Director within 5 days of notification of selection for redundancy. This should set out the reasons that their case should be reviewed eg the grounds of their appeal and provide any evidence/documentation to demonstrate their case. This information will be available to all parties of the review.

On receipt of a letter of review/appeal, a suitable hearing will be arranged, providing a minimum of 3 days' notice in writing. The appropriate manager will be asked to submit any relevant papers that may be referred to during their submission, copies of which will be provided to the appellant in advance of the hearing taking place.

The Review Hearing

The hearing will be chaired by an independent member of the Partnership Board. Representatives with Human Resources and Law & Administration support.

The Appellants may be accompanied at the hearing by a colleague or their Trade Union representative. Partnership Director will also be invited to attend the hearing to present managements case.

The Chair will introduce those present and ensure those attending understand the procedure which is to be followed during the hearing.

The appellant, or their Trade Union representative, will have approximately 5 minutes to present their case, after which they may be questioned by the Chair and the relevant Advisers.

Management's case will be presented by the Partnership Director. Again approximately 15 minutes will be provided to present management's case and the opportunity for questioning from the panel will be restricted to a further 5 minutes. Each party will have the opportunity for cross examination.

Management's representative, followed by the appellant or their representative, will then be provided with an opportunity to briefly summarise the key points of their case. No new evidence should be introduced at this time. Before closing the hearing, the Panel Chair will:

- Ascertain whether or not the appellant considers that they have had a fair hearing
- Advise the appellant that the panel's decision will be notified in writing at the conclusion of all grading appeals.

The parties will then be asked to withdraw to allow the Chair to decide whether the appellant's case is upheld or not. Appellants and Partnership Director will be advised in writing whether their case has been upheld or not within 5 days of the date of the review hearing.

APPENDIX 4

STATUTORY REDUNDANCY PAY TABLE

To calculate the number of weeks redundancy pay, cross reference the person's age and years of service and then multiply that number by the weekly salary. E.g. a person with a salary of £200 per week, aged 22 with 4 years of service will be entitled to two weeks salary e.g. a total redundancy of £400.

Statutory redundancy pay table

	Service (Years)																			
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
17*	1																			
18	1	1½																		
19	1	1½	2																	
20	1	1½	2	2½	-															
21	1	1½	2	2½	3	-														
22	1	1½	2	2½	3	3½	-													
23	1½	2	2½	3	3½	4	4½	-												
24	2	2½	3	3½	4	4½	5	5½	-											
25	2	3	3½	4	4½	5	5½	6	6½	-										
26	2	3	4	4½	5	5½	6	6½	7	7½	-									
27	2	3	4	5	5½	6	6½	7	7½	8	8½	-								
28	2	3	4	5	6	6½	7	7½	8	8½	9	9½	-							
29	2	3	4	5	6	7	7½	8	8½	9	9½	10	10½	-						
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11	11½	-					
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12	12½	-				
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13	13½	-			
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14	14½	-		
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15	15½	-	
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	16½	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17	
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½	
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18	
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½	
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19	
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½	
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	

46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½
61+	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30

Compensatory Lump Sum Calculation – Severance and Voluntary Redundancy

To calculate the number of weeks redundancy pay, cross reference the person's age and years of service and then multiply that number by the weekly salary. E.g. a person with a salary of £200 per week, aged 22 with 4 years of service will be entitled to two weeks salary e.g. a total redundancy of £400. Then multiply that sum by 1.5 to arrive at a payment of £600.

Compensatory Lump Sum Calculation – Compulsory Redundancy

To calculate the number of weeks redundancy pay in a compulsory situation, cross reference the person's age and years of service and then multiply that number by the weekly salary. E.g. a person with a salary of £200 per week, aged 22 with 4 years of service will be entitled to two weeks salary e.g. a total redundancy of £400.