Appendix 1

SEVERANCE POLICY

This policy seeks to provide an alternative means of addressing budgetary pressures within the Council.

The principles that underpin the policy are as follows:

1) Requests will not be considered unless they have the support of the Assistant Director responsible for the service.

2) Requests will not be agreed unless there is a clear business case that it is in the interests of the efficient delivery of the service.

3) The cost of the severance payment should not exceed the full year savings accrued as a result of the employee leaving.

4) All decisions need to be approved by the Director of Finance, Resources & Customer Services.

5) There is no right of appeal against a decision not to grant a severance payment.

6) The policy cannot be used as a substitute to managing employee performance issues where the application of the capability policy is the appropriate way forward.

Benefits of the policy

a) Providing Enfield with an alternative way of reducing overall cost of the workforce through voluntary rather than compulsory means.

b) Aiding succession planning through the creation of opportunities resulting from postholders leaving the organisation.

Eligibility Criteria

A severance payment will only be considered where:

- The employee is either on a fixed term or permanent contract of employment with the Council.

- There is a business case drawn up by the Head of Service demonstrating savings and efficiencies arising from the release of the employee.

The following restrictions will apply if severance is granted:

- The employee will be required to sign a compromise agreement (the Council will pay up to a maximum of £250 plus VAT for the employee to obtain the necessary legal advice prior to signing the compromise agreement).

- The employee cannot be re-engaged by the Council in any capacity eg: agency worker/consultant within 2 years of the last day of service.

Severance Terms

1 week's salary (capped at a maximum of £1,000 per week) for each year's continuous service with the London Borough of Enfield, up to a maximum of 20 weeks, payable. PLUS:

Where an individual is aged 55 or over and is a member of the Council's pension scheme for at least 3 months – Release of retirement benefits with no waiving of any applicable actuarial reduction. The actuarial reduction is the amount the Government Actuary requires the pension and lump sum (if applicable) to be reduced when paid before the earlier of the 65th birthday or the 85 year rule date (subject to the Local Government Pension Scheme transitional provisions). Where the 85 year rule applies the actuarial reduction will not apply.

Successful applicants who proceed with Severance will receive this specific Severance payment tax free. Confirmation has been obtained from HM Revenue and Customs.

Process

1. Having regard to the aims of the policy the Head of Service and Assistant Director/ Director should identify employees who could be approached with a view to being released under the terms of the scheme.

2. The Head of Service should then raise the possibility of severance informally with the identified employee if the Assistant Director/ Director is in agreement.

3. If there is a favourable response the employee should complete Forms 1S and 2S. Form 1S should be submitted to their Head of Service and Form 2S to the Pensions Department.

4. When the Head of Service has received Form 2S back from the Pensions Department they should meet with the employee to discuss the implications.

5. If the Head of Service wishes to support the request they should complete Form 1S and submit it to the Director of Finance, Resources and Customer Services, detailing the net savings for the Council.

6. If the Director of Finance, Resources and Customer Services agrees, Form 3S should be sent to the employee (copy to HR for administration and payment).

7. If the severance is agreed the HR Department will forward a compromise agreement to the employee who should sign and return it by no later than one month before the agreed last day of service.

8. If the Director of Finance, Resources and Customer Services does not agree, Form 4S should be sent to the employee.

9. The decision of the Director of Finance, Resources & Customer Services is final.

Review

This policy will be subject to review at any time.

FORM 1S

Severance Application Form

Section A – To Be Completed By The Employee

[Name]
[Address]
[Address]
[Address]

Dear

1) I wish to apply for severance with effect from ……..

2) My continuous service with the London Borough of Enfield is …….

3) I believe that my release will be beneficial to the service because …….

4) I understand that if my request is agreed it will be subject to my signing a compromise agreement.

NAME: _____

SIGNATURE: _____

DATE: _____

Section B – To Be Completed By The Head Of Service

I wish to support the above request for severance.

The cost of the severance is attached on Form 2VS.

The business case and net savings accruing from the severance are as follows:

Section C – To Be Completed By The Director of Finance, Resources and Customer Services

Agreed / **Not Agreed** (delete as applicable)

Signed:
Director of Finance, Resources and Customer Services……

Date: ……..

FORM 2S

Estimate of Severance Benefits

CONFIDENTIAL

Employees should complete this form and send it to the Pensions Department at:

(Insert address)

Please allow 10 working days for the figures to be provided.

Name:	Payroll Number:
Date of Birth:	Job Title:
Department:	Team/Section/Unit:

Please could you provide me with severance benefits figures, as I am considering severance and my proposed last day of service will be / / [insert date]

Signed: _____ Date: _____

For Pension Department use only

Severance £

Pension (If appropriate)

Funded Benefits £

Less Reduction £

Total Benefits Payable £

Capital Cost £

Prepared by:

Date:

FORM 3S

Severance Acceptance Letter

[Name]
[Address]
[Address]
[Address]

Dear ,

I am pleased to inform you that, after consideration, the Director of Finance, Resources and Customer Services has agreed to your release for severance subject to your signing a compromise agreement which will be sent to you shortly.

Your last day of service will be …….. The Payroll Department has been notified of your entitlements and will make the necessary arrangements for payment.

May I take this opportunity to thank you for the service and commitment you have given the Council over the past ……. years.

Yours sincerely,

Head of Service

FORM 4S

Severance Rejection Letter from Director of Finance, Resources and Customer Services

[Name]
[Address]
[Address]
[Address]

Dear ,

Severance Application

I regret to inform you that, after consideration, your request for severance has not been agreed for the following reasons:

You should note that there is no right of appeal against this decision.

Yours sincerely,

Director of Finance, Resources and Customer Service