Redundancy and Associated Redeployment Policy

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This policy supersedes any previous versions.
GATESHEAD HEALTH NHS FOUNDATION TRUST

PERSONNEL POLICIES AND PROCEDURES

PP4: REDUNDANCY AND ASSOCIATED REDEPLOYMENT POLICY

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1. INTRODUCTION

1.1 In the context of the changing patterns of healthcare provision, Gateshead Health NHS Foundation Trust is committed to giving encouragement and assistance to staff to enable them to be involved in developing new styles of service. The Trust aims to make every effort to offer suitable alternative employment for staff displaced as a result of major changes in service provision.

1.2 In the event that reductions in the workforce become necessary the Trust will attempt, as far as is practicable, to avoid redundancies (see 3 below). Where redundancy cannot be avoided it is the aim of the Trust to give fair and sympathetic attention to the interests of every individual affected. Managers will initiate the necessary procedures in accordance with this policy.

1.3 This policy may be supplemented by particular documents on specific eventualities where these are required. This policy has been formulated in conjunction with Section 16 of the Agenda for Change Handbook.

1.4 This procedure applies to all staff except Medical & Dental Staff for whom there are separate arrangements.

2. DEFINITION

2.1 Redundancy arises when employees are dismissed in the following circumstances:

- where the employer has ceased, or intends to cease, to carry on the business for the purposes of which the employee was employed, or where the employer has ceased, or intends to cease, to carry on the business in the place where the employee was so employed, or

- where the requirements of the business for employees to carry out work of a particular kind, in the place where they were so employed, have ceased or diminished or are expected to cease or diminish.
3. STEPS TO AVOID THE ENFORCEMENT OF REDUNDANCY

3.1 In accordance with 1.2 above, the Trust will, in consultation with staff representatives, give the fullest consideration to all suitable courses of action prior to any redundancy. Such action is likely to include:

3.1.1 The restriction or suspension of recruitment

3.1.2 The reduction or elimination of overtime

3.1.3 The reduction of casual bank hours worked

3.1.4 The redeployment, relocation or retraining of employees to and for suitable alternative types of work or places of work.

3.1.5 The termination of employment of staff employed on temporary and fixed term contracts following due notice

3.1.6 Terminating any extensions of service beyond retirement age following due notice.

4. CONSULTATION WITH RECOGNISED TRADE UNIONS/STAFF ORGANISATIONS OR ELECTED STAFF REPRESENTATIVES AND INDIVIDUAL STAFF

4.1 Following communication and consultation with union representatives and staff of functions affected by structural changes or changes in working practices Trust management will identify situations which may lead to redundant posts. It is the aim to communicate with relevant staff representatives and staff potentially affected as close to simultaneously as practicable. Communication with staff will be face to face where possible.

4.2 Regardless of the length of service or hours of work of employees, management will consult with recognised trade unions/staff organisations whose members will be directly involved or staff representatives elected by staff directly affected.

4.3 The Trust will also utilise current arrangements for joint consultation on an on-going basis as appropriate. Departmental meetings held with managers and their staff will provide another avenue for communication and consultation concerning the effects of major changes proposed.
4.4 The minimum notice periods required to be given to the trade union or elected staff representatives in advance of the proposed redundancies will be:

   Up to 19 employees at one establishment - notification at the earliest opportunity

   20 - 99 employees at one establishment during a period of 90 days or less - notification at least 30 days in advance of the first dismissals

   100 or more employees at one establishment during a period of 90 days or less - notification at least 90 days in advance of first dismissals.

4.5 The written information that will be formally communicated is:

   - the reasons for the proposal
   - the numbers and descriptions of employees it is proposed to dismiss as redundant
   - the total number of employees of any such description employed by the Trust at the establishment in question
   - the proposed method of selecting the employees who may be redundant (see section 10)
   - the proposed methods of carrying out the dismissals, taking account of any agreed procedures, including the period over which the dismissals are to take effect.
   - the method by which redundancy payments will be calculated.

4.6 Management will consider and reply to any points made by the trade unions/staff organisations or elected staff representatives.

4.7 The definition of one establishment for the above purposes is either a clearly defined location, such as one hospital, or group of staff identified by the function performed. In identifying one establishment the following factors are relevant:

   - geographical separation
   - how the employees in question are managed
   - the level at which consultation with trade unions/staff organisations normally takes place
- degree of shared services
- whether separate financial arrangements exist.

4.8 There is a statutory duty to notify the Department of Trade and Industry when 20 or more redundancies are to be made at one location. Notification to the Department of Trade and Industry must also comply with the above notice periods in order to allow the Department to provide help where available in redeploying or retraining the redundant employees.

4.9 Individual staff, who are likely to be affected by major changes, will be interviewed by the appropriate manager, together with a representative from the Personnel Department, to discuss their personal circumstances, preferences and options for the future.

4.10 The Trust will ensure that all employees facing redundancy or premature retirement will have access to advice concerning benefits and future options. Assistance will be made available with completing an Application Form, interview technique and career counselling as appropriate. See also 13.1 below.

5. MAINTAINING SERVICES DURING A PERIOD OF CHANGE

5.1 Vacancies which occur that need to be filled in order to maintain the services in departments that will be reducing will be filled in one of the following ways:

- where appropriate posts may be filled on an acting up basis temporarily in the interim.

- temporary or fixed term contracts will be issued where work is clearly identified as being of a temporary nature and fixed term contracts must be reviewed within one month prior to their date of expiry

- in situations where it would appear to be appropriate for an employee’s service to be extended beyond compulsory retiring age to maintain services, such extensions will be jointly agreed on a temporary basis.

6. RETRAINING

6.1 The Trust will make every effort to assist staff to be provided with retraining, where appropriate, within the limits of available resources and time constraints. Every effort will be made to support staff with ‘top up’ training to help them meet the criteria for potentially suitable vacancies occurring within their profession. In addition, staff have a responsibility to take the
initiative themselves to look out for other openings appropriate to their skills and abilities and to seek relevant retraining.

7. ASSOCIATED REDEPLOYMENT

7.1 All reasonable attempts will be made to find suitable alternative employment for potentially redundant employees.

7.2 The Trust would restrict external recruitment in respect of vacancies in specified grades to which redeployment of potentially redundant staff could be appropriate. Any such vacancies would be advertised internally inviting applications from potentially redundant employees in the first instance. The principles and processes detailed in the Trust’s Personnel Policy - Filling of Posts will be followed.

7.3 Any suitable alternative employment must be brought to the employee’s attention in writing before the date of termination of the contract and with reasonable time for the employee to consider it. The employment should be available not later than 4 weeks after the termination date. Where this is done, but the employee fails to make any necessary application, the employee shall be deemed to have refused suitable alternative employment.

7.4 Employees who accept suitable alternative employment forfeit their right to redundancy payment as do those employees who unreasonably refuse an offer of suitable alternative employment made before termination. The onus is on management to show both suitability of the offer and unreasonableness of refusal in the light of full evidence presented by the employee in question.

7.5 ‘Suitability’ means being substantially equivalent to the previous employment of the particular employee. The whole job must be considered; no one single factor is decisive. Factors which may be taken into account include skill/task, net pay, hours of work, place of work, time and cost of travelling, working conditions, effect on employees health. The individual’s circumstances need to be taken into account when assessing suitability and so a two-way dialogue will be needed to ascertain whether an alternative post would be suitable. During this process the individual should be encouraged to seek advice from their staff representative.

7.6 ‘Reasonableness’ concerns whether the employee, taking into account their personal circumstances was being reasonable in refusing the offer. Relevant factors include late or vague offer of employment, relocation, schooling for children, refusal of spouse to move, dependants to care for, health, unsocial hours, future job security, job already obtained elsewhere.
7.7 An offer of a post which may be suitable alternative employment will be made in writing and in sufficient detail to show the significant differences from the previous employment.

7.8 An employee who accepts an offer of suitable alternative employment will be allowed a trial period of up to four weeks to ascertain if the post is suitable and whether they are suitable for the post. This is four weeks from the termination date of the former contract but may be extended by prior written agreement with the employee, in order to retrain him/her for the new job. The time period will be confirmed to the individual when it is being extended for retraining.

7.9 Final acceptance of the new employment by the employee should be clear and in writing. If the employee works beyond the end of the 4 week period or the jointly agreed extended period any redundancy entitlement will be lost because the employee will be deemed to have accepted the new employment. If it is decided by either party that the post is not suitable the individual retains the right to a redundancy payment.

7.10 Protection arrangements will operate in accordance with the Trust Protection of Pay and Conditions of Service Policy (PP4).

8 VOLUNTARY REDUNDANCY

8.1 Voluntary redundancy may be considered in the following order:

8.1.1 Within the category of staff at the location directly affected.

8.1.2 Within the category of staff affected but in another location if the resulting vacancy could be used for the employment of an employee declared redundant.

8.2 In deciding whether to consider requests for voluntary redundancy the disruption to services and the cost of redundancy payments will need to be assessed.

8.3 In cases of voluntary redundancy or early retirement the Trust reserves the right to determine who would be permitted to go in the light of the Trust's operational requirements. Maintenance of an appropriate experience and skill mix and the Trust's financial viability will be paramount considerations.
9. **PREMATURE RETIREMENT**

9.1 Existing guidance on premature retirement for staff who are members of the NHS Pension Scheme prescribes additional procedures to be followed. They are as follows:

a. The over-riding consideration is that the premature retirement should be in the interest of the efficient operation of the Trust, after taking account of the often substantial costs of the enhanced benefits to the individual and the costs to the Trust of alternatives, notably continued employment of the individual, redeployment or continued employment at a lower level on protected salary terms.

b. Each case approved should be demonstrably linked with a major significant organisation change, the closure of a specific service or facility, a decision to accept a competitive tender for a service previously provided in-house or a specific and identifiable programme to achieve efficiency savings.

c. Where choice exists those who would receive least enhancement of benefits should be selected for premature retirement.

9.2 In addition, premature retirements will not be granted in the following circumstances:

i. To achieve any general reduction in the workforce levels. The Trust is required to rely on natural wastage in such circumstances.

ii. Where there is a continuing need for a post and granting premature retirement would create a vacancy.

iii. Where it cannot be demonstrated that the premature retirement contributes to the avoidance of redundancy and is in the interest of the service.

10. **SELECTION FOR COMPULSORY REDUNDANCY**

10.1 The Trust will seek to agree the selection criteria for compulsory redundancy beforehand with the appropriate trade unions/staff organisations. Where there is refusal to discuss the matter by the unions, they will be advised of the procedures that the Trust will adopt. Where agreement cannot be reached, management reserve the right to implement procedures.
10.2 Such criteria should be flexible enough to take into account the Trust’s overriding interest of patient care whilst ensuring fair treatment and equality for its employees. Selection criteria which will be considered include; overall cost implications of individual redundancies, attendance, records, skills, qualifications, knowledge and experience; job performance and disciplinary records. Due regard will be given to equality of opportunity in deciding the method of selection and the criteria used will not be discriminatory.

10.3 The Trust will:

- inform staff representatives in line with 4.5 above
- notify the employees concerned that their employment will be terminated. Notice provisions detailed in 11 below will apply.
- ensure that staff who are under notice are able to seek advice from staff representatives and where appropriate outplacement support.

10.4 If the employee would have been dismissed wholly or mainly for some other reason e.g. incapability, misconduct, statutory bar, end of apprenticeship, then the dismissal is likely to be for that reason and not for redundancy.

11. NOTICE OF DISMISSAL

11.1 The statutory or contractual periods (whichever is the longer) of notice of dismissal on grounds of redundancy will apply.

11.2 An employee may leave before the expiry of the above periods if:

a. the parties agree in writing to vary or waive their right to notice, involving no loss of unfair dismissal or redundancy rights.

b. The employee gives written counter notice (which may be less than the statutory or contractual notice periods) after being given notice by the employer, and this notice is accepted by the employer. There would be no loss of unfair dismissal or redundancy payments rights.

11.3 The normal arrangements regarding outstanding annual leave etc. shall apply in respect of termination of employment.

11.4 If suitable alternative employment becomes available after notice has been given to terminate the employee’s contract the
notice will be rescinded and the post will be offered in accordance with 7.3 above.

12. **TIME OFF TO FIND JOBS OR ARRANGE TRAINING**

12.1 The Trust will allow reasonable time off with pay to employees with the qualifying period of service who are under formal notice of redundancy in order that they may seek employment or arrange training outside the Trust.

12.2 Employees may be required to show evidence of appointments and/or interviews but where they are genuinely unable to do so, this will not normally prevent reasonable release.

12.3 The normal rule of prior permission from management for the time off will apply.

13. **COUNSELLING**

13.1 The Trust will ensure that employees facing redundancy or premature retirement will have access to appropriate counselling facilities concerning benefits and future options and be given contact details for useful organisations.

14. **APPEAL ARRANGEMENTS**

14.1 An employee dissatisfied with his/her treatment under this policy has the right to lodge a grievance under the Trust's Grievance Procedure. An appeal against the decision to dismiss on the grounds of redundancy will be heard as speedily as possible by the level of management above the dismissing manager.

15. **OTHER RETIREMENT**

15.1 Retirement provisions in situations other than redundancy are detailed in the Trust's Retirement Policy (PP23).

16. **PERSONNEL DEPARTMENT**

16.1 Personnel staff will be involved with managers in working for a smooth transition where major changes are introduced. Staff will be encouraged to contact the Personnel Department where they have individual problems arising from major changes which cannot be readily resolved by the manager dealing with the change.
17.  **ADMINISTRATION**

17.1 The Directors with responsibility for Human Resources and for Finance will be responsible for:

i. identifying redundant posts in conjunction with departmental managers.

ii. monitoring workforce levels in order to ensure that targets are met effectively, particularly to match employees in redundant posts with vacancies.

iii. processing documentation and maintaining records of all proposed and actual redundancies and early retirements and associated payments.

iv. preparing estimates of redundancy payments, early retirement and pension benefits.

v. liaison with managers to ensure redeployed employees receive appropriate training.

vi. preparing, authorising and submitting final redundancy and early retirement payments.

18  **MONITORING & REVIEW**

18.1 This procedure will be reviewed periodically to ensure uniformity of treatment for all employees in the implementation any Redundancy issues within the Trust.

18.2 This procedure will be formally reviewed and ratified by April 2010 but will be subject to review, audit and consistency check by senior members of the Human Resources Department during its tenure.

18.3 This procedure will be amended in light of any guidance issued by Government or other legal sources.
APPENDIX 1

GUIDE TO FINANCIAL ASPECTS OF REDUNDANCY AND REDEPLOYMENT POLICY

1. **Protection of Existing Pay and Conditions**
   
   1.1 Where a member of staff is required by the Trust either to move to an alternative post or take a reduction in hours or earnings as a result of major changes the arrangements in the Trust’s Protection of Pay and Conditions of Service will apply.

2. **Excess travel**

   2.1 Staff employed on Trust contracts which state a permanent base will be entitled to excess daily travelling allowances in accordance with Agenda for Change terms and conditions. Staff on Trust contracts which state that they have an initial base but that they may be required to work at other sites across the Trust will not be entitled to excess travelling allowances.

3. **Lease Cars**

   3.1 Any employee declared redundant who is in possession of a lease car shall normally be required to return the car by a date determined by the Trust, terminating the lease agreement. The Trust undertakes to ensure that the individual does not incur additional costs on termination.

4. **Redundancy pay (in accordance with section 14 of the Agenda for Change Handbook)**

   4.1 **Definition of continuous service**

   ‘Continuous service’ means full time or part time employment with the present or any previous NHS employer. If with more than one NHS employer, there must not have been a break of more than a week (measured Sunday to Saturday) between employments.

   4.2 **Definition of reckonable service**

   ‘Reckonable service’ for the purposes of an NHS redundancy payment, which is calculated on the basis of the service up to the date of termination of the contract, means continuous full-time or part-time employment with the present or any previous NHS employer but with the following additions:
• where there has been a break in service of 12 months or less the period of employment prior to the break will count as reckonable service

• periods of employment as a trainee with a general medical practitioner in accordance with the provisions of the Trainee Practitioner Scheme will count as reckonable service

• at employer discretion, any period or periods of employment with employers outside the NHS where these are judged to be relevant to NHS employment can be included in reckonable service (see Agenda for Change: NHS terms and conditions of service handbook - Section 12).

The following employment will not count as reckonable service:

• employment that has been taken into account for the purposes of a previous redundancy, or loss of office payment by an NHS employer

• where the employee has previously been given pension benefits, any employment that has been taken into account for the purposes of those pension benefits.

4.3 Definition of a month’s pay

‘Month’s pay’ means whichever is the more beneficial of the following calculations:

• 4.35 times a week’s pay calculated in accordance with the provisions of Section 221 to 229 of the Employment Rights Act 1996

• an amount equal to $\frac{1}{12}$th of the annual salary in payment at the date of termination of employment.

4.4 Calculation of redundancy payment

The redundancy payment will take the form of a lump sum, dependent on the employee’s reckonable service at the date of termination of employment. The lump sum will be calculated on the basis of one month’s pay for each complete year of reckonable service subject to a minimum of two years’ (104 weeks) continuous service and a maximum of 24 years’ reckonable service being counted. Fractions of a year of reckonable service will not be taken into account.
N.B.

2 Subject to consultation, for those who are in the new pension scheme (with a normal pension age of 65), minimum pension age will be 55 from when the scheme is set up.

3 It is open to qualifying members to take early retirement under the normal scheme arrangements for voluntary early retirement or normal age retirement. Early retirement on grounds of redundancy for employees entitled to pension benefits.

4.5 Qualification criteria

Members of the NHS Pension Scheme who are made redundant and meet the conditions set out above paras, may choose to retire early without reduction in the value of pension benefits as an alternative to receiving the full lump sum benefit set out in para. To qualify for early retirement the member of staff must:

• Be a member of the NHS Pension Scheme;

• Have at least two years’ continuous service, and two years’ qualifying scheme membership;

• Have reached the minimum pension age. The Finance Act 2004 allows for protection of a minimum pension age of 50 for members who had the right to take reduced benefits at that age on 5 April 2006. This protection may continue as long as members retiring early after 6 April 2010 take all their benefits payable under scheme rules. In the NHS Scheme, for those without this protection, members who first joined and some who returned to the scheme after 6 April 2006, minimum pension age will change from 50 to 55 from 6 April 2010.

4.6 Definition of qualifying membership

‘Qualifying membership’ is membership that counts towards entitlement for benefits. Pensionable membership is membership that counts when benefits are calculated. This may be different from reckonable service for the purposes of a redundancy payment as it can include pensionable service from previous periods of employment with the NHS or another employer and periods of part time working.

Use of redundancy payment for early retirement

If the redundant member of staff chooses to take early retirement with an unreduced pension under these arrangements, they will receive immediately the full value of their qualifying pension benefits at the point of redundancy.
without the actuarial reduction that would occur with voluntary early retirement. Their employer will pay the relevant NHS pension scheme a sum equivalent to the capitalised cost of paying the pension and lump sum early; either as one payment or in five instalments.

This sum will be paid from the lump sum redundancy payment that otherwise would have been paid to the employee. If the cost to the employer of paying by single payment for early retirement is less than the value of the redundancy payment that the member would have received under para 16.8 (of the Agenda for Change Handbook) then the redundant employee will also receive from the employer a redundancy payment equivalent to the difference between the two sums. The cost to the employer would therefore normally be the same as if the employee had chosen to take a redundancy payment without unreduced early retirement. However, if the cost of early retirement is more than the redundancy payment due, the employer will pay the additional cost. If the employer chooses to pay in five installments, the employer is responsible for the additional interest charge.

N.B

(4) Where practitioner membership ended 12 months or more before the date of non-practitioner retirement on redundancy, and all other posts have ceased, practitioner benefits will be paid at the same time as the redundancy benefits and associated pension costs will be met by the NHS employer authorising retirement.

(5) Practitioners are general medical and general dental practitioners

Treatment of concurrent pensionable employment

Where there is concurrent pensionable employment, members may choose between:

• Ceasing all pensionable employment and taking early retirement on the terms set out below in respect of each employment in which case they cannot be pensionable again in the current scheme (normal pension age of 60). (An employment may continue if it is not more than 16 hours a week, without affecting the payment of enhanced benefits, but it will not be pensionable in the scheme) and:

• Taking benefits only in respect of the employment that is being terminated, in which case they can continue being pensionable in other employments. After 6 April 2010, this will not apply if taking benefits under the age of 55.
• Members with concurrent practitioner and non-practitioner employments, who choose to cease all pensionable employments, will receive only their non-practitioner benefits on redundancy grounds. Where appropriate, benefits for practitioner membership may be taken on an early retirement basis with an actuarial reduction or preserved for payment at age 60. 45

Any organization who authorises early retirement will be responsible for the pension costs accruing from other terminating employment. If a member returns to work after taking their pension, their pension will be abated, if the combined value of their pension and salary is greater than they earned prior to retirement. This will continue until they reach their normal pension age.

4.7 Exclusion from eligibility

Employees shall not be entitled to redundancy payments or early retirement on grounds of redundancy if:

• they are dismissed for reasons of misconduct, with or without notice; or

• at the date of the termination of the contract have obtained without a break, or with a break not exceeding four weeks, suitable alternative employment with the same or another NHS employer; or

• unreasonably refuse to accept or apply for suitable alternative employment with the same or another NHS employer; or

• leave their employment before expiry of notice, except if they are being released early (see paragraphs 16.20 to 16.21 of the Agenda for Change Handbook); or

• are offered a renewal of contract (with the substitution of the new employer for the previous NHS one)

• where their employment is transferred to another public service employer who is not an NHS employer.

4.8 Suitable alternative employment

Employers have a responsibility before making a member of staff redundant or agreeing early retirement on grounds of redundancy to seek suitable alternative employment for that person, either in their own organisation or through arrangements with another NHS employer. Employers should avoid the loss of staff through redundancy wherever possible to retain valuable
skills and experience where appropriate within the local health economy

‘Suitable alternative employment’, for the purposes of paragraph 16.17, should be determined by reference to sections 138 and 141 of the Employment Rights Act 1996. In considering whether a post is suitable alternative employment, regard should be had to the personal circumstances of the employee. Employees will, however, be expected to show some flexibility.

For the purposes of this scheme any suitable alternative employment must be brought to the employee’s notice in writing or by electronic means agreed with the employee before the date of termination of contract and with reasonable time for the employee to consider it. The employment should be available not later than four weeks from that date. Where this is done, but the employee fails to make any necessary application, the employee shall be deemed to have refused suitable alternative employment. Where an employee accepts suitable alternative employment the ‘trial period’ provisions in Section 138 (3) of the Employment Rights Act 1996 will apply.

4.9 Early release for redundant employees

Employees who have been notified of the termination of their employment on grounds of redundancy, and for whom no suitable alternative employment in the NHS is available, may, during the period of notice, obtain other employment outside the NHS.

If they wish to take this up before the period of notice of redundancy expires the employer will, unless there are compelling reasons to the contrary, release such employees at their request on a mutually agreeable date. That date will become the revised date of redundancy for the purpose of calculating any entitlement to a redundancy payment under this agreement.

4.10 Claim for redundancy payment

Claims for redundancy payment or retirement on grounds of redundancy must be submitted within six months of date of termination of employment. Before payment is made the employee will certify that:

• they had not obtained, been offered or unreasonably refused to apply for or accept suitable alternative Health Service employment within four weeks of the termination date
they understand that payment is made only on this condition and undertake to refund it if this condition is not satisfied.

4.11 **Retrospective pay awards**

If a retrospective pay award is notified after the date of termination of employment then the redundancy payment and/or pension will be recalculated, and any arrears due paid.

4.12 **Disputes**

An employee who disagrees with the employer’s calculation of the amount of redundancy payment or the rejection of a claim for redundancy payment should make representations to the employer via local grievance procedures. See also section 16.22 about making a claim for a redundancy payment.

5.0 **Early retirement in the interests of the efficiency of the service**

Members of the NHS Pension Scheme will receive payment of benefits without reduction if they retire early in the interests of the efficiency of the service, and they satisfy the qualifying conditions set out in paragraph 16.10 (of the Agenda for Change Handbook). Retiring early in the interests of the service is a flexibility available at an employer’s discretion. In these cases, no redundancy payment is due. In agreeing to retirement in the interests of the service, the employer undertakes to pay the costs of paying the pension and lump sum early. Employers will need to ensure that they exercise this discretion appropriately and will be conscious of the implications of any potential discrimination on grounds of age, sex, race, religion or disability.

These arrangements are aimed at employees who have given valuable NHS service in the past but are no longer capable of doing so. This might be because of new or expanded duties or a decline in the ability to perform existing duties efficiently but not so as to qualify them for ill health retirement. Employers would be expected to consider alternatives before agreeing to early retirement.

The relevant NHS pension scheme certifies the grounds on which early retirement is taking place. The scheme does so on the basis of the information provided by the employer. In each case, therefore, an appropriate senior manager should authorise the early retirement, ensuring that the relevant criteria have been met.

5.1 **Employer responsibilities**
Employer contributions to the NHS Pension Scheme do not cover the costs of early retirement benefits. There is a requirement for NHS employers to pay these costs if they retire staff early on grounds of redundancy or in the interests of the service.

Transitional arrangements: 1 October 2006 to 30 September 2011

There will be transitional arrangements in place from 1 December 2006 to 30 September 2011. These transitional arrangements apply to staff:

• whose continuous NHS service and/or Pension Scheme membership began before 1 October 2006

• who are aged over 50 on 30 September 2006 or who are aged over 50 on 30 September 2011; (after 6 April 2010 subject to the rules on minimum pension age set out in para 16.10)

• who are members of the NHS Pension Scheme and have at least five years' qualifying membership in the scheme at the date of redundancy

Employees who are made redundant and qualify for transitional protection can choose between a redundancy payment under the new arrangements and payment under transitional protection. The transitional arrangements for early retirement (but not the redundancy payment) will also apply to staff given early retirement in the interests of the service and who meet the qualifying conditions in para 16.29 of the Agenda for Change Handbook).

Transitional protection has two phases. The first phase applies from 1 December 2006 to 30 June 2007. During this phase, the maximum pension that an employee can receive on taking redundancy retirement is that to which they would have been entitled had they been made redundant under the old agreement on 30 September 2006.

The second phase is from 1 July 2007 to 30 September 2011. During this phase, as well as freezing the maximum enhanced pension at that which would have been available on 30 September 2006, there will be a further reduction so that all enhancements are removed by 30 September 2011.

The date used to calculate the level of both final pensionable pay and of salary for redundancy payment under the transition will be set by reference to the actual date of redundancy.
6.0  **Calculation of baseline entitlement during transition**

For employees taking advantage of the transitional arrangements, and subject to a maximum of 20 years’ reckonable service being counted, the lump sum redundancy payment will be calculated based on the arrangements in place before 1 October 2006 as follows. Based on service at 30 September 2006:

- 1 1/2 weeks’ pay for each complete year of reckonable service at age 41 or over
- one week’s pay for each complete year of reckonable service at age 22 or over but under 41
- 1/2 week’s pay for each complete year of reckonable service at age 18 or over but under 22
- overall maximum 30 weeks’ pay.

Fractions of a year of reckonable service will not be taken into account except that they may be aggregated under paragraph 16.34 (of the Agenda for Change Handbook) above to make complete years. The lowest weeks’ pay multiplier relevant to the employee’s calculation will apply to the complete year aggregated.

7.0  **Reduction to baseline entitlement**

Redundant employees who are entitled to an enhancement of their pension benefits on ceasing to be employed will, if the enhancement of service if they had been made redundant on 30 September 2006 is less than 10 years, be entitled to receive a redundancy payment. Where the enhancement of service does not exceed 6 2/3 years they will be paid in full; where the enhancement of service exceeds 6 2/3 years they will be reduced by 30 per cent in respect of each year of enhanced service over 6 2/3 years with pro-rata reduction for part years.

The redundancy payment made under these transitional arrangements will be based on the number of weeks service applicable for a redundancy on 30 September 2006 along with the reduction for enhancement greater than 6 2/3 years that would have been made had the redundancy taken place on that date. If there has been a break in continuous service between 1 October 2006 and the date of redundancy, then the payment would be based on the number of years continuous service at the date of redundancy.
As a baseline calculation for transitional protection all employees eligible for premature payment of pension and compensation benefits under the terms of this agreement on transition shall have their reckonable years in the NHS Scheme at 30 September 2006 doubled subject to a maximum enhancement of ten added years. Total reckonable years (including enhancements) will in all cases be limited to the lesser of:

- the total reckonable service that would have been attained by continuing in service to retirement age; or

- 40 years; provided that:

- the enhancement of reckonable service for employees with relevant optant service shall be based on the aggregate of their reckonable NHS service and their relevant optant service

**Transition phase one: 1 October 2006 to 30 June 2007**

For redundancies from 1 October 2006 until 1 December 2006, when the regulations to give effect to the transition are introduced, employees will receive enhanced pension based on the pre 1 October arrangements including the calculation of redundancy payment.

From 1 December 2006 to 30 June 2007, the enhancement that the employee will be eligible to receive will be the enhancement on which the pension would have been based had they been made redundant on 30 September 2006, less the number of days since 30 September 2006. For those who have any part time membership, the reduction in enhancement will be scaled down according to the scaling factor applicable at 30 September 2006.

**Transition phase two: 1 July 2007 to 30 September 2011**

During this phase, maximum enhancement available to the employee made redundant will continue to be the enhancement available on 30 September 2006 less the number of days since 30 September 2006. There will be a further reduction in entitlement to enhancement. For those whose enhancement on 30 September 2006 would have been greater than five years, the additional amount of service enhancement over five years should be reduced by \( \frac{1}{60} \)th for each whole month that has elapsed between 30 September 2006 and the date of redundancy. The effect of the two transition elements together is that after each year of transition, the maximum enhancement would be reduced by two years until no enhancement is available from 1 October 2011.