

The Local Government (Early Termination of Employment)  
(Discretionary Compensation) (England and Wales) Regulations 2006  
Statement of Policies on the exercise of Discretionary Powers

**Regulation 5**

This Regulation allows employers to have the discretion to remove the weekly pay ceiling placed on a redundancy payment under the Employment Rights Act 1996.

**Policy** - Redundancy payments shall be calculated by reference to actual pay where this exceeds the permitted statutory limit.

**Note** - The above policy statement confers no contractual rights.

**Review** - The Service will review this policy in 24 months time.

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**Regulation 6**

This Regulation provides employers with the discretionary power to compensate staff whose employment is terminated early –

- i) by reason of redundancy, or
- ii) in the interests of the efficient exercise of the Authority's functions, or
- iii) in the case of a joint appointment, because the other holder of the appointment has left it

**Policy** - i) Where employment is terminated early by reason of redundancy and it is decided to award compensation under Regulation 6, the amount shall be based on the statutory redundancy payment which is calculated by taking into account a maximum of up to 20 years continuous service reckoned backwards from the date of termination as follows:

- ½ weeks pay for each year of service under age 22
- 1 weeks pay for service between 22 and 41
- 1½ weeks pay for service over age 41
- Subject to an overall maximum of 30 weeks

The product of the above calculation to be multiplied by 2.5

This provides for a maximum discretionary compensation level of 75 weeks pay, including the amount of statutory redundancy.

Each case shall be considered fairly on its merits having regard to all relevant circumstances.

**Policy - ii)** Where employment is terminated early in the interests of the efficient exercise of the Authority's functions and it is decided to award compensation under Regulation 6, the amount shall be based on the statutory period of notice that the employee would be entitled to receive up to the statutory maximum period of 12 weeks multiplied by a factor of 5.

This provides for a maximum discretionary compensation level of 60 weeks pay, including any amount of statutory redundancy.

Each case shall be considered fairly on its merits having regard to all relevant circumstances and criteria such as

- assistance with the management of change
- potential difficulties to be faced in obtaining further comparable employment due to the skills they have and employment options locally
- any other overall benefits deriving to the Authority
- any direct financial savings that could arise
- future work arrangements and demands

**Policy - iii)** Where employment is terminated early in the case of a joint appointment, because the other holder of the appointment has left it, no additional discretionary compensation payment shall be paid over any entitlement to statutory redundancy.

**Note** - The above policy statements confer no contractual rights.

**Review** - The Service will review these policies in 24 months time.

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**Determination** - Delegated authority to exercise discretionary powers under the policies related to Regulation 5 and 6 set out above is granted to the HR Manager in consultation with the ACO (Finance and Procurement) and the relevant Principal Officer, except where the situation applies to the HR Manager or ACO (Finance and Procurement) in which case the Deputy Chief Fire Officer will determine the matter.

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**General** – The Authority will take into account continuous service with another local authority or organisation contained within the Redundancy Payments Modification Order; see paragraph 3.1 of the Redundancy Policy.

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