

## **FACT SHEET ON EARLY RETIREMENT / VOLUNTARY SEVERANCE SCHEME**

### **Applicable to staff at risk of redundancy under the University's Proposal for Change**

In consultation with the recognised trades unions, the University has developed an Early Retirement/Voluntary Severance ("ER/VS") Scheme for those staff currently at risk of redundancy under the University's Proposal for Change. The aim of the scheme is to encourage volunteers for redundancy, and thus avoid or reduce the number of compulsory redundancies, by providing compensation that represents a significant enhancement on any statutory provision that may apply. The terms for the ER/VS Scheme will be subject to the approval of Council when it meets on 26 March 2010. The terms of the ER/VS Scheme to be put to Council for approval are as follows:

#### **I General Terms: *please also see exceptions in sections II, III & IV below***

1. An employee at risk of redundancy under the University's Proposal for Change will be eligible to apply for Early Retirement/Voluntary Severance
2. For an employee accepted for ER/VS, an Early Retirement/Voluntary Severance ("ER/VS") Payment will be made, subject to the provisions set out below.
3. Acceptance of an employee for ER/VS will be at the sole discretion of the Vice-Chancellor's Executive Group.
4. An employee who is due to leave the University by reason of retirement on or before 30 September 2010, subject to operation of the University's retirement procedure, may make an application under the ER/VS Scheme.
5. The ER/VS Payment will be made at two times the Statutory Redundancy Calculator, to be applied to an employee's actual weekly pay rather than capped at the statutory maximum for a week's pay. There will be a minimum ER/VS Payment of the greater of: (i) £5,000 (pro-rata for part-time staff); or (ii) three month's actual salary (i.e. the pro-rata equivalent of the full-time salary, in the case of part-time staff).
6. An employee's actual weekly pay will be calculated as 1/52<sup>nd</sup> of the employee's contractual basic annual salary, as at the termination date of their employment.
7. The ER/VS Payment will be inclusive of any statutory redundancy pay that is due.
8. The employee may be required by the University to work all or part of his/her notice period; where the University does not require all or part of the notice period to be worked, the University will pay in lieu of unworked notice.
9. The ER/VS Payment will be paid after issue of the Employee's P45.
10. Subject to tax rules current at the time, for an ER/VS Payment up to and including £30,000<sup>1</sup>, no deductions will be made for tax or employee national insurance contributions; for an ER/VS Payment in excess of this amount, income tax at basic rate will be deducted.

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<sup>1</sup> To include any pay that may be made in lieu of notice and for which it was deemed that tax did not need to be deducted

11. The employee will be required to enter into a compromise agreement with the University; the University will pay the employee's legal fees of up to £300 (excluding VAT) incurred in connection with his/her taking advice as to the effects of entering into a compromise agreement.
12. The employee will not normally be re-employed by the University within a two-year period from his/her date of termination.
- 13. Subject to Council's approval of the terms for an ER/VS Scheme on 26 March 2010, the ER/VS Scheme will be open for a limited period, with effect from 29 March until and including 7 May 2010 prior to any redundancy decisions being made.**
- 14. The University will formally advise at-risk employees under the Proposal for Change of the ER/VS Scheme and invite applications; decisions on whether an applicant will be accepted or not for ER/VS will be made during the period 10 to 11 May 2010.**

**II Terms applicable to those staff <sup>2</sup> in USS for whom an Early Retirement Funding Charge would be liable for payment by the University to USS on their being made redundant.**

1. The terms set out in section I, points 1 to 13 will apply, subject to the cost of the USS Early Retirement Funding Charge being offset by the University against the ER/VS Payment.
2. The offset will not reduce the ER/VS Payment to an amount less than the greater of: (i) a payment of one times the Statutory Redundancy Calculator, to be applied to the employee's actual weekly pay rather than capped at the statutory maximum for a week's pay; (ii) £5,000 (pro-rata for part-time staff); or (iii) three month's actual salary (i.e. the pro-rata equivalent of the full-time salary, in the case of part-time staff).
3. The above terms are subject to USS's acceptance of an employee for early retirement, in accordance with USS rules that apply (including USS's definition of redundancy) and which may change from time to time.

**III Terms applicable to those staff <sup>3</sup> in USPAS for whom the University would make an Early Retirement Funding Payment to USPAS on their being made redundant.**

1. The terms set out in section I, points 1 to 13, will apply, subject to the cost of the Early Retirement Funding Payment to USPAS being offset by the University against the ER/VS Payment. The Early Retirement Funding Payment will be calculated on the same basis as that for the USS Early Retirement Funding Charge.
2. This offset will not reduce the ER/VS Payment to an amount less than the greater of: (i) a payment of one times the Statutory Redundancy Calculator, to be applied to the employee's actual weekly pay rather than capped at the statutory maximum for a week's pay; (ii) £5,000 (pro-rata for part-time staff); or (iii) three month's

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<sup>2</sup> Staff aged 50 or more but under age 60 who have 5 years' pensionable service in USS.

<sup>3</sup> With effect from 6.4.10, staff aged 55 or more but under age 60 with pensionable service in USPAS

actual salary (i.e. the pro-rata equivalent of the full-time salary, in the case of part-time staff).

3. The above terms are subject to USPAS's acceptance of an employee for early retirement, in accordance with USPAS rules that apply and which may change from time to time.

**IV (i) Staff at risk of redundancy under the University's Proposal for Change who will be aged 50 to 59 at 31 July 2010 who were formerly in USPAS and who opted to defer their pension in USPAS and join USS as a direct result of the implementation of the Framework Agreement; and (ii) staff at risk of redundancy under the University's Proposal for Change who are in USPAS, will be aged 50 – 54 at 31 July 2010 and will not be able to draw their pension due to an USPAS rule change coming into effect on 6 April 2010.**

1. The terms set out in section I, points 1 – 13, will apply subject to the ER/VS Payment referred to in section I, point 5, being calculated at three times the Statutory Redundancy Calculator, to be applied to an employee's actual weekly pay rather than capped at the statutory maximum week's pay. There will be a minimum ER/VS Payment of the greater of: (i) £5,000 (pro-rata for part-time staff); or (ii) three month's actual salary (i.e. the pro-rata equivalent of the full-time salary, in the case of part-time staff).
2. These employees will not be able to draw their pensions (i.e. will not be eligible for early retirement) on leaving the University under the terms of the ER/VS Scheme because of USS and/or USPAS rules. Any application made at a later date by the former employee, as a deferred member to the relevant pension scheme for early retirement would be subject to the rules of USS or USPAS respectively at such time on the granting of early retirements.

If you would like to have an informal discussion about ER/VS before making a formal application, please complete the form attached to the covering letter to this fact sheet and return it to Kerry Henn, Personnel Officer, 3<sup>rd</sup> floor, Sussex House. Kerry will contact you to arrange a meeting for you with a Personnel Officer.

If you have any queries regarding this fact sheet, please contact Kerry Henn at [K.Henn@sussex.ac.uk](mailto:K.Henn@sussex.ac.uk).

The terms of this fact sheet describe voluntary and ex gratia arrangements to be introduced by the University, subject to Council approval, in the context of the University's Proposal for Change. These arrangements do not have any contractual effect, and do not create contractual entitlements for any staff. The University makes no commitment to making these or similar terms available in the future.

Human Resources/25 March 2010