APPENDIX 4

EXAMPLE COSTS

Employee Profile

- Employee aged 55
- Continuous Local Government and NBC Service 25 years
- Pension Scheme member 25 years
- Salary £28,000pa (the total cost of the employees income to the Council is £36,120 inclusive of on costs)

1. Cost of Severance * - Current Scheme

    a) Redundancy = £17,485

    b) Number of Added Years awarded = 6 ⅔ (max)

    c) Cost of added years ** = £2,345pa pension plus £7,035 lump sum = £9,380

    d) Total cost = a+c=£26,865
    (In this example redundancy is based on 32.5 weeks service)

2. Cost of Severance * – Redundancy multiplier x 1.5; plus 1 added year for every 5 years service over 20 years

    a) Redundancy = £26,227

    b) Number of added years awarded = 2

    c) Cost of added years ** = £700 pa plus £2,100 lump sum = £2,800

    d) Total Cost = a+c = £29,027
    (in this example redundancy is based on 48.75 weeks service)

3. Cost of Severance * – Redundancy multiplier x 2; plus 1 added year for every 5 years service over 20 years

    e) Redundancy = £34,970

    f) Number of added years awarded = 2

    g) Cost of added years** = £700 pa plus £2,100 lump sum = £2,800

    h) Total Cost = a+c = £37,770
    (in this example redundancy is based on 65 weeks service)

4.   Cost of Severance * – Redundancy multiplier x 1.5; No added years

   i) Redundancy = £26,227

   j) Number of added years awarded = 0

   k) Cost of added years = £0

   l) Total Cost = a+c = £26,227
   (in this example redundancy is based on 48.75 weeks service)

5.   Cost of Severance * – Redundancy multiplier x 2; No added years

   m) Redundancy = £37,770

   n) Number of added years awarded = 0

   o) Cost of added years = £0

   p) Total Cost = a+c = £37,770
   (in this example redundancy is based on 65 weeks service)

* Does not include pension strain cost for early release of pension which will be the same under any of the options in these examples
** The augmented pension service has since 1/4/07 been subject to an actuarial assessment of life-time cost and recharged to the employing Authority as a cost to be paid within 3 years