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STATUTORY INSTRUMENTS

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**1996 No. 1240**

**The Local Government Reorganisation  
(Compensation for Redundancy or Loss of  
Remuneration) (Education) Regulations 1996**

**PART III**

**COMPENSATION FOR LOSS OF REMUNERATION**

**Interpretation of Part III**

**14.** In this Part—

“the prescribed period” means—

- (a) in relation to a relevant body in England, the period commencing at the beginning of the preliminary period, that is to say the period specified as such in the section 17 order which relates to that body and ending 18 months after the reorganisation date; and
- (b) in relation to a relevant body in Wales, the period from 4th May 1995 to 30th September 1997.

“remuneration” means all the salary, wages, and other payments made to an eligible person by an employer for his own use and the money value of any accommodation, vehicle or other allowances in kind arising from his employment so far as they are for that person’s private use, but shall not include—

- (a) any payment in respect of non-contractual overtime, or non-contractual bonus,
- (b) any payment made in consequence of the undertaking of additional duties attributable, in England, to a section 17 order or, in Wales, to any provision made by or under the 1994 Act,
- (c) any allowance payable to him to cover the cost of providing office accommodation or clerical or other assistance,
- (d) any travelling or subsistence allowance, or other moneys to be spent, or to cover expenses incurred by him for the purposes of his employment,
- (e) any payment as compensation for loss of holiday entitlement,
- (f) any payment in lieu of notice terminating his employment,
- (g) any compensation payable to him under this Part.

**Persons to whom Part III applies**

**15.**—(1) Subject to paragraph (6), any person falling within the cases specified in paragraphs (2) to (4) is entitled to compensation under this Part.

(2) This paragraph applies to a person—

- (a) whose relevant employment terminates on a date falling within the prescribed period (“the former employment”); and
  - (b) who, since the termination of his former employment, has not been in alternative employment and who returns within the prescribed period to employment (“the new employment”)—
    - (i) in England, with a district council or county council which is the subject of a structural change or boundary change (or both such changes) under the same section 17 order as that by which his former relevant employer was affected;
    - (ii) in Wales, with the Residuary Body for Wales, or a county borough council or county council established under the 1994 Act;
  - (c) whose commencing annual rate of remuneration in his new employment is lower than the annual rate he was paid at the termination of his former employment; and
  - (d) who satisfies the qualifying condition mentioned in paragraph (5).
- (3) This paragraph applies to a person to whom paragraph (2) does not apply, but who—
- (a) was in relevant employment—
    - (i) with a local education authority in England at the beginning of the prescribed period, who continues in that employment and whose annual rate of remuneration is reduced during that period, or
    - (ii) at the beginning of the prescribed period and whose contract of employment is transferred by an order made under the 1992 Act, by virtue of any provision made by or under the 1994 Act, or otherwise by operation of law, and whose annual rate of remuneration is reduced by the relevant body to whom the contract is transferred, and
  - (b) who satisfies the qualifying condition mentioned in paragraph (5).
- (4) This paragraph applies to a person to whom either paragraph (2) or (3) above has applied, who suffers a further reduction in remuneration during the prescribed period whilst in relevant employment and who satisfies the qualifying condition mentioned in paragraph (5).
- (5) For the purposes of paragraphs (2) to (4) above, a person satisfies the qualifying condition where the reduction in his remuneration is attributable—
- (a) to a section 17 order, or
  - (b) to any provision made by or under the 1994 Act.
- (6) A person shall not be entitled to compensation under these Regulations if—
- (a) he is aged 65 or over;
  - (b) he is entitled to compensation under the 1989 Regulations;
  - (c) he is entitled to compensation under Part II of these Regulations, or Part VI of the 1978 Act;
  - (d) he is entitled to the immediate payment of benefits under the 1988 Regulations;
  - (e) section 43(4) of the 1994 Act applies to him;
  - (f) he was not in relevant employment on a date falling 12 months before the reorganisation date;
  - (g) he can be required by his employer in accordance with his contract of employment to work variable hours and his reduction in remuneration is solely attributable to his employer requiring him to work fewer hours.

### **Amount of compensation in respect of loss or diminution of remuneration**

16.—(1) A relevant body shall pay an eligible person an amount by way of compensation equal to three times the difference—

- (a) in a case to which regulation 15(2) applies, between the annual rate of remuneration at the termination of his former employment and the commencing annual rate of remuneration of his new employment; or
- (b) in a case to which regulation 15(3) applies, between the annual rate of remuneration before and after the reduction in question; or
- (c) in a case to which regulation 15(4) applies, between the annual rate of remuneration before and after the further reduction in question.

(2) The amount of compensation payable in accordance with paragraph (1) shall be recalculated on each occasion during the relevant compensation period when the annual rate of remuneration for the relevant employment is increased and shall cease to be payable at any time during which the annual rate of remuneration for the new employment equals or exceeds that for the former employment or, as the case may be, the rate before the reduction or further reduction in question.

(3) The relevant body shall calculate the amount of compensation payable in accordance with paragraph (1) and any change in the compensation payable in accordance with paragraph (2).

(4) Any change in the amount of compensation payable in accordance with paragraph (2) shall not affect entitlement to any instalment paid before the date on which the rate of remuneration was increased.

### **Payment of compensation**

17.—(1) Subject to regulation 16(2) to (4), paragraphs (2) to (4) and regulation 19, the amount of compensation payable to an eligible person shall be paid in 36 monthly instalments of which the first shall be paid as soon as practicable after the initial calculation under regulation 16(3).

(2) A relevant employer may during the relevant compensation period at such intervals as they think fit make interim payments, or payments on account of any instalment of compensation to which an eligible person has become entitled under these Regulations before a calculation is made under regulation 16(3).

(3) If the total of any instalments paid to an eligible person under paragraph (1) above exceeds or falls short of the total amount of compensation to which a person is entitled at the end of the relevant compensation period, the excess or shortfall is to be repaid by the eligible person or, as the case may be, paid by the relevant employer at the end of that period.

(4) If at any time during the relevant compensation period an eligible person ceases to be employed by one relevant employer and becomes employed by another, that person shall inform his new employer in writing of his entitlement to compensation under this Part and the new employer shall, subject to regulations 16(2) to (4) and 19 be liable to pay any remaining instalments of compensation required to be paid in accordance with regulation 16 and paragraphs (1) to (3).

### **Notification of compensation**

18.—(1) A relevant employer shall, after making the necessary calculation in accordance with regulation 16(3), give an eligible person written notice of the amount of compensation payable in accordance with this Part.

(2) Written notice shall be given in accordance with paragraph (1) above not later than—

- (a) the date three months after the date on which the relevant compensation period commences, or
- (b) 1st September 1996,

whichever is the later.

**Cessation of relevant employment**

**19.**—(1) If an eligible person—

- (a) ceases to be employed in relevant employment in the circumstances mentioned in paragraph (2) below,
- (b) attains the age of 65 during the relevant compensation period, or
- (c) dies,

he shall cease to be entitled to any instalments of compensation payable after that event.

(2) The circumstances mentioned in paragraph (1) are that before the expiry of the compensation period an eligible person—

- (a) becomes entitled to compensation under the 1989 Regulations;
- (b) becomes entitled to compensation under Part II of these Regulations or Part VI of the 1978 Act;
- (c) becomes entitled to the immediate payment of benefits under the 1988 Regulations; or
- (d) voluntarily resigns from his employment or is dismissed by his employer