

Redundancy Pay

An applicant for a redundancy payment must have been continuously employed for a period of two years. Part time employment counts towards continuity in the same way as full time employment.

Is every employee entitled to a redundancy payment?

Some groups of employees are excluded from a right to a redundancy payment. These include merchant seamen or shore fishermen, crown servants, members of the armed forces or police services, apprentices who are not employees at the end of their training, domestic servants who are members of the employer's immediate family, employees who unreasonably refuse suitable alternative employment and employees dismissed for misconduct.

What amount of redundancy payment can I expect?

For each complete year of service up to a maximum of 20, employees are entitled to half a week's pay for each year of service under 22, one week's pay for

each year of service between 22 and 41, and 1.5 weeks wages from the age of 41 and over. There is a maximum statutory limit currently £475 (increased from £464 as from 6th April 2015) for weekly pay. This figure is reviewed annually. It is open to employers to pay more than the statutory maximum.

What happens if my employer is in financial difficulty?

If an employer is unable to make the required payment, the DTI (Department of Trade and Industry) can pay the employee direct from the NI fund.

The above information is not intended to be a complete or definitive statement of the law. For more information or advice please contact our Employment Law team.