

## STATUTORY REDUNDANCY PAYMENTS

In the absence of contractually enhanced rates of redundancy payments, all employees with at least two years continuous service are entitled to Statutory Redundancy Payments (SRP).

The bands for SRP are:

- 1 16-18 years – no entitlement to SRP.
- 2 18-21 years, inclusive – half a week's salary x number of complete years worked.
- 3 22-40 years, inclusive – one week's salary x number of complete years worked.
- 4 41-64 years, inclusive – 1.5 week's salary x number of complete years worked.
- 5 64 years plus – SRP is reduced by  $1/12^{\text{th}}$  for each complete month over the age of 64 so that upon reaching 65, the payment is nil.

If an employee straddles two bands, the calculation works backwards, for example:

A is 48 years old and joined the company on 1 March 1995. A is made redundant on 1 April 2005. A therefore has 10 complete years employment with the company. The calculation is:

$(48-41 \text{ years} = 8 \text{ years}) - 8 \times 1.5 \times \text{weekly salary (capped at } \pounds 240 \text{ per week)}$

$(40-39 \text{ years} = 2 \text{ years}) - 2 \times 1 \times \text{weekly salary (capped at } \pounds 240 \text{ per week)}$

Supposing A's weekly salary is  $\pounds 200$ , A would receive a statutory redundancy payment of  $\pounds 2,800$ .

In addition to the statutory redundancy payment, A would also be entitled to notice. The notice can either be worked and A receive his remuneration in the normal way or, alternatively, if A is not to work his notice, he would be entitled to payment in lieu of notice. The notice period to which A is entitled is dependent upon that specified in his contract of employment.

As of 1<sup>st</sup> February 2005 statutory redundancy pay is capped at a maximum of  $\pounds 280$  per week, and  $\pounds 8,400$  in total.

**This fact sheet is not intended to be a definitive analysis of legislation. Professional advice should be taken before any course of action is pursued.**