
Intro

Being made redundant is one of the most stressful experiences many people will face in the work place. The blow of redundancy can be cushioned by receipt of a statutory redundancy payment. Here we show how the statutory redundancy payment is calculated and the other payments you may be entitled to.

I have less than two years continuous service. What am I entitled to?

If you have less than two years continuous service you are entitled to payment for the period of your notice along with any accrued but untaken holiday but you are not entitled to a statutory redundancy payment. You may also be entitled to additional payments under your Contract of Employment and should review this for any further entitlements.

I have more than two years continuous service. What am I entitled to?

If you have more than two complete years continuous service you are entitled to a statutory redundancy payment in addition to your notice and any accrued but untaken holiday. You may also be entitled to additional payments under your Contract of Employment and should review to ensure you receive your full entitlements.

How do I calculate my statutory redundancy payment

A statutory redundancy payment can be calculated as follows:-

Weekly pay		Length of		Age		Statutory
(maximum of £380)	x	service	x	Multiplier	=	Redundancy
		(capped at 20 years)				Pay

Age at the time of dismissal increases the amount received.

1.5 x for each year after the age of 41.

1 x for each year between the ages of 22 and 40 inclusive.

0.5 for each year below the age of 22

The current maximum statutory redundancy payment is £11,400.

Examples

1) A 35 year old gentleman with 7 years continuous service on a gross salary of £570 per week:

$$£380 \times 7 \times 1 = \underline{£2,660}$$

2) A 42 year old lady with 15 years continuous service on a gross salary of £320 per week:

$$£320 \times 14 \times 1 = £4,480$$

$$£320 \times 1 \times 1.5 = £480$$

$$£960 + £4,480 = \underline{£4,960}$$

3) A 64 year old gentleman with 35 years continuous service on a gross salary of £420 per week:

$$£380 \times 20 \times 1.5 = \underline{£11,400}$$

What if my employer cannot pay?

Where your employer cannot make payment of your statutory redundancy payment due to insolvency it is possible to apply to the National Insurance Fund for payment. More information can be found on the BERR website.

Is the statutory redundancy payment taxable?

No. Statutory redundancy payments are not currently taxable.

Summary of entitlement

Years Service	Entitlement
Less than 2 years continuous service	Notice Pay Accrued but untaken holiday Any other contractual payments
More than 2 years continuous service	Statutory redundancy payment Notice Pay Accrued but untaken holiday Any other contractual payment