



Compensation

All employees who have worked for the same or an associated employer for at least two years are entitled to statutory redundancy pay, regardless of the hours they work each week. This is the minimum that workers should receive, but employers can provide more. The payments under the statutory scheme depend upon the worker's age and length of service.

Use the following calculations to work out how much money each member is owed:

- 0.5 week's pay for each full year of service where the age of the member during the year is less than 22
- 1 week's pay for each full year of service where the age of the member during the year is 22 or above, but less than 41
- 1.5 weeks' pay for each full year of service where the age of the member during the year is 41+

There is a maximum figure for weekly pay that is revised in February each year. From 1 October 2009 it rose to £380.

Some illustrative examples:

- If you are 25 with seven years of service, you will be entitled to five weeks' redundancy pay. The entitlement is based on 0.5 week's pay for each completed year of service between age 18 and 22 and one week's pay for each completed year of service between age 22 and 25
- If you are 38 years old and have 12 years of service, you will be entitled to 12 weeks' redundancy pay. The 12 weeks is based on one week's pay for each completed year of service between age 26 and 38
- If you are 49 years old and have 15 years of service, you will be entitled to 19 weeks' redundancy pay. The 19 weeks entitlement is based on one week's pay for each completed year of service between age 34 and 41 and 1.5 weeks' pay for each completed year of service between age 41 and 49

Enhanced redundancy pay – employer discretion

There are three ways in which an employer can adopt a policy that is more generous than the statutory scheme, in many local authorities this will be the norm.

1. Entitlement – who the discretion is applied to

Your employer has discretion to pay enhanced redundancy payments calculated using both age and length of service. This can be paid to all employees, including those with less than two years' service, or only to those employees with two or more years of service.

2. Multipliers

The employer has the discretion to multiply the number of weeks pay by the same multiplier for each group.

For example, if the multiplier is 3 the number of weeks are trebled, so the payments would be:

- 1.5 weeks' pay for each full year of service where the member's age during the year is less than 22
- 3 weeks' pay for each full year of service where the member was aged between 22 and 41
- 4.5 weeks' pay for each full year of service where the member's age during the year is 41+

The maximum a worker can receive is 104 weeks.

3. Increasing the 'maximum'

The employer can also base a week's pay on the statutory maximum or any figure between the statutory maximum and the actual week's pay.

Branch action

What can you do?

- ask for a copy of the employer's policy for awarding discretionary compensation on redundancy or retirement in the interests of efficiency of the service
- request details of when each of these policies was last reviewed
- consider whether negotiations need to be started to improve one or both policies – now!