

# Understanding redundancy

Here's what you need to know if you've been told your role is at risk of redundancy

## Here's how it works:

### Find out your employers redundancy policy.

This will tell you what your employer needs to do.

#### It should include:

- what your employer should do to minimise the need for redundancies
- details about the redundancy pay scheme
- information about the help available to you in exploring redeployment opportunities

You'll be told that you're going into a period of consultation. There are two types.

### Individual Consultation

At an individual consultation you should be informed of the selection criteria which should be fair, objective, measurable and non-discriminatory.

Your employer should inform you of any alternatives to redundancy; for example, whether there are redeployment opportunities.

#### If this is offered, consider:

- 1 How similar is the new role to your current one?
- 2 What are the terms of the role?
- 3 Will you need additional training?
- 4 How the pay, hours, location and status compares?
- 5 Is a trial period available?

### Collective Consultation

This process applies if 20 or more employees are being made redundant at the same place within 90 days.

The consultation happens between the employer and either employee elected representatives or trade union representatives where a Union is recognised.

The process must start at least 30 days before the first redundancy is made if there are between 20 and 99 jobs affected. If there are 100 or more jobs being made redundant, the process must start at least 45 days before the first redundancy is made.

If this doesn't happen, a **Protective Award** claim can be pursued, which may provide up to 90 days' gross pay.

## Types of Payments

If your role is made redundant you're entitled to notice, or a payment in lieu of notice. In addition, you should receive either:

### Statutory redundancy pay:

This applies to all employees who have been employed for 2 years or more and is calculated based on age and length of service.

For each year of service, you get the following:

Under 22,  
you receive  
0.5 weeks  
of pay

Between  
22 & 40,  
you receive  
1 week's  
pay

Over 41,  
you receive  
1.5 week's  
pay

Payments are capped at 20 years' service and a weekly maximum rate of £538\* per week.

### Enhanced Redundancy Payment (ERP):

An ERP is more generous than a statutory redundancy payment. If offered, your employer is likely to ask you to sign a Settlement Agreement. You should **seek professional advice** on the terms and effect of signing it.

In England and Wales, redundancy payments can be paid tax free up to the first £30,000\*. You'll either be asked to work your notice period or offered a payment in lieu of notice, which is calculated in accordance with contractual terms. This, together with all outstanding holiday pay, bonuses or any other contractual payments up to the date of termination are subject to deductions for tax and national insurance.

For further information visit

[www.co-oplegalservices.co.uk/redundancy](http://www.co-oplegalservices.co.uk/redundancy)