Logo, company name

Description automatically generatedRedundancy Payments

Redundancy Payments

* 1. Any employee (including part timers and those on fixed term contracts) with two years’ continuous service may be entitled to a statutory redundancy payment. The period of continuous service for redundancy payment purposes will include previous continuous service with Local Authorities or other specified employers, as defined in, and subject to, the Redundancy Payments, Local Government Modification Orders. Following the implementation of the Employment Equality (Age) Regulations 2006 on 1 October 2006, redundancy payments may be made to employees from age 18 with no upper age limit if the reason for dismissal is redundancy.
  2. If a claim is made by an individual to an Employment Tribunal for a redundancy payment, then the onus is on the employer to show that the dismissal was not on the grounds of redundancy.
  3. An employee with statutory rights can make an originating application to an Employment Tribunal for redundancy payments and/or unfair dismissal compensation. Complaints are made on the ground that either:
* They were unfairly selected for redundancy, or
* The procedure for implementing the redundancy was unfair.
  1. Failure to follow an agreed procedure on redundancies or failure to use customary selection criteria are two main reasons for employers losing at an Employment Tribunal. A fair procedure would include sufficient warning of impending redundancy, individual consultation with employees soon to be made redundant and a thorough investigation of any possible ways of avoiding compulsory redundancy or of enabling re-employment, before deciding to dismiss employees on grounds of redundancy.
  2. Liability to make redundancy payments could be avoided by making an offer of suitable alternative employment to redundant employees. If the employee is issued with a new contract of employment, or the existing contract is renewed, then there must be sufficient information to enable the employee to decide whether or not to accept the offer, with any differences between it and the original employment clearly defined. The offer must take effect within four weeks of the end of that contract and must be made before the end of the original contract.
  3. The employee is entitled to a four weeks’ trial period in the new job. This commences from the start of the new contract if an offer of alternative employment has been made which involves a different kind of work or different terms of employment. This period can be extended by written agreement if, for example, the new contract necessitates retraining. The agreement must specify the date on which the trial period is to end and the terms and conditions that will apply thereafter.
  4. If, during the trial period, either the employer or employee gives notice to terminate the contract, the employee should be treated as having been dismissed for the same reason as that which caused the original contract to end (i.e. normally redundancy).
  5. An employee who refuses an offer of alternative employment or who resigns during the trial period may forfeit the right to a redundancy payment if the refusal or resignation is shown to be unreasonable. At an Employment Tribunal it would be for the employer to show that the alternative work was suitable and that the employee's rejection of it was unreasonable.
  6. An employee under notice of redundancy is entitled, during the notice period, to a reasonable amount of paid time off during working hours for the purposes of looking for new employment or to make arrangements for training for future employment. The training need not be for the same type of work from which the employee is being dismissed. This right is only available to employees who have two years or more of continuous employment at the date on which the notice of dismissal is due to expire.
  7. An employee who leaves their job voluntarily does not lose entitlement to a redundancy payment provided the employer gives consent during the period of notice that the employee was entitled to, under the contract, or by statute, whichever is longer. The employee may appeal to an Employment Tribunal if the employer's consent is thought to have been unreasonably withheld.
  8. If an employee who is under redundancy notice dies before their contract expires, a redundancy payment based on service up to the employee's death will be paid into the deceased’s estate.

2.1 Section 162 of the Employment Rights Act 1996 provides for the following redundancy payments:

* One and a half weeks' pay for each year of employment during which the employee was aged 41 or over
* One week's pay for each year of employment during which the employee was aged 22-40 inclusive
* Half week's pay for each year of employment in which the employee was aged 18-21 inclusive
* Up to a maximum of 20 years’ service to count for calculating benefits.

2.2 As a result of changes made to Local Government regulations and to the Teachers’ Superannuation Scheme, there is discretion to enhance the level of payments referred to above. Those levels of compensation for employees in schools dismissed on grounds of redundancy are:

* 5 weeks' pay for each year of employment during which the employee was aged 41 or over.
* 2 weeks' pay for each year of employment during which the employee was aged 22-40 inclusive.
* Up to a maximum of 66 weeks compensatory payment can be paid.

2.3 Redundancy payments for employees employed in foundation and aided schools are made by the LA. Consequently the policy of the LA will apply. Redundancy payments in academies will normally be met by the Academy. The Governing Body may, within contractual and statutory limits, increase the payments but is strongly advised to consult EPM before any offer is made to an employee.

2.4 Continuous service is calculated by working backwards from the effective date of dismissal. Only complete years count and any part-year when employment was in a higher age group counts towards service in the age group immediately below.

2.5 Employees will only qualify for redundancy payments if they have a minimum of two years' continuous service with their employer. For employees who are covered by the Local Government Modification Order, which includes all employees employed in LA maintained schools and academies, continuous service is calculated on the basis of all continuous service in Local Government.

2.6 Therefore, a teacher who has been employed continuously in the Local Authority, aided, grant maintained, foundation schools or academies for many years, irrespective of the length of service with their current employment, is entitled to count the full continuous service (i.e. up to the last 20 years), for the purposes of calculating the level of statutory redundancy pay. This is a statutory entitlement that must be recognised by the employer. Any period of service before the employee's 18th birthday does not count. Employees engaged on fixed-term contracts are eligible for a redundancy payment if the reason for the non-renewal of the contract is redundancy.

2.7 An employee will be entitled to a redundancy payment as a result of the implementation of the Employment Equality (Age) Regulations 2006 and subsequently the Equality Act 2010, even if they have attained the age of 65.

2.8 Redundancy payments are payable by the employer (the Governing Body) but normally funded by the LA. Employees do not have to pay tax on redundancy payments which they receive in accordance with the Employment Rights Act 1996. An employer must give to an employee who is eligible for a statutory redundancy payment a written statement showing how the payment has been calculated.

2.9 A complaint may be made by an employee to an Employment Tribunal claiming a redundancy payment up to six months from the effective date of dismissal