



Redundancy Pay and Entitlements NEU guidance for members in England & Wales

This factsheet explains the payments and entitlements you may receive if your post becomes redundant. In any case where redundancy is threatened, specific advice and assistance is available and should be sought from your school/college rep or division/association/branch secretary.

If I am made redundant what payments may I be entitled to receive?

You may receive one or more of the following, depending on your statutory and contractual entitlements, and any agreements which the union may have negotiated locally. You may receive:

- statutory redundancy pay
- a discretionary enhanced redundancy payment
- compensation for early retirement on grounds of redundancy
- notice pay.

Am I entitled to statutory redundancy pay?

You will have an entitlement to statutory redundancy pay (which is the legal minimum entitlement) if:

- you are an employee (agency supply workers will not normally qualify for redundancy pay, but seek advice from the Adviceline in England or the Wales office – details below), and
- you have two years' continuous employment with your employer at the date of dismissal (successive employment with different local authorities may count as continuous employment)
- you have been dismissed by reason of redundancy.

How much statutory redundancy pay am I entitled to?

The amount of statutory redundancy pay you are entitled to will depend on the length of your continuous service, your age and how much you are paid. The minimum statutory entitlement is calculated as follows:

For each year of service from age 41 or over	1.5 weeks' pay
For each year of service from age 22 to 40	1 week's pay
For each year of service below age 22	0.5 week's pay

The maximum number of years of employment that can count is 20 years. From 6 April 2018 to 5 April 2019, a week's pay will be limited to a maximum of £508 (gross). The maximum limit normally changes every April, so contact the NEU Adviceline if you are at all unsure about the limit applied in your case. Alternatively, use the Government's statutory redundancy pay calculator at: gov.uk/calculate-your-redundancy-pay

The formula used to calculate payment is:
years of employment x multiplier x weeks pay (up to statutory limit).



Example:

You are 60 years old and earn £650 per week gross. You have worked continuously with the same employer for 23 years.

Calculation

Although you have 23 years of service, only 20 years of service will count in the calculation. Your gross weekly wage will also be limited to £508 per week.

60 years of age and 20 years of service equates to a multiplier of 29.5 weeks' pay, ie 19 years @ 1.5 weeks' pay and 1 year @ 1 week's pay. Multiply £508 by 29.5 to give you £14,986.

What if I earn less than the statutory week's pay?

Your actual weekly wage will be used to calculate your entitlement if you earn less than the statutory limit.

How will my pay be calculated if my wages vary from week to week?

If you are employed by the local authority, proprietor or governing body as a regular supply worker, for example, and your pay varies from week to week because your hours of work vary, your week's pay will be averaged over the 12 weeks immediately before the calculation date.

What sort of service counts as continuous employment?

Normally service in a series of local authorities will count as continuous.

Any period of self-employment or employment in an independent school in the 20 years prior to your dismissal will not count for the purposes of calculating your period of continuous employment.

However, service in sixth form colleges, academies, community and technical colleges, FE colleges and non-education posts in local government and related sectors in the 20 years prior to your dismissal will be counted.

If you are made redundant while employed in an independent school, you will not be able to count previous service in local authority employment as continuous service, unless your contract of employment provides otherwise.

Contact the Adviceline or Wales office if you are not sure whether previous employment in local government or a related sector will count towards your period of continuous service.

What if I have more than one job with the same employer?

If you are concurrently employed and one of your jobs is made redundant, you will need to consider:

- how your employer intends to assess your period of continuous service
- which salary will be used to calculate redundancy pay.



Example:

You started work as a part-time teacher on 0.5 fte in 2005. In 2006, you were offered supply teaching work by the same employer and you have worked concurrently as a regular part-time teacher and a supply teacher since. Your supply teaching work is made redundant in 2018. What is your period of continuous service for the purpose of calculating statutory redundancy pay?

Assuming you have no 'relevant service' prior to 2005, your period of continuous service will be 13 years (ie 2005 to 2018).

Your week's pay will be calculated by reference to your supply teaching salary since that is the job which has been made redundant.

Will my statutory redundancy pay be increased?

Local authorities (LAs) have discretion to make payments which are higher than the statutory maximum. For example, statutory redundancy pay may be calculated on actual salary or on any other basis, provided they are not higher than the following maximum limits:

For each year of service up to and including age 40	2 weeks' pay
For each year of service from age 41 or over	3 weeks' pay

Local authorities have discretion to award up to 104 weeks' pay.

If you are employed by an LA or you work in a maintained school, try to discover whether the LA operates an enhanced redundancy payment scheme and if it does, whether the scheme will apply to you.

Am I entitled to notice pay?

You would normally work your notice period. However, if your contract makes provision for payment 'in lieu of notice' and your employer does not require you to work your full notice period, you will be entitled to notice pay.

Your statutory entitlement is to a week's paid notice for each complete year of service, up to a maximum of 12 weeks. So, if you have been employed for 16 years at the date of redundancy, you will be entitled by law to 12 weeks' paid notice.

However, your statutory entitlement is separate from your contractual entitlement. Your contract of employment might well entitle you to longer notice. Therefore, always check the terms of your employment contract to ensure that you have been given the right amount of notice (refer to the Burgundy Book, the national agreement on teachers' conditions of service in England and Wales, if it forms part of your contract). Remember that your contract of employment cannot offer you less notice than you are entitled to by statute.

Note: Notice pay and statutory redundancy pay are separate entitlements. You may be entitled to receive payment for both.



Must I work my notice period?

If your contract allows for payment in lieu of notice and your employer offers you this, you do not have to work the whole notice period.

Be careful not to confuse consultation or warning letters with notice of dismissal. Notice only counts if it is clearly addressed to you and specifies when your employment will end. If you leave because you receive correspondence warning you that redundancies are coming, you may lose your right to redundancy pay.

Can I take up another job before my notice period expires?

Your right to redundancy pay may be lost if you are offered 'suitable' employment before your notice period expires, and the new post is due to start less than four weeks after your existing employment terminates.

If you want to leave before your notice period expires in order to take up another job, you can either negotiate a start date which will not jeopardise your redundancy entitlements or negotiate an earlier termination date.

The above applies only to employees, so you are unlikely to be affected if you opt for self-employment, eg you move from local authority employment to agency supply teaching. You will also be unaffected if:

- you receive a job offer after your employment ends
- your new job starts more than four weeks after your employment ends
- your new job does not count as continuous service.

Will I be able to claim premature retirement compensation (PRC)?

There is no automatic entitlement to an accrued pension without actuarial reduction if your employment has terminated on the grounds of redundancy before normal retirement age. If you are granted PRC you will be able to retire without your pensionable service being reduced for early payment. Your employer may also agree to enhance your service. However, PRC is not an entitlement, but a benefit exercised at your employer's discretion.

The minimum age to be able to claim premature retirement is 55.

Visit the Teachers' Pensions website at: teacherspensions.co.uk to find out more about PRC.

Can I claim redundancy pay and premature retirement compensation at the same time?

You have an entitlement to statutory redundancy pay, but not to an enhanced redundancy payment, ie payment which is more than the statutory entitlement. An enhanced redundancy payment will normally be available to you only as an alternative to PRC because both benefits are at your employer's discretion, ie they are not statutory entitlements. If you chose enhanced redundancy pay over PRC, you will have to wait



until normal retirement age to draw your full pension. Otherwise, your pension will be actuarially reduced.

To be eligible for enhanced redundancy pay, you must have two years' qualifying service if you are younger than 50. If you are over 50, you will not be subject to a service qualification.

Will the money I receive on redundancy be subject to tax?

The first £30,000 of redundancy pay will be tax-free, but any amounts in excess of that sum may be taxed. If you receive notice pay or arrears of wages (including holiday pay) as part of your redundancy settlement, they will be subject to tax.

How do I claim redundancy pay?

There is no need for you to claim redundancy pay, as payment should be paid automatically. Employees under notice of redundancy should be given a written statement showing the date of termination and how the amount of redundancy payment was arrived at. If you do not receive such a statement during your notice period and/or you do not receive redundancy pay soon after your employment comes to an end, contact the Adviceline or Wales office without delay.

What will happen to my pension?

Provided you do not opt for agency supply work after redundancy, you should be able to start or continue in your membership of the Teachers' Pension Scheme (TPS) if you get another teaching job.

If you opt for non-teaching employment with the local authority, you should be able to join or continue in the Local Government Pension Scheme (LGPS) instead. You should take time to acquaint yourself with the terms and conditions of any pension scheme you become eligible to join. Most occupational schemes provide a membership guide/booklet which may be obtained either through your employer or the pension administrators.

You may be offered some or all of the following options if your new employment does not entitle you to membership of the TPS or LGPS:

- You may be able to transfer your TPS/LGPS pension to a scheme run by your new employer (this right is often time sensitive so take steps to discover your entitlements as soon as possible).
- You can keep your pension in the TPS/LGPS, although you will not be able to contribute to it. When you retire you will receive a pension from the scheme based on service accrued while you were in it. This is called a 'deferred' pension.
- Your contributions will be refunded automatically if you have been a member of the scheme for less than two years.



Who do I get my redundancy pay from if my employer becomes insolvent?

If your employer fails to pay your statutory redundancy entitlement because their business becomes insolvent, you may apply to for payment out of the [National Insurance Fund](#). However, the fund cannot pay out unless your employer is formally insolvent.

If your employer closes down your school/college, this may not be sufficient proof of insolvency but if this happens, contact the Adviceline or Wales office as soon as possible to ensure you do not lose out financially.

What benefits are available if I lose my job?

You may be able to claim one or more of these benefits if you are no longer working:

Jobseekers allowance/universal credit	if you are looking for work
Employment & support allowance/universal credit	if you are not fit for work
Income support/universal credit	if you do not have to sign on
Housing benefit/universal credit	for help with rent
Council tax benefit	for help with council tax
Pension credit	if you are aged 60 or over and do not want to claim JSB

You may obtain specific advice about benefits from your nearest Citizens Advice office, the telephone number of which may be found at: citizensadvice.org.uk

What should I do next?

If further advice is needed, contact your NEU workplace rep in the first instance. If there is no NEU rep in your workplace, or the peripatetic nature of your employment makes contact with a workplace rep difficult, contact the NEU Adviceline in England on 0345 811 8111 or NEU Cymru in Wales on 029 2046 5000.

Further contact details may be found at: neu.org.uk/contact-us

Further information

The following NEU guidance is available at: neu.org.uk

Redundancy

The four-week rule

Public sector exit payment (cap)

Public sector exit payment (clawback)

Redundancy: Your rights – [available at: gov.uk/redundant-your-rights](http://gov.uk/redundant-your-rights)

Advisory, Conciliation and Arbitration Service (ACAS)
www.acas.org.uk

Citizens Advice

Guidance on redundancy [at: citizensadvice.org.uk](http://citizensadvice.org.uk)