

Work out redundancy pay

You must pay redundancy to employees who have:

- an employment contract
- worked for 2 full years

6. How to calculate redundancy pay

You must pay at least the statutory amount to your employees.

Use the [GOV.UK redundancy pay calculator](#) to work out an employee's statutory redundancy pay.

How much redundancy pay each employee gets depends on their age and how long they've worked for you. It's capped at 20 years – working backwards from the date you made them redundant. You must pay:

- 1.5 weeks pay for each year of work after their 41st birthday
- 1 week pay for each year of work after their 22nd birthday
- half a week for each year of work before their 22nd birthday

The limit for weekly pay is £525. The maximum total amount of statutory redundancy pay is £15,750.

You should check your employment contracts as you might need to pay more than the statutory amount.

You can choose to pay higher amounts if you want to encourage voluntary redundancies.

If your employee's pay changes from week to week

Calculate the average weekly pay for the previous 12 weeks from the date you made them redundant.

If they did not work for a whole week during that time – for example they were on holiday or off sick – replace it with an earlier week.

You must share in writing with employees how you've calculated redundancy payments.

When you must pay redundancy

You must pay redundancy on an employee's last day. You can pay shortly after on a set date if you both agree in writing.

You should clearly communicate when and how the payment will be made. For example let employees know if payments will be included in their monthly pay or as separate payments.

If you cannot afford to pay redundancy

If making redundancy payments puts your business at risk you can ask the Redundancy Payments Service (RPS) for financial help.

If you're insolvent you can get RPS to make your redundancy payments and recover the debt from your assets.

Call the RPS helpline to discuss your options.

RPS helpline: 0330 331 0020

Related content

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[Download guidance on handling collective redundancies](#)