**Enhanced redundancy pay policy**

*Note.*

*Whilst many companies clearly outline that the enhanced redundancy policy is a non-contractual entitlement and is at the discretion of management, it should be noted that if the enhanced redundancy policy is regularly invoked then it may be arguable that this has become an implied contractual right which employees can expect to receive.*

*Discretionary schemes are workable but employers need to ensure that they remain payable at their discretion. There may be room for unconscious discriminatory decisions to creep in. Any conditions attached to payment may be seen to undermine its discretionary nature.*

*Any enhanced redundancy pay scheme based on length of service of up to five years will not breach anti-age discrimination laws. Any scheme recognising service of more than five years must mirror the statutory redundancy pay scheme which is calculated using age and length of service; it cannot not be based on age alone.*

Purpose

This policy sets out the Organisation’s position on the payment of the enhanced redundancy pay in the event that an employee is dismissed by way of redundancy.

**Payment of the scheme is at the absolute discretion of the employer and employees should not expect that it will be paid.** The circumstances where enhanced payment may be made are set out below.

Policy

The Organisation may, at its discretion, make redundancy payments over and above the statutory minimum provisions. A right exists to a statutory redundancy payment where the contract of an employee with a minimum of two years’ continuous service terminates because of redundancy.

The Organisation may consider a discretionary enhanced redundancy payment if, in its reasonable opinion, it finds that the particular circumstances of the employee mean that further employment prospects are not considered to be favourable.

The Organisation may also consider a discretionary payment where it would like to acknowledge the contribution made to its successes or advancement by a particular employee.

Calculation of the payment

The payment will be calculated as follows:

*[Select from the paragraphs below and delete as appropriate]*

* + *[insert multiplier]* x statutory redundancy pay. This multiplier will be the same for each group (ie using a multiplier of 3 will result in 4.5 weeks’ pay for each full year of service for those employee of 41 years old plus).

*[OR]*

* + Statutory redundancy pay without the statutory limit on the definition of a week’s pay where the employee’s actual weekly pay will be used.

*[OR]*

* + *[insert other calculation which meets the legal requirements set out at the start of this policy].*

Payment of the enhanced pay

In the event an enhanced redundancy payment will be awarded, the date on which payment will be made will be the date that the employment of the individual terminates due to redundancy. This enhanced payment will be in addition to the payment of statutory redundancy payment.