

Redundancy and older workers

Redundancy is an unfortunate fact of life and businesses have to make hard decisions when they need to let people go. When you do have to do this, it makes sense to try and keep the staff who have skills and experience that are essential to the running of your business, whatever their age.

The law on redundancy

There are no age limits on statutory redundancy pay. It may be payable to workers under 18 and over 65.

Age discrimination legislation provides only very limited exceptions which allow employers to take age and length of service into account when setting levels of contractual payments for compulsory redundancy. Outside of these exceptions, employers will need to justify their own contractual arrangements for severance payments.

Employers considering redundancies should make sure that all staff involved in the selection and decision-making process are aware that it is unlawful to make a decision based on age, unless this can be objectively justified.

This guide provides good practice information for you on how to ensure your business can reap the benefits of an age neutral redundancy policy.

Voluntary redundancy

If used, focus on specific aspects of the business that you need to scale back on, or if necessary the whole workforce. Avoid making assumptions about people which lead to workers of particular age groups being targeted.

Voluntary early retirement may be an option for certain age groups, if permitted by an occupational pension scheme that your business offers. This should be one option within a wider voluntary redundancy offer that is age neutral.