



Ashdown Human Resources

Redundancy



Redundancy

Overview:

Redundancy is when you dismiss an employee because you no longer need anyone to do their job. This might be because your business/organisation is:

- changing the types or number of roles needed to do certain work
- closing, or has already closed
- changing location

Look at other options:

You should consider all options to reduce or even avoid redundancies before starting a redundancy process

For example:

- offer voluntary redundancy
- changing working hours
- move employees into other roles
- filling vacancies elsewhere in the business with existing employees
- laying off self-employed contractors, freelancers etc
- reducing or banning overtime
- seeking applications from existing staff to work flexibly
- not using casual labour
- restricting recruitment



Redundancy

Follow the right process

If you do decide redundancies are necessary, you should check if you have:

- a redundancy policy you must follow
- a collective agreement with a trade union with details of what you must do
- You must follow a fair redundancy process and this must include:
 - consulting staff
 - collectively consulting staff if more than 20 are at risk of redundancy
 - identifying which employees will be made redundant

You need to select employees for redundancy in a fair way

- If you need to reduce the number of employees in the organisation or team, you'll need to set up selection criteria and make a list of roles to be considered for redundancy (a 'selection pool').
- If you're making a whole team or specific group of staff redundant, you'll have already identified a clear criteria and list of roles you need to make redundant.



Redundancy

Tell employees

- You should tell ('inform') your employees that you're considering making redundancies as soon as possible.
- You should hold a meeting with all employees affected, not just those at risk of redundancy, where you explain:
 - the risk of redundancy and the reason why it may be necessary
 - how many redundancies you're considering
 - what happens next, including how everyone will be consulted
- You should encourage employees to ask questions. The meeting can be held online if people are working remotely.
- For employees who are at risk of redundancy, you should also confirm in writing:
 - that they're at risk of redundancy
 - whether they have other options, such as voluntary redundancy or redeployment
 - the outline of your consultation plans

You should continue to keep employees informed throughout the redundancy process.

Redundancy consultations

- If you do not consult employees in a redundancy situation, any redundancies you make will almost certainly be unfair and you could be taken to an employment tribunal.
- You must follow 'collective consultation' rules if you're making 20 or more employees redundant within any 90-day period at a single establishment.
- There are no set rules to follow if there are fewer than 20 redundancies planned, but it's good practice to fully consult employees and their representatives. An employment tribunal could decide that you've dismissed your staff unfairly if you do not.



Redundancy

Consultation

Consultation is when you talk and listen to affected employees.

Collective consultation is where you also consult with their representatives.

If you do not hold genuine and meaningful consultation before making redundancies, employees could claim to an employment tribunal for unfair dismissal.

You should use consultation to try and agree actions wherever possible, for example the selection criteria.

During consultation, you should discuss:

- ways to avoid or make fewer redundancies
- the changes that are needed, what you plan to do, and why
- the skills and experience needed for the future
- any concerns employees may have
- the criteria for selecting employees for redundancy
- how you can support and arrange time off for affected employees, for example to update their CVs and get training
- You must notify the Redundancy Payments Service (RPS) before a collective consultation starts. The deadline depends on the number of proposed redundancies.
- Provide information to representatives or staff about the planned redundancies, giving representatives or staff enough time to consider them.
- Respond to any requests for further information.
- Consult with trade union representatives or elected employee representatives - or with staff directly if there are none.
- Give any affected staff termination notices showing the agreed leaving date.
- You must consult with your employees before finalising any redundancies.
- Issue redundancy notices once the consultation is complete.



Collective consultation steps:

- You must notify the Redundancy Payments Service (RPS) before a collective consultation starts. The deadline depends on the number of proposed redundancies.
- Consult with trade union representatives or elected employee representatives - or with staff directly if there are none.
- Provide information to representatives or staff about the planned redundancies, giving representatives or staff enough time to consider them.
- Respond to any requests for further information.
- Give any affected staff termination notices showing the agreed leaving date.
- Issue redundancy notices once the consultation is complete.



Redundancy

Work out redundancy pay

Employees you make redundant might be entitled to redundancy pay - this is called a 'statutory redundancy payment'.

To be eligible, an individual must:

- have at least 2 years' continuous service
- be an employee working under a contract of employment
- have been dismissed, laid off or put on short-time working - those who opted for early retirement do not qualify

A redundant employee has the right to a written statement setting out the amount of redundancy payment and how you worked it out.

You must make the payment when you dismiss the employee, or soon after.

Offer an appeals process

It's good practice to offer employees the chance to appeal if they feel they were selected unfairly for redundancy. This should be set out in your redundancy plan, contracts or policy.

An appeals process can help to:

- deal with and resolve an employee's complaint, avoiding an employment tribunal claim
- give you early warning the redundancy selection process might have been unfair and the chance to correct it
- show a tribunal that you have followed a fair process

If an employee is successful in an appeal, it's likely to mean another employee will have to be made redundant in their place. This could be a very difficult situation, especially if the employee was previously told they were safe from redundancy. You should:

- prepare for how to handle the situation sensitively with the employees affected
- keep communication clear and open
- offer support



Offer alternative employment

You must try and move employees selected for redundancy into other jobs within your organisation instead (offer 'suitable alternative employment').

If a role is suitable, you should offer it instead of redundancy. If you do not, the employee could make a claim to an employment tribunal for unfair dismissal.

They should not have to apply for the role. But if more than one employee is interested in the same role, you must offer the role to any employees on maternity leave or Shared Parental Leave first. For all other employees, you must follow a fair process, for example holding interviews for the role.

For an offer to be valid:

- it should be unconditional and in writing
- it must be made before the employee's current contract ends
- it should show how the new job differs from the old
- they should not have to apply
- the new job must start within 4 weeks of the old job ending

Employees who accept an offer of alternative work are allowed a 4-week trial period to see if the work is suitable. If you both agree that it is not, they can still claim redundancy pay.



Support your staff and plan for the future

Redundancy can create difficult situations and conversations in your organisation and you should think about how to support:

- employees at risk of redundancy
- the people leading the consultation
- employee representatives
- managers who are breaking the news
- those staying on

You can support staff by providing:

- additional face-to-face meetings
- Counselling
- clear plans for the future
- help getting financial advice
- time off for those selected for redundancy to look for new jobs or get training