

REDUNDANCY GUIDE

Introduction

It can be tempting to disguise a situation when an employee is dismissed as a redundancy situation. However, in law there are only 3 circumstances when it should be classed as a redundancy and subject to the employee being entitled to a redundancy payment.

These situations are

- when a business closes altogether or,
- when a particular workplace closes or
- when there is a reduction in the number of employees needed to do a particular job.

Having a policy in place, before a situation arises when it may be needed will help to ensure that a fair procedure is followed and you avoid accusations of bias during the actual time the redundancies are taking place.

The most important aspects of a fair selection process are:

Consultation

There are specific timeframes to be met before you can issue redundancy notices if you are making more than 20 or more than 100 employees redundant at the same time.

If your organisation is unionised you should consult with existing representatives. If not, you may need to make arrangements to appoint representatives specifically for the purpose.

Even with fewer numbers than these you must engage in meaningful consultation with staff prior to issuing notice.

Selection

A fair method of selection must be applied which avoids possible discrimination based on age, sex, sexual orientation, race, disability, religious belief or nationality.

Dismissal

Redundancy is a dismissal, so statutory dismissal procedures must be followed to ensure the process is fair. This includes confirming in writing the reasons for the dismissal and giving a right of appeal against the decision.

Payments

All employees with over 2 years service, regardless of their age have an entitlement to a redundancy payment and either notice or a payment in lieu of notice. Payments vary dependent on length of service, age and salary.

Other considerations

Employees under notice of redundancy are allowed reasonable time off to seek other work.

Remember that the employees who are not being made redundant will also be affected by colleagues leaving, and may also be feeling uncertain about their future. So remember to treat them well, and keep them informed about what is going on.

The people who leave will go to other jobs and talk to their friends – so treat them well so they leave with as positive an experience as possible. Make sure their final pay is accurate and on time and they know how to get a reference for their new employer.

This guide is intended as a commonsense approach to the practicalities of redundancy. For advice about specific circumstances please contact HRAActive to be sure that the details are appropriate and accurate to your situation.

HRAActive Ltd

enquiries@hractive.co.uk

01924 289774

07981 452160