



Cl^over HR

HOW TO MANAGE REDUNDANCIES:

The Employer guide to managing redundancies effectively and efficiently.

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REDUNDANCY PLANS

Having a redundancy plan allows businesses to share information with employees and help them to understand what is happening.

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AVOID COMPULSORY REDUNDANCIES

Avoid compulsory redundancies by looking at a number of options including flexible working and retraining employees.

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CONSULTATIONS

Consultations must be meaningful, and employers must get employees feedback and input into the process and seriously consider any proposals they may have.

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REDUNDANCY SELECTION

Employees must be selected for redundancy in a fair way and no-one should be discriminated against. Selection criteria should be used to help decide which employee/s will be made redundant.

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Employees must be given at least statutory notice; this is based on how long they have worked for an employer.

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If there are redundancies taking place after TUPE, consultation can start before the transfer and continue after the transfer, but no employees should be selected for redundancy until after the transfer takes place.

01

MAKING A REDUNDANCY PLAN

Having a redundancy plan allows businesses to share information with employees and help them to understand what is happening. A redundancy plan helps to manage each stage of the redundancy process and should show how:

- Compulsory redundancies could be avoided
- Employee will be consulted with
- Employees will be selected for redundancy
- Give employees notice
- How much redundancy pay an employee will get
- Employees will be supported and able to plan



02

PLAN TO AVOID COMPULSORY REDUNDANCIES

Before making employees redundant employers should look at the following options:

- Offer voluntary redundancy or early retirement
- Flexible working
- Reduce working hours on a temporary basis
- Ask employees to stop working for a short period
- Retrain employees in other areas of the business
- Release temporary or contract workers
- Stop all overtime
- Freeze recruitment

OFFER VOLUNTARY REDUNDANCY OR EARLY RETIREMENT



Voluntary redundancy should always be the employee's choice, employers should not pressure anyone to volunteer. Voluntary should be offered to all employees. You do not have to accept an employee for voluntary redundancy just because they applied and therefore it is good practice to inform employees that voluntary redundancy or early retirement is not automatically given to anyone who applies. There must be a fair way of selecting employees for voluntary redundancy or early retirement and companies could look at paying extra redundancy pay to volunteers to encourage them to volunteer.

FLEXIBLE WORKING

Contracts of employment could be updated to allow flexible working, this could include, working fewer hours, Homeworking, Job Sharing, Working compressed hours.

TEMPORARILY STOP WORKING OR REDUCE HOURS

If it is included in the contract of employment employers can agree with employees for them to, stop working for a while (temporary layoff) or work fewer hours (short time working). If this option is not included in the contract of employment, then an employer would need to ask an employee to agree to include these options or to have a temporary agreement made.

MOVE EMPLOYEES INTO NEW ROLES

Employers should look to move employees who otherwise could be made redundant into other job roles within the company. Available jobs within the company must be identified and discussed with the employee. If a role is suitable to the employee this should be offered to them instead of redundancy. If more than one employee is interested in the same role, the role must be offered to employees on maternity leave first. For other employees, a fair process must be followed to select a candidate, e.g. interview process.

An employee moving into a new role as an alternate to redundancy has the right to a 4-week trial period. If after the 4-weeks trial they do not feel the role is suitable for them, then they can ask to be made redundant, if they have a good reason why the job is not suitable.

If an employee turns down an alternate job, they must have a good reason for this. This could include, the job is lower paid, health issues preventing them from doing the job, they have difficulty getting there, for example it's a longer journey therefore higher travel costs, or it would cause disruption to their family life. If an employee turns down a role without a good reason an employer can refuse redundancy pay, but you would need to prove their decision was unreasonable.



03

CONSULTATIONS

Consultations must be meaningful, and employers must get employees feedback and input into the process and seriously consider any proposals they may have. If employers are planning 20 or more redundancies within 90 days then collective consultation must be followed, which means recognised trade unions or employee representatives must be consulted with.

Employees and representatives must be informed of the following:

- Why redundancies are needed
- The number of employees and which jobs are at risk
- How employees will be selected
- What the timeframes for the redundancies are
- How redundancy pay will be calculated

The consultation period for 20-99 redundancies is at least 30 days before the first dismissals takes effect.

The consultation period for 100 or more redundancies is at least 45 days before the first dismissal.

During the consultation period employers must discuss the following with employees: ways to avoid redundancies, how to reduce the effect of redundancies, plans to restructure for the future and how employees are selected for redundancy.

It is vital to document all consultation meetings that take place. It is also good practice to have a frequently asked question and answer sheet available for employees which can be updated throughout the consultation period.

There are no set rules for consultations for fewer than 20 employees, however it is good practice to follow the same process for collective redundancies. Employers must discuss with each employee affected to explain the changes and get employee ideas and feedback.

An employee can only be given notice of redundancy once the consultation period has passed and everyone affected has been consulted with, employees should be told face to face that they are being made redundant, however they must also be informed of their dismissal in writing. The outcome letter must inform employees of the appeals process so they can appeal the decision if they feel they have been selected for redundancy unfairly.

By law employers, who are considering redundancy for 20 or more employees, are required to inform the Redundancy Payment Service (RPS) of their plans to make redundancies before any consultation starts. Form HR1 must be completed and sent to the RPS. Companies can be fined if they do not inform the RPS.



04

SELECTION FOR REDUNDANCY

Employees must be selected for redundancy in a fair way and no-one should be discriminated against. Selection criteria should be used to help decide which employee/s will be made redundant.

Selection criteria could be based on, standard of work, skills, qualifications or experience, attendance record, (which should not include absences relating to disability, pregnancy, or maternity) and disciplinary records.

The following should not be included in selection criteria;

Age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity leave, race, religion, sex, sexual orientation, family related leave, trade union role, member of a trade union, part-time or fixed term status, pay and working hours.

Criteria to be used should be agreed with employee representatives or trade union representatives. Employees should be scored against the agreed criteria; this allows employers to be objective when selecting employees for redundancy. By using several criteria for the selection process it lowers the risk of discrimination.

05

NOTICE PERIODS

Employees must be given at least statutory notice; this is based on how long they have worked for an employer. Employees contracts of employment may include a longer notice period, if this is the case then this must be adhered to.

Statutory notice is:

- 1 month to 2 years' service is minimum of 1 weeks' notice
- 2 - 12 years is minimum of 1 weeks for each years' completed service
- 12 years or more minimum notice is 12 weeks



Employment can be terminated before a notice period ends, if an employee has agreed to have a payment in lieu of notice.

06

REDUNDANCY PAY

Redundancy pay must be paid to employees who have worked for 2 full years or more. Statutory redundancy pay is the minimum that employees should receive, how much an employee gets depends on their age and their service, which is capped at 20 years.

Statutory redundancy pay is:

- 1.5 weeks' pay for each year worked after their 41st birthday
- 1 weeks' pay for each year worked after their 22nd birthday
- 0.5 weeks pay for each year of work before their 22nd birthday

Weekly pay includes any regular overtime, and any bonuses or commission an employee's contract says they should get. Some employers may offer enhanced redundancy pay.

07

SUPPORTING EMPLOYEES THROUGH THE PROCESS



Employees who are to be made redundant are allowed a reasonable amount of time off to look for another job or undertake training. Employers do not have to pay more than 40% of a week's pay for this time off.

Employers should consider how to support employees at risk of redundancy, for example: managers breaking the news of redundancy, people conducting the consultation meetings, the employee representatives, and those employees who will remain in employment once the process has ended.

Support offered can include, counselling, face to face meetings to discuss concerns, financial advice and support, being informed of the company's future, help to find other employment or interview and CV skills.

If redundancy situations are handled correctly it can make a difference to:

- How employees react and cope with being made redundant
- The morale of employees who are staying with the company
- The success of any further changes and the future of the company

08

TUPE

If there are redundancies taking place after TUPE, consultation can start before the transfer and continue after the transfer, but no employees should be selected for redundancy until after the transfer takes place.

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