

6. Employing and managing people

6.11 Redundancy policy

Changes in the demand for services, levels of funding, and/or the need for change because of technological or organisational developments may lead to a requirement in the reduction in staffing levels within an organisation.

A genuine redundancy only arises when there has been, or is going to be

- A cessation of business
- A cessation of business at a particular work site
- A reduction or cessation of work

Redundancy is one of the most traumatic events an employee may experience. Announcement of redundancies will invariably have an adverse impact on morale, motivation and productivity.

Employers should establish a formal redundancy policy, ideally drawn up at a time when redundancies are not imminent. This will help to ensure that guidelines are in place to facilitate a potentially fair dismissal. Failure to follow appropriate and reasonable procedures could lead to employers being liable for claims of unfair dismissal, even if they have potentially good grounds for dismissal.

Employers considering dismissing employees on the grounds of redundancy should, as a minimum, follow the standard dismissal procedure.

The following is an example of a Redundancy policy, which is provided for guidance only, and should be adapted to suit your own organisation. It should not be regarded as an authoritative statement of the law.

Example policy

1. Policy Statement

It is the policy of <Name of organisation>, by careful forward planning, to ensure as far as possible security of employment for its employees and to seek to avoid redundancies wherever possible. However changes in the demand for services, levels of funding, and/or the need for change because of technological or organisational development may lead to a requirement for a reduction in staffing levels.

(NB Ideally the policy should include details of a Redundancy committee/panel responsible for communication, consultation and selection)

2. Collective consultation*

<Name of Organisation or the appointed panel> will formally consult with staff and their appropriate representatives as soon as the probable need for redundancy has been identified to discuss:

The reason(s) for the proposed redundancies.

- The numbers and descriptions of employees at risk of redundancy.
- The total number of staff employed by <name of organisation> and the staffing structure.
- The way in which employees will be selected for redundancy.
- How the dismissals are to be carried out, including the period over which the dismissals are to take effect.
- The method of calculating the amount of redundancy payments to be made to those who are dismissed.

(*NB Collective consultation with recognised trade union or elected representative must start at least 45 days beforehand for proposed redundancy dismissals of 100 or more employees, and at least 30 days before notification of redundancies for 20 – 99 employees. Where collective consultation is required, it must be completed before notice of dismissal is given to any employee concerned. The consultation has to be meaningful – it is not enough only to inform. The maximum compensation that can be awarded if employer fails to consult is 90 days pay. If there is no recognised trade union or employee representative, the employer must facilitate the election of representatives by the employees for the redundancy consultation. All employers must consult with all potentially redundant employees individually, even if there is to be collective consultation. Failure to follow the specific statutory minimum dismissal and disciplinary procedure is automatically unfair.)

3. Measures to avoid or minimise redundancies

Before deciding upon compulsory redundancy, consideration will be given to the following measures which may avoid or minimise the need for redundancies:

- natural staff turnover
- restricting all recruitment in the areas of reduced needs
- reduction or termination of temporary employees*
- offering early retirement to volunteers (subject to age discrimination issues)
- retraining or redeployment
- job share
- reduction in hours
- reduction in overtime (if applicable)
- voluntary redundancy
- offering existing employees sabbaticals and secondments
- pay freeze

(*NB Employees on fixed-term contracts should not be treated less favourably than comparable permanent employees unless this treatment can be objectively justified).

4. Compulsory redundancy

Following consultation and careful consideration of all other measures available, it may still be necessary to make compulsory redundancies. Compulsory redundancies will be made using selection criteria following consultation with the employees and their appropriate representatives. <Name of organisation> is committed to the use of fair and non-discriminatory selection criteria and the following list is illustrative and gives examples of fair criteria:

- Skills, experience, qualifications and aptitude
- The standard of work performance
- Attendance or disciplinary record (NB Absences relating directly to an employee's disability or pregnancy should be discounted when using attendance as a selection criteria).

(NB it is not recommended to rely on length of service as a sole or main selection criteria for selection for redundancy as it could constitute age discrimination unless the employer can demonstrate that this criteria was selected to achieve a legitimate business aim and is a proportionate means of achieving that aim.)

5. Individual consultation

Each employee provisionally chosen for selection will be written to, notifying them of the reason for the proposed redundancy and invited to a meeting to discuss the matter. The employee has a right to be accompanied at this meeting. Any suggestions made will be given full consideration by <Name of Organisation, or the appointed panel> .

Following the meeting the employee will be informed of the decision within <insert number> of working days, and will be informed of their right to appeal, and their right to be accompanied at the appeal meeting by a trade union representative or colleague.

Employees wishing to appeal must do so within <insert number> working days of receipt of decision, briefly outlining their grounds of appeal. The appeal meeting will be arranged as soon as possible. After considering the appeal, the employee will be informed in writing within <insert number> working days of the final decision.

6. Redeployment

Redeployment, if possible and where appropriate, will be used to avoid compulsory redundancy. Employees under notice of redundancy shall be informed of all actual and expected vacancies at <Name of organisation> during the period of their notice.

For each vacancy available at that time, <Name of organisation> will determine whether any of the employees declared redundant should be offered a redeployment (ring-fenced) interview for it.

7. Trial period

Employees offered redeployment will be subject to a trial period of 4 weeks in order to allow both parties the opportunity to decide whether the redeployment is suitable. The trial period begins when the previous contract has ended and may be extended to <insert number of weeks> for retraining purposes, provided that the agreement is in writing, specifying the date on which the trial period ends and confirms the employee's terms and conditions of appointment after the trial period.

The trial period ends four weeks (unless extended by agreement) after the date on which the employee starts work under the new contract. If the employee works beyond the end of the 4 week, or the jointly agreed extended trial period, the employee shall be deemed to have accepted the new employment and as such will lose all redundancy entitlement. This will be communicated to the employee when the alternative job offer is made.

Should <Name of organisation> wish to end the new contract within the trial period for a reason connected with the new job, the employee will preserve the right to a redundancy payment under the old contract. If the dismissal was due to a reason unconnected with redundancy, the employee may lose that entitlement.

8. Assistance in finding work

<Name of organisation> will assist, where possible, at risk employees in finding alternative employment and in addition will grant reasonable paid time off to look for work, to attend interviews or to arrange for training for new employment. Such time off must be arranged in advance with the relevant Line Manager.

9. Severance payments

In order to qualify for a redundancy payment, employees must have been employed by <Name of organisation> for a minimum of 2 years and limited to a maximum of 20 years. <Name of organisation> shall notify the employee of any statutory redundancy pay to which the employee is entitled. (NB employers may pay in excess of the statutory minimum).

(NB details should also be provided about commission, overtime payments, accrued holiday pay and whether time off in lieu not taken will be paid. Details should also be provided regarding payment of redundancy pay if the employee leaves before the end of the notice period).

Further information

ACAS

Tel: 08457 474747

www.acas.org.uk

Redundancy Help

www.redundancyhelp.co.uk

Disclaimer

The information provided in this sheet is intended for guidance only. It is not a substitute for professional advice and we cannot accept any responsibility for loss occasioned as a result of any person acting or refraining from acting upon it.

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