



Private Edge Knowledge Bank

# Guide to Handling Redundancies

## HUMAN RESOURCES

**This note sets out the procedure that you should follow where you have a redundancy situation. It includes details of the various meetings and letters that will be necessary.**

### Have you got a redundancy situation?

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If you:

- are closing a business;
- are closing a site where employees work;
- no longer need the same number of employees to carry out a certain type of work

you may have a genuine redundancy situation, which could lead to the dismissal of employees.

### How many redundancies are likely to be involved?

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- Do you know how many employees might be affected by any closure or where you have a reduced need for employees doing work of a particular type?
- If you think it is likely to be more than 20 redundancies over a 90 day period, then you may be required to take part in collective consultation with employee representatives or, where relevant, trade unions.
- If you think this will involve fewer than 20 employees being made redundant there are no collective consultation obligations involved.
- If there are 20 – 99 redundancies, the consultation must start at least 30 days before you can make any dismissals.
- If there are over 100 redundancies, the consultation must start at least 45 days before you can make any dismissals.
- You will need to think about any group of employees involved in the redundancies. Where there is a group or team from whom a redundancy or redundancies will be made, those people may be a "pool" from which you will select the redundant employees.
- For example, if you were thinking about making an administrative assistant redundant, you would consider the whole team of administrative assistants involved before deciding who may be selected.
- Where you have to select an employee or employees from a particular pool, it is important to use objective, fair and reasonable criteria.
- The criteria should be as objective as possible and not based on any manager's subjective view of the employees involved. Ideally, categories such as appraisal scores or qualifications should be used, which are not influenced by a subjective view.

## Have a first meeting

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- You should meet with all of the employees who may be affected by the redundancy situation (remember to take a note).
- Explain to the group the reasons for the potential redundancies.
- Tell the employees how many jobs are at risk of disappearing but emphasise this is a possibility, not a decision.
- Explain to the group that ways of avoiding redundancies are being explored (recruitment freeze, alternative employment, volunteers for redundancy).
- Ask the employees to think about any suggestions they may have to avoid redundancies.
- Can you ask for volunteers rather than dealing with this as a compulsory redundancy?
- Explain the proposed selection criteria and any pools for selection.
- Tell people there is a right to take time off to look for alternative employment or training.

## Follow the first meeting up in writing

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- Write to the employees confirming what you covered in the first meeting.
- If possible, include a copy of the selection criteria you want to use and how you may score employees.

## How will you score people?

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- Where you have a pool of employees from which you are selecting the redundant individuals, you will need to assess and score those people according to the criteria you have decided to use.
- Make sure that managers carrying out the scoring understand the process and give them guidelines (or even training).
- Think about some form of moderation process – can another line manager assess the scores given to try and make sure they are consistent?

## Your letter to those employees provisionally selected

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- Write to the employees provisionally selected for redundancy – ask them to attend an individual meeting to discuss this.
- Make sure you include an invitation to bring along a colleague or a trade union representative.
- Include in the letter the reasons for the redundancy situation and also how the individual has been provisionally selected, as well as summarising the consultation that has taken place so far.
- Emphasise that a further meeting will be arranged if their selection for redundancy is confirmed.
- Confirm that no final decision has been made.
- Give the employee a reasonable opportunity to consider this information before you hold the meeting.

## The first consultation meeting

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- At the meeting to discuss the provisional selection, consult with the employee about the scores they achieved and also things like the terms of the redundancy.
- Consider any questions or suggestions the employee might have – including those relating to the scores.
- Discuss with the employee any available vacancies that you have. If you do have vacancies and it is a role that the provisionally selected employee could carry out, make sure you give the employee the opportunity to consider whether this is something they would like to do.
- Make sure you take a note of the meeting.
- Follow up from the first consultation meeting
- After the first individual consultation meeting, make sure you follow up on any suggestions or questions raised by the employee and also any comments the individual may have made on their scores.
- After considering the points raised by the individual, if the employee's score changes check how this will impact on the other employees involved.
- If this means other employees will now become provisionally selected, ensure you go through the same steps with each one.

## The second consultation meeting

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- Where the employee is to be made redundant, invite that person to another consultation meeting (remember to take a note).
- Remember to allow the employee to be accompanied by a work colleague or a trade union representative.
- Confirm that the employee has been selected for redundancy.
- Make sure you take the employee through the redundancy payments available.
- Remind the employee to take reasonable time off to look for alternative employment or training.

## Dismissing the employee

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- Write to the employee and confirm the decision to dismiss them as redundant and the relevant end date for their employment.
- Remember to check whether you are paying in lieu of notice or whether the employee will be working out their notice period.
- In the dismissal letter explain the calculation of the redundancy payment (a statutory payment or any payment over and above that) and also any other payments they will receive. As above, if you were paying the employee in lieu of notice that is an additional payment that will be made on dismissal.
- Confirm the employee has a right to appeal against the redundancy dismissal, how to appeal and also the relevant time limits.

## What if the employee appeals?

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- If the employee decides to appeal against their dismissal, invite them to attend a further meeting to hear that appeal.
- Where possible make sure that the appeal is heard by someone more senior to the person who dealt with the consultation and dismissal.
- Allow the employee to be accompanied by a work colleague or trade union representative.
- After you have carried out the appeal meeting, write to the employee confirming the outcome and also that this is the final decision.

*This article is not intended to constitute a definitive, up-to-date, or complete statement of the law, nor is any part of it intended to constitute legal advice for any specific situation. You should take specific advice when dealing with specific situations and jurisdictions outside England & Wales.*

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