

# Drummond

## DRUMMOND FACT SHEETS

### Redundancy

If the prospect of reducing hours/headcount in your organisation is beginning to appear, the first action to consider is taking reasonable steps to avoid compulsory redundancies by considering options and alternatives.

For example:

- Freeze on recruitment
- Reduce or stop overtime
- Retrain existing staff to fill vacancies
- Lay off casual or contract staff
- Flexible working hours
- Short term working or temporary pay offs
- Offer early retirement
- Offer voluntary redundancy



#### When Considering Redundancies

An essential action is to consult with employees. This can often help an organisation avoid making redundancies. Employees may offer innovative and helpful suggestions on different ways of how the organisation can operate – in the interest of good employment practice a formal procedure on redundancy is certainly worth considering.

Thorough planning is an absolute must. Do not underestimate the complexity of handling even just a few redundancies. Emotions, insecurity, distress, anger, betrayal and fear are often all too evident during a redundancy process.

HR must rise above all this by providing management colleagues and employers alike with clear information, guidance, instructions, procedures, timetables and so on. There is neither room nor allowance for omissions or shoddiness.

Always remember:

1. In spite of redundancy activity ongoing, there is still a business to run.
2. The weight of the law is hovering overhead at all times. Rest assured that procedural errors/omissions will more than likely lead you to a tribunal.



## Making an Employee Redundant

### Essential steps:

1. Begin the consultation process as soon as possible.
2. If possible, allow for longer periods of consultation than the statutory minimum
  - 30 days before the first redundancy where there are 20-99 proposed redundancies
  - 90 days in advance where there are 100 or more proposed redundancies
3. Notify the department for Business, Enterprise and Regulatory Reform (BERR) in writing if you plan to make 20 or more employees redundant in one place of work within a 90 day period.
4. Agree selection criteria with Trade Union if appropriate, or employee representatives.
5. Ensure your procedures are fair and objective.
6. Set up an appeals procedure.
7. Apply selection criteria if compulsory redundancy is necessary. Commonly used selection criteria include:
  - skills and/or experience
  - work performance
  - attendance record
  - disciplinary record
8. Ensure that whatever criteria are used, extreme care is taken that they are neither directly nor indirectly discriminatory.
9. Providing assistance in finding other work.
  - For example:
    - Statutory right for time off to look for work and/or training
    - Outplacement service
    - Counselling service



## Redundancy Payments

To qualify for redundancy payment an employee must have at least two years continuous service with the employer.

For each complete year of service up to a maximum of 20, employees are entitled to:

- Half a week's pay for each year of service under 22 years of age
- One week's pay for each year of service at age 22 but under 41
- One and a half week's pay for each year of service at age 41 or over

A week's pay is defined as that which the employee is entitled to under terms of the contract on the date when the employer gives the employee minimum notice to which he/she is entitled. The maximum statutory limit from 1<sup>st</sup> February 2008 is £330.00 per week. An employer may, of course, pay more than the statutory minimum.

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**SIGN UP for more information on redundancy or any other HR issues!**