



Redundancy

This factsheet aims to provide information on the redundancy process and the different routes to redundancy.

Legal requirements

Redundancy occurs when the employer has ceased to carry on the business, or has ceased to carry on the business in the place where the employee was employed, or the need for employees to carry out work of a particular kind has diminished.

Collective consultation with employee representatives normally occurs when the employer is proposing to dismiss as redundant 20+ employees at one establishment. The Department of Trade and Industry (DTI) should be notified should 20+ employees be made redundant. Go to www.dti.gov.uk for more information.

Every effort should be made to minimise redundancies such as reducing the number of temporary appointments and filling existing vacancies with existing staff of whose posts are 'at risk' of redundancy.

The criteria for the redundancy selection process should be clear and published for all to view. An employer may ask for volunteers for redundancy (voluntary severance) before the formal redundancy selection process begins, for staff that may have been thinking about leaving anyway.

If redundancies are necessary, the statutory dismissal (three-step) procedure should be followed.

The employee will need to be issued with a written notice of redundancy to confirm the employee's redundancy. This should state the final day of service and the redundancy payments that are due.

Statutory redundancy pay is payable to employees who have at least two years of service and is based on age, service length and weekly earnings. The age discrimination regulations October 2006 will outlaw discrimination on the grounds of age. The Government is yet to comment on how this will affect the redundancy calculation.

Employers can offer enhanced redundancy provisions beyond the legal requirements by giving as much notice as possible to employees, allowing all employees facing redundancy to take time off to look for another job or providing redundancy counselling.

Consideration of employees with a disability must be given should they fall under the agreed redundancy criteria. The criteria for redundancy should be closely scrutinised so that it does not discriminate against employees that have had time off due their disability.

Employees employed on a fixed term contract are considered under law to face a redundancy situation. Consultation on possible alternative employment should still take place in this scenario.

This information is taken from the publication *The Good Employment Guide (2005)*. Find out more at www.ncvo-vol.org.uk/publications

For further information on redundancy, visit the following websites:

1) Acas: Provides information relevant to all new and existing employers
www.acas.org.uk

2) askNCVO: NCVO provides free information, signposting and services for trustees, staff and volunteers
www.askncvo.org.uk

3) Business Link: Becoming an employer for the first time
www.businesslink.gov.uk

4) Health and Safety Executive (HSE): For information around health and safety and the law
www.hse.gov.uk

5) HM Revenue and Customs (HMRC): Provides information for employers on issues including tax credits and child benefits
www.hmrc.gov.uk