

Redundancy

Redundancy is defined by the Employment Rights Act 1996 as a dismissal which is wholly or mainly attributable to:

- The fact that an employer has ceased, or intends to cease, to carry on the business for purposes of which the employee was employed;
- The fact that an employer has ceased, or intends to cease, to carry on that business in the place where the employee was so employed;
- The fact that the requirements of the business for employees to carry out work of a particular kind have ceased or diminished or are expected to cease or diminish;
- The fact that the requirements of the business for employees to carry out work of a particular kind in the place they were so employed, have ceased or diminished or are expected to cease or diminish

Most employers recognise the fact that situations will arise where the need for work of a particular kind will reduce or, where the volume of the business no longer requires the same number of employees. When a redundancy situation presents itself however, employers should bear in mind the fact that it is not the individual that becomes redundant but the job that is occupied. Redundancy, therefore, should never be used as a substitute for disciplinary or capability action.

Checklist for a Redundancy Process

- Ensure that the terms of any Company redundancy policy are understood and adhered to
- Establish the grounds for redundancy, ensuring that there is a genuine redundancy situation
- Prior to placing an employee's role at risk of redundancy, ensure that every alternative to redundancy has been explored, e.g. organisational change or, variation to terms and conditions of employment
- Identify the work of a particular kind which will cease or diminish as a result of the redundancy situation
- Identify the number of positions at risk of redundancy
- Identify the correct pools for selection
- Follow a meaningful consultation process and involve Trade Unions where appropriate. Employees should be given the opportunity to suggest alternatives through group and one to one consultation meetings
- Ensure that any selection criteria has been applied to all affected employees without exception

- Conduct a search for alternative work
- Confirm the outcome of each consultation meeting in writing and include the right to appeal at the final stage

Redundancy FAQs

Once I have identified the jobs at risk of redundancy, how do I select the individuals?

A selection criteria matrix should be prepared and used to score the affected employees against each other. The criteria should be objective and relate to the key elements of employment.

What happens if suitable alternative employment is found?

The offer of alternative employment should be confirmed to the employee in writing. If the alternative employment falls within the meaning of “suitable alternative employment” then the employee should be given the benefit of the statutory trial period.

Can an employee refuse a position of suitable alternative employment?

Yes, but this could affect their entitlement to a redundancy payment.

What happens if no suitable alternative employment can be found?

The employee will be issued with notice of redundancy.

What termination payments are due?

All employees with 2 years' continuous service or more will be entitled to a redundancy payment. Redundancy pay is calculated with reference to an employee's age, length of service and gross weekly wage. Employees will also be entitled to payments in respect of notice and any accrued but untaken annual leave.