

LAWPACK

THE QUICK GUIDE TO

Coping with Redundancy



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This is an excerpt from Lawpack's *Coping with Redundancy Guide*.

To find out more about your redundancy rights, [click here](#).

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For convenience (and for no other reason) 'him', 'he' and 'his' have been used throughout and should be read to include 'her', 'she' and 'her'.

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Introduction

Facing redundancy is a difficult situation for everyone. Even though employees might value the opportunity to take their life in a new direction, the change that is imposed on them can be very stressful. There is a lot to think about, and often there is not a long period of time to do that thinking.

This book has been written to support those people who are facing redundancy, and for those who have friends or family who have been affected and want to offer effective support.

The book starts by looking at the law. Redundancy has to be managed in certain ways for it to be lawful, and this can sometimes be very confusing for the employees who are caught up in the process. It is hoped that an explanation of the law will help employees to have a clearer understanding of what is happening and the timescales involved.

The book then moves on to think about the financial issues. This is an inevitable stress that accompanies redundancy, as people face a time with no income or a lesser income. We will work through the different issues that need to be considered, an explanation of redundancy payments and an overview of financial support that might be obtainable.

Although it can be difficult, an important part of facing redundancy is to think about the future. Hence, the book goes on to think about the options for the employee. This includes

training and education as well as looking for alternative employment. As well as thinking about the opportunities that are available the book also takes time to think about the application and interview process.

Finally, we will think about some of the emotional responses associated with redundancy – focusing in particular on stress.

Redundancy is a difficult time, but hopefully you will feel more able to manage the situation, or support others facing redundancy, when you have read this book.

CHAPTER 1

What is redundancy?

When an organisation makes employees redundant it is essential that the law is carefully followed. The purpose of this chapter is to explain what legal processes an employer has to follow so that employees can understand what is happening in a redundancy situation.

Definition

The first important question is whether the situation really is a genuine redundancy. A redundancy happens in one of three situations:

1. The employer has stopped, or intends to stop, doing the work that the employee is employed to do.

For example, organisation A makes washing machines and refrigerators. The organisation decides to stop making washing machines, but carry on making refrigerators. The employees who make washing machines will be made redundant.

Another example could be organisation B that makes springs for the automotive industry. Organisation B decides that it is no longer going to make springs, and it is going to close the business. In this case all employees would be made redundant.

2. The organisation has stopped, or intends to stop, operating in the place where the employee works.

For example, organisation C has two call centres. One is in Bristol and one is in Birmingham. A decision is made to close the call centre in Bristol. In that case all the employees working in the Bristol call centre would be made redundant.

If the organisation had two call centres very close together, then it might be appropriate for the organisation to select the redundancies from across both locations – even if only one was going to close. We will look at this in more detail in chapter 4, under ‘Selection’.

3. The requirement for the organisation to do work of a particular kind, or to do work of a particular kind in a particular location, has (or is expected to have) diminished.

For example, organisation D is a large retail store. Over recent months there have been fewer customers, and sales have reduced. There is less work for the Sales Assistants to do and hence some of them are made redundant.

What does the organisation do when there is a redundancy situation?

If one of the three situations explained has occurred, or the organisation can see that it is about to occur, the organisation might decide that there is a need to make employees redundant.

At the initial stages the organisation will need to work out how many employees will be made redundant. If a whole site is closing, this might be everyone, but there might be the need to phase the closure of a site and hence the redundancies might be phased.

If the work has diminished, giving rise to the need for redundancies, then the organisation has to work out how many employees it now needs – and calculate the redundancies accordingly.

As soon as the organisation has worked out that there do need to be redundancies there has to be consultation.

CHAPTER 2

Consultation

There are two types of consultation – collective and individual. If there are more than 20 employees being made redundant, then there must be a period of collective consultation. If there are 20 or fewer employees being made redundant, then no collective consultation is required. (Individual consultation is dealt with in chapter 5.)

If the situation will result in more than 20, but fewer than 100, employees being made redundant, then there will need to be a period of consultation that lasts for at least 30 days.

If the situation will result in 100 or more employees being made redundant, then there will need to be a period of consultation that lasts for at least 90 days.

Collective consultation is carried out with representatives of the employees.

Representatives

If the organisation recognises a trade union, then it will be usual for the consultation to take place with the trade union representatives.

If the organisation does not recognise a trade union, but does have elected employee representatives, then it is usual for the consultation to take place with those employee representatives.

If there are no representatives, then the organisation must

arrange for the employees to elect representatives for the purposes of collective consultation. The organisation must arrange the ballot papers and organise the ballot process – but the voting is carried out by the employees. Employees must volunteer to be representatives, or they could be nominated by their colleagues.

If there is only one part of the organisation that is affected by the redundancy situation, then the employees who vote to elect a representative will just be those who work in that part of the organisation.

If you are selected to act as a representative, then you will attend meetings with the management of the organisation to discuss the redundancies. You will be allowed to attend these meetings in normal working hours, and you will be paid your normal rate of pay when attending these meetings. You will be required to put forward the views of the employees that you represent, and you will be expected to report back to the employees about the meetings that you have.

CASE STUDY

A small manufacturing organisation was struggling – for a number of months the order book had been very low. It was eventually decided to make 32 employees redundant across the organisation. The organisation did not recognise a trade union, and had never had formal employee representatives.

The senior management briefed all team leaders about the situation and asked them to talk to all their teams, explaining the need for redundancies and the need to have representatives.

As a result four employees volunteered to be representatives. Although the senior management had originally planned for just three representatives they decided to accept all four, rather than go ahead with an election.

The process worked well – with the representatives proving to be a useful link between the management and the employees. Two of the representatives were made redundant, but two remained in the organisation. Due to the success of the process they remained as representatives for other issues within the organisation.

Information to be given in the consultation process

At the start of the collective consultation process the organisation must give certain information to the employees. This must include:

- The reason for the proposed redundancies
- The number and types of jobs of employees who it is proposed to make redundant
- The total number of employees who will be affected by the redundancy
- The proposed method of selecting those to be made redundant
- The procedure that will be followed in managing the redundancies
- The method of calculating redundancy compensation payments

Trying to reduce the redundancies

It is important that the organisation and the representatives try to think of ways to avoid, or reduce, the redundancies. This is a crucial part of the consultation process. This might include suggestions such as:

- not recruiting any new employees

- retraining employees so that they can do different jobs
- putting in place an overtime ban
- having a period of short-term working
- reducing the number of shifts that are operating
- agreeing a pay freeze, or a reduction in the pay of existing employees
- allowing some employees to take an extended period of leave on reduced pay
- asking for employees to volunteer for redundancy

If you have any ideas of ways that redundancies could be avoided in your organisation make sure that you put your suggestions forward to your representative.

Short-term working

You will have noticed that short-term working is on the list of ideas to reduce redundancies. Organisations sometimes take this approach to avoid redundancies if they think that the downturn in work is temporary. This enables them to keep the current employees, rather than have the cost of making them redundant just to find that the work starts to come in again and there is then the cost of recruiting new employees.

Short-term working should be discussed with employees before it is put in place. During these discussions employees should be given the opportunity to ask questions and to suggest any alternatives to short-term working. The organisation also has the opportunity to explain how long the short-term working will last, who will be affected and how payments will be calculated.

Short-term working payments are usually worked on a pro rata basis. So, for example, if an employee usually works Monday –

Friday and is asked to work a four-day week the salary is reduced by one fifth.

If employees are placed on short-term working and then soon after the organisation finds that it has to proceed with redundancies anyway, the redundancy calculation should be based on the full rate of pay – not the reduced rate that was paid during short-term working. However, if the short-term working has been in place for some time it is possible that the reduced rate of pay will be seen as the usual salary.

If you are placed on short-term working, make sure that you have all the associated terms and conditions recorded in writing. This should include the agreed hours and payment, and the payment that will be made if additional hours do become available (e.g. will they be counted as overtime?). It should also include an anticipated length of time that the short-term working will be in place. Ideally, get the organisation to set out in writing what payments will be made if the situation does proceed to redundancy (although some organisations will be unwilling to commit to deciding this at this stage).