

Payroll

The Redundancy Process

The process of redundancy is complex and it is very important to get it right.

There are number of stages that must be considered: -

- The business case for redundancy must be carefully thought through and documented.
- All employees within a pool of skills need to be informed that there is a risk of redundancy.
- Consultations must commence to discuss the proposals to reduce the number of positions. This period should never be shorter than 2 weeks.
- Consultation on the proposed method of selection.
- Discussion on redeployment within different areas of the business or reduced working hours and job share.
- After a reasonable period the Statutory Dismissal Procedure should be followed: -
 - Write to the employees to arrange meetings, outlining the reasons for it.
 - Give the employee a right to be accompanied (fellow employee or Trade Union Official.)
 - At the meeting the reason for dismissal must be discussed, along with a final consideration of any alternatives.
 - Write to confirm the decision and give the employee the right to appeal.

There are different rules depending on the number of employees being made redundant.

Redundancy of 1–19 employees
Redundancy of 20–99 employees

Consultation must begin in good time. When the redundancies are proposed at one establishment within a period of 90 days or less, consultation must begin at least 30 days before the first dismissal takes effect.

Redundancy of 100 or more employees

When the redundancies are proposed at one establishment within a period of 90 days or less, consultation must begin at least 90 days before the first dismissal takes effect.

In the case of 100+ employees the purposes of consultation the employer must disclose in writing to the appropriate representative: -

- Reasons for the proposed redundancies.
- The number and descriptions of the employees whom it is proposed to dismiss.
- The total number of employees of that description employed by the employer at the establishment in question.
- The proposed method of selecting the employees whom may be dismissed.
- The proposed method of carrying out the dismissals, including the period over which the dismissals are to take effect.
- The proposed method of calculating the amount of any non-statutory redundancy payments.