

# Manage staff redundancies

## 1. Make a redundancy plan

A redundancy plan will help you manage each stage of the redundancy process. It should show how you'll:

- avoid compulsory redundancies
- consult staff
- select staff for redundancy
- give staff notice
- work out redundancy pay
- support staff and plan for the future

You should work with staff representatives – for example trade unions – to develop your plan if it's a large or complex redundancy situation.

Having an agreed plan allows you to easily share information with all your staff and help them understand what's happening. It's particularly useful when you explain your proposed changes during the consultation phase.

## Avoid compulsory redundancies

You can avoid job losses by planning ahead and looking at other options.

Before making redundancies you should see if you can:

- offer voluntary redundancy or early retirement
- agree to flexible working
- temporarily reduce staff working hours
- ask staff to stop working for a short time
- retrain staff to do other jobs in your business
- let go of temporary or contract staff
- limit or stop overtime
- not hire any new staff

## 2. Offer voluntary redundancy or early retirement

Your offer needs to cover the whole workforce and it must always be the employee's choice to volunteer. Make sure you do not pressure anyone or single a person out. For example you could be accused of age discrimination if you only offer early retirement to your older workers.

You do not have to select an employee just because they volunteer. For example if your most experienced employee volunteers you can explain that you're not selecting them. It's a good idea to make clear to staff early on that voluntary redundancy or early retirement is not automatically given.

You must have a fair way of selecting who does get voluntary redundancy or early retirement.

You can offer extra redundancy pay if you want to encourage staff to volunteer.

## Agree to flexible working

You can agree to update employment contracts to allow more flexible working.

This could include staff:

- working fewer hours
- homeworking
- job sharing
- working compressed hours

## Ask staff to temporarily stop working or reduce hours

If it's included in employment contracts you can ask staff to:

- stop working for a while (known as a 'temporary lay-off')
- work fewer hours (known as 'short-time' working)

It must be a temporary solution and not a permanent change to agreed working hours.

### If it's not included in employment contracts

You can ask to update an employee's contract to include these options. They do not have to accept.

See the Acas guide on [lay-offs and short-time working](#).

## Move staff into other jobs

You should try and move staff into other jobs within your organisation before you start the redundancy process.

### Once you've made someone redundant

If you're looking to fill another role that is suitable for the person you're making redundant, you should offer it to them instead of redundancy. The

redundancy could be judged an 'unfair dismissal' if you do not.

If you do offer them another job it needs to be:

- in writing
- made before their contract ends
- a different job to the one they're doing – you'll need to explain how it's different

They should not have to apply for the job. The new job must start within 4 weeks of their previous job ending.

Employees have the right to a 4-week trial period if they accept a new role. The trial period should start after they've worked their notice period and their previous contract has ended. This avoids any confusion or disputes over dates if the trial does not work out. It's a good idea to set out the dates for the trial in writing.

If you both agree it is not working out they can still claim redundancy pay. You can agree to a longer trial period but it must be agreed in writing.

### 3. Consult your staff

Consultation is when you sit down with staff to explain your planned changes and get their feedback and input. Your plans must not be finalised at this stage and you should aim to include any staff suggestions or ideas you agree with.

### Who you must consult

You must discuss your planned changes with each member of staff who could be affected. This can include staff who are not actually losing their jobs.

You must sit down with each employee individually to explain changes and get their ideas and feedback. The meeting can take place over the phone if you both agree to it and there is a clear need, for example if someone works remotely.

#### When you must consult elected representatives

You must also consult trade unions or employee representatives during 'collective' redundancies. A collective redundancy is when you're making 20 or more redundancies within 90 days in a single establishment.

This means you must discuss redundancy changes with both elected representatives and individual members of staff in collective redundancies.

### How to consult

There are set rules for collective redundancies which you must follow. There are no set rules for consultations with fewer than 20 redundancies but it's good practice to follow the same process.

An employment tribunal could accept a claim for unfair dismissal if you can't show you've consulted an employee or employee representatives.

You must consult staff who are on maternity leave.

## Prepare for the consultation

You should get the information ready that you're going to share.

During the consultation period you must let staff know in writing:

- why you need to make redundancies
- the number of people and which jobs are at risk
- how you will select employees for redundancy
- how you plan to carry out the redundancies, including timeframes
- how you will calculate redundancy pay
- details of any agency workers you're using

You should also have:

- a trained person to lead the consultation
- a clear way of presenting your redundancy plan
- question and answers document

Call Acas on 0300 123 1150 to find out about training courses for your staff.

## When to begin your consultation

It's important you do not present a finalised redundancy plan to your employees. You must leave enough time to include any suggestions you agree to.

Number of redundancies	When to begin consultation
Under 20	No set rules
20 to 99 redundancies within 90 days in one establishment	30 days before the first redundancy
100 or more redundancies within 90 days in one establishment	45 days before the first redundancy

You must include in your total:

- voluntary redundancies
- employees you're moving into other roles

You only need to include employees on fixed-term contracts if you're making them redundant before the end of their contract.

## **Notify the Redundancy Payment Service (RPS)**

For collective redundancies you must let the RPS know your plans before the consultation starts.

Fill in [form HR1](#) and send it to the RPS address on the form.

You can be fined if you do not notify the RPS.

## **How long the consultation lasts**

There are no rules for how long the consultation should last. It can last longer than the minimum periods listed above if it's a large or complex redundancy situation.

You do not need to reach agreement for the consultation to come to an end. You simply need to show that the consultation was genuine and that you aimed to reach agreement. You must be able to show that you've listened to your employees and that you responded to questions and suggestions.

## **What to discuss at the consultation**

Consultations allow you to explain why you're planning on making redundancies.

In return it allows employees to discuss:

- ways to avoid or reduce redundancies
- how to reduce the impact of redundancies
- how the organisation can restructure or plan for the future
- how people are selected for redundancy

You must consider and respond to any suggestions made by employees. You can reject any ideas you do not think are reasonable but you should explain why. It's important to document all discussions and the reasons for your decisions.

You might not always be able to avoid redundancies but by working with employees you'll often be able to save jobs and come away with a better idea of how your business can plan for the future.

## What information to share

You should be as open as possible with unions and employee representatives. This will allow employees to feel part of the conversation. Not providing enough information often leads to frustration and mistrust and can sometimes mean the consultation is invalid.

You should aim to provide the right level of detail for staff to understand your proposals. The information should not be so long or complex that a specialist is needed.

## Consult staff individually

You would normally consult individuals after you've completed consultation with employee representatives. You can choose to overlap with individual consultations if needed.

## 4. Select employees for redundancy

You must select employees for redundancy in a fair way and not discriminate against any individuals or groups.

It's a good idea to use selection criteria to help you choose which employees to make redundant.

You should base the criteria on:

- standard of work
- skills, qualifications or experience
- attendance record (do not include absence relating to disability or maternity)
- disciplinary record

You must not select staff because of their:

- age
- disability
- gender reassignment
- race
- sex
- sexual orientation
- religion or belief
- marriage or civil partnership status
- pregnancy or maternity leave
- family related leave – for example parental, paternity or adoption leave
- role as an employee or trade union representative
- membership of a trade union
- part-time or fixed-term employee status
- pay and working hours, including the Working Time Regulations, annual leave and the National Minimum Wage

Make sure your criteria does not indirectly discriminate against any of these groups. For example if you use flexible working as a criteria you could be discriminating against women. You would need to show that flexible working is no longer possible after your business has changed.

## Agree criteria with staff

You should consult employees to identify and agree selection criteria. For example you could sit down with employees to work out the skills and experience needed for your business in the future.

The more open and collaborative your selection process is the more your employees will trust that it is fair.

## Select staff in a fair way

It's a good idea to score employees against all the agreed selection criteria. This will help you avoid relying on one particular criteria and can lower the risk of discriminating against employees.

It will also help you:

- be objective when selecting employees
- easily share with staff how the selection process works
- explain your decisions at tribunals

## Ask staff to reapply for their jobs

You can ask staff to reapply for their jobs to help you decide who to select. You should still use criteria when you interview staff to make sure you're selecting people in a fair way.

## How to score employees

You can decide how much you want to score each criteria. You should also provide written evidence to support your score.

You don't have to use the points system used in this guide, it's just an example. The 'standard of work' criteria could look like:

Criteria: standard of work	Score	Evidence
Outstanding	15	
Exceeds objectives for the role	12	
Meets all objectives for the role	9	

Criteria: standard of work	Score	Evidence
Meets some objectives of the role	6	
Fails to meet objectives for the role	3	

### Decide which criteria are most important

You can adjust the points you give for each criteria. For example if it's agreed that 'attendance record' is less important you can allocate fewer points. This creates a 'weighting' which allows you to be more flexible in how you score staff.

Apply the selection criteria to the group of employees at risk of redundancy. This is sometimes known as the 'pool of selection'.

### Set up an appeals process

You should set up an appeals process for employees who feel they have been unfairly selected. This can reduce the chances of someone making a claim against you to an employment tribunal.

You should explain in your redundancy plans how someone can appeal. You might meet with staff face-to-face to listen to their concerns or ask them to write a letter or email explaining why they do not agree with your decision.

## 5. Give staff notice of redundancy

You can only make an employee redundant once you've finished consulting staff.

It's best to tell an employee face-to-face that you're making them redundant. You should also let them know in writing.

You should include in the letter:

- their notice period
- leaving date
- how much redundancy pay they're due
- how you calculated the redundancy pay
- any other pay you owe them (for example holiday pay)
- when and how you'll pay them
- how they can appeal

You must give them at least the statutory notice period. This is based on



how long they've worked for you.

How long they've worked for you	Minimum statutory notice
One month up to 2 years	A week
Between 2 and 12 years	One week per year
12 years or more	12 weeks

You should also check your employment contracts – they might include a longer notice period.

### When the notice period starts

The notice period starts when your employee gets the letter or email telling them they've been selected for redundancy. You should make sure you know when this happens. It's a good idea to give them the letter at work or send it by recorded delivery. If you send it by recorded delivery make sure only the employee can sign for it.

## Work out redundancy pay

You must pay redundancy to employees who have:

- an employment contract
- worked for 2 full years

## 6. How to calculate redundancy pay

You must pay at least the statutory amount to your employees.

Use the [GOV.UK redundancy pay calculator](#) to work out an employee's statutory redundancy pay.

How much redundancy pay each employee gets depends on their age and how long they've worked for you. It's capped at 20 years – working backwards from the date you made them redundant. You must pay:

- 1.5 weeks pay for each year of work after their 41st birthday
- 1 week pay for each year of work after their 22nd birthday
- half a week for each year of work before their 22nd birthday

The limit for weekly pay is £508. The maximum total amount of statutory redundancy pay is £15,240.

You should check your employment contracts as you might need to pay

more than the statutory amount.

You can choose to pay higher amounts if you want to encourage voluntary redundancies.

### **If your employee's pay changes from week to week**

Calculate the average weekly pay for the previous 12 weeks from the date you made them redundant.

If they did not work for a whole week during that time – for example they were on holiday or off sick – replace it with an earlier week.

You must share in writing with employees how you've calculated redundancy payments.

## **When you must pay redundancy**

You must pay redundancy on an employee's last day. You can pay shortly after on a set date if you both agree in writing.

You should clearly communicate when and how the payment will be made. For example let employees know if payments will be included in their monthly pay or as separate payments.

## **If you cannot afford to pay redundancy**

If making redundancy payments puts your business at risk you can ask the Redundancy Payments Service (RPS) for financial help.

If you're insolvent you can get RPS to make your redundancy payments and recover the debt from your assets.

Call the RPS helpline to discuss your options.

RPS helpline: 0330 331 0020

## **Support your staff and plan for the future**

Redundancy can create difficult situations and conversations in your organisation.

You should think about how to support:

- employees at risk of redundancy
- managers who are breaking the news
- the people leading the consultation
- employee representatives
- staff that are staying on

It's often forgotten that those staying on experience stress from seeing colleagues and friends being made redundant. They will also be part of a changing organisation and might feel uncertain about what the business and their roles will look like in future.

You can support staff by providing:

- counselling
- additional face-to-face meetings
- help getting financial advice
- clear plans for the future of your organisation
- help finding work for another company

## 7. Help staff find another job or training

You must allow staff a reasonable amount of time off to look for another job or training if:

- you're making them redundant
- they've worked for 2 full years (including the notice period)

### **Paying staff who take time off to look for another job**

You must pay employees who take time off to look for new work. The most you need to pay for the whole notice period is 40% of one week's pay. This is the total amount and not the amount per week.

For example if an employee gets paid £500 a week for a 5 day working week, the most you would have to pay them for their time off is £200 (40% of their weekly pay). This stays the same even if they take more than 2 days off.

### **Contact Jobcentre Plus**

Jobcentre Plus offers a 'Rapid Response Service' to help people get straight back into work. They can also help employees write or update CVs.

To get help using the Rapid Response Service email:

[rrs.enquiries@jobcentreplus.gsi.gov.uk](mailto:rrs.enquiries@jobcentreplus.gsi.gov.uk)

You need to include in the email:

- your contact details
- the town and postcode your business is based in
- the location of the redundancies

They can also give you useful information about finding work to pass on to your staff.

## Support the people breaking the bad news

You should make sure that anyone breaking the news to staff:

- understands in detail the organisation's plans
- knows why redundancies are being made
- is trained (at least in how to hold difficult conversations)
- is not over-worked (their role often involves long hours)
- has a group of colleagues they can turn to for support
- understands the support they can get from trade unions

Staff will have lots of questions about what's happening – it's important the person telling them they're being made redundant understands the changes and plans in detail.

Line managers often have to break the news to staff about redundancies. You should give line managers [training and support](#) to help them manage these difficult conversations.

They can then offer support and help to staff who are being made redundant. This in turn helps staff who are staying on believe that the organisation has dealt with the situation fairly and will be a good place to work in the future.

If the situation is handled in the right way it can make a big difference to:

- how staff react and cope with being made redundant
- the morale of staff who are staying on
- the success of the planned changes and future of the organisation