

"ACAS advice and guidance on Redundancy"

Redundancy

Redundancies are a form of dismissal, and can happen when an employee's job no longer exists. This may be due to an employer needing to reduce their workforce, close the business, or certain work is no longer needed. If an employee is made redundant they may be eligible for certain rights such as time off to look for work, redundancy pay, a notice period and consultation with the employer.

Key points

- Employees have the right not to be unfairly selected for redundancy.
- Employees may be entitled to a statutory redundancy payment and notice.
- Redundancies can be compulsory or voluntary.

Download the Acas  [Advisory booklet - Handling large-scale \(collective\) redundancies \[508kb\]](#) or view [Handling small-scale redundancies - A step-by-step guide](#).

Redundancy consultation

Employers should always consult with employees before making any redundancies giving them information on: why the redundancies are necessary and if there are any alternatives to making people redundant. Consultation can either be individual or collective, individual consultation means the employer will speak to each person directly.

The right to be collectively consulted applies when an employer proposes to make 20 or more employees redundant at one establishment over a period of 90 days or less. Employers should also consult individual employees, as an Employment Tribunal may find it unfair if employers only consult unions and fail to consult individuals.

It's good practice in any collective redundancy situation for employers to work with trade union or workplace representatives to agree commencement and duration of the consultation procedure. Employers are required to consult with the 'appropriate representatives' of any of the employees who may be affected (directly or indirectly) by the proposed dismissals or by any measures taken in connection with those dismissals.

Consultation must be undertaken by the employer with a view to reaching agreement with appropriate representatives on issues such as ways of avoiding dismissals or reducing the number of employees to be dismissed. This duty applies even when the employees to be made redundant are volunteers. Failure to comply with the consultation requirements could lead to a claim for compensation, known as a protective award.

Consultation should begin in good time and must begin at least:

- 30 days before the first dismissal takes effect, if 20 to 99 employees are to be made redundant at one establishment over a period of 90 days or less

- 45 days before the first dismissal takes effect, if 100 or more employees are to be made redundant at one establishment over a period of 90 days or less.

To ensure employee representatives can play a useful part in the consultation process over proposed redundancies employers must disclose certain information in writing including:

- reasons for the proposed redundancies
- numbers and descriptions of employees affected
- proposed method of selecting the employees who may be dismissed
- proposed method of carrying out the dismissals, taking account of any agreed procedure, including the period over which the dismissals are to take effect
- how redundancy payments, other than the legal minimum, will be calculated.

Avoiding redundancies

Organisations should try to minimise disruption, reduce or avoid job losses and make any organisational change easier. If organisations plan ahead properly they can decide on what current and future staffing needs should be, avoiding short-term solutions and mistakes. If making compulsory redundancies is necessary then consider:

- natural wastage
- restrictions on recruitment
- retraining and redeployment to other parts of the organisation
- reduction or elimination of overtime
- introduction of short-time working or temporary lay-offs (where this is provided for in the contract of employment or by an agreed variation of its terms)
- seeking applicants for early retirement or voluntary redundancy
- termination of the employment of temporary or contract staff.

For further information - see [Handling small-scale redundancies - A step-by-step guide](#).

Selection criteria

Employers should consult affected employees regarding the selection criteria for redundancy. The criteria must be objective, fair and consistent. Basing any selection on skills or qualifications will help to keep a balanced workforce appropriate to the organisation's future needs. Employers should also establish an appeals procedure.

Examples of such criteria are:

- attendance record (you should ensure this is fully accurate and that reasons for and the extent of the absence are known)
- disciplinary record (you should ensure this is fully accurate)
- skills or experience
- standard of work performance
- aptitude for work.

Formal qualifications and advance skills should be considered, but not in isolation.

Redundancy notice

Employees who are selected for redundancy must be given a notice period before their employment ends. The statutory notice periods are:

- at least one week of notice if the employee has been employed between one month and two years
- one week of notice for each year of employment between two years and 12 years
- 12 weeks of notice for someone who has been employed for 12 or more years.

For more information please see [Handling small-scale redundancies - A step-by-step guide](#).

Redundancy payments

Employees may be entitled to redundancy payments if they have been continuously employed for at least 2 years. If there is no contractually enhanced pay arrangement, employees with at least two years of continuous employment get a statutory redundancy pay of:

- 0.5 weeks' pay for each full year of service while they were aged under 22
- 1 week of pay for each full year of service while they were aged 22 or older, but under 41
- 1.5 weeks of pay for each full year of service while they were aged 41 or older.

Employees can only count a maximum of 20 years of service and the 'weekly pay' is subject to an upper limit. The statutory redundancy payment is capped at £479.