

REDUNDANCY

Get it Right!





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Synopsis

John Harvey-Jones, the business guru and former head of ICI, in his book *Making it Happen: Reflections on Leadership*, said that he never regarded a dismissal as the employee's fault but rather that of ICI's management. Since he was the top guy, he regarded every instance when he had to let staff go as his fault. Whilst it never does to beat one's self up over every business decision, it is a good starting point. If management consider that it's their fault that people have to be made redundant, it means that there is the necessary level of humility in place, and it is likely therefore that the motivation is there to treat staff fairly. Fair treatment and due process are the tenets needed to secure a simple, sound redundancy and one over which there can be little if any cause for a staff member to take an employment tribunal case.

Redundancy is a difficult time for management and staff alike. Management must decide what to do for the good of the business. There is confusion, disappointment and anger; and the uncertainty goes on for many weeks. Management and remaining staff must get over it. Business must go on for the sake of those left in the firm after the event. This paper is a discourse on getting redundancy right so that it can be done as smoothly and as painlessly as possible and so that the business can go on with minimal disruption.



What Is Redundancy?

Definition

In legal terms redundancy occurs when employees are dismissed from their jobs for one or more reasons which are not directly related to the performance or behaviour of the individual. These reasons include the following:

- the business ceases to trade therefore has no work for the employee;
- the business moves to another location which is too far for the employee to travel to¹;
- the business ceases the work, or reduces the work which the employee is engaged in and for which the employee is uniquely skilled.



Redundancy is something that comes to most people in their working lives and to most businesses as management strives to maintain profitability and growth.

One thing though that is often misunderstood: it is the role that is made redundant, not the person. Keep that in mind as you read on.

Legislation

Much of what is done when dealing with redundancy is subject to legislation. The remainder of the activities that lead eventually to employees leaving a firm through redundancy is well documented and described by 'best practice'. Following 'best practice' is a management protective strategy and is a lot about sustaining a positive view of the employer in the employment and trading market such that the firm's reputation is not damaged. Damaged reputations take many years to recover from.

It is important to comply with current legislation for two very good reasons. Firstly non-compliance could lead to significant claims against the employer by disgruntled employees. It has become very easy for an employee to launch a tribunal case and tribunals are ordinarily on the employees' side. Damages and other awards can be substantial. Tribunals care little for the fate of a firm and its ability to continue trading after it pays up what is often more than it has as shareholders' funds. Secondly, and in some respects more importantly, legislation provides a road map for how to manage the whole redundancy process. By following the process, employees involved in

¹ Note that this does need test and consultation. Folk are prepared to travel long distances today to retain their jobs. See later on consultation.



the redundancy programme will be communicated with effectively and will understand what is happening to them at each step of the journey.

Compliance with the roadmap is no guarantee that employees will fail in tribunal claims but case history shows that if redundancy is handled badly, employee success is more likely.

The author is very aware of the need for compliance with legislation. Throughout the course of this paper comments on legislation will be denoted by the TimelessTime logo.

Why Redundancy?

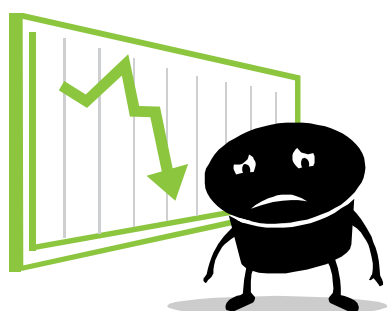
One of the fundamentals considered at tribunal is 'was the redundancy necessary, and was it conducted fairly'. Any employer considering making staff redundant must be sure that the answer to both these is 'yes'. The management of the firm must be permitted to manage and part of that management is increasing and decreasing headcount to control costs and the ability of the firm to service the market. This section deals with the justification for redundancy and how that justification can be made in a quantitative way.

The Business Case

There are four key elements to be considered and all revolve around the firm's profit and loss (P&L) or trading account and its balance sheet.

Modelling the Outcome

No redundancy should be done without modelling what it will do to the business. The model uses the P&L and the balance sheet. Making front line people redundant will reduce the top line (sales turnover) in that it reduces the ability of the firm to service clients. Making backroom people redundant potentially also reduces the ability to service turnover but more particularly it may reduce costs when there is a natural downturn. Take care with functions like marketing and training. Making redundancies here is a very short term and arguably short sighted move. In a downturn there is every argument to increase marketing and without training, recovery will be all the more difficult.



Whatever the arguments, take the P&L and simulate the changes. Add the cost of redundancies and postulate the upsides. If the result shows an improved trading situation, then redundancy may be an appropriate remedy.

Remember that management are expected to be permitted to manage, even by a tribunal. Redundancy does not have to be a reactive response. It can



be pro-active in anticipation of a future trading position where different skills will be needed over those available in the workforce today. In this case use a forecasted P&L to aid decision making. Several accounts packages such as Sage include a forecasting module.

Evaluating the Options

There are always options. A firm could re-structure, reducing team sizes and it could ask the remaining staff to cover. We could keep the teams intact for the recovery to come and reduce technical support or other functions, outsourcing offshore. This illustrates the firm's make-or-buy decision. If we remove technical support and outsource, we need to simulate the reduction in customer satisfaction versus retaining the cost and cutting elsewhere. Like any strategy, options that will meet the corporate strategy need to be evaluated and decisions made, keeping essential staff to become the foundation for the future.

Where decision making is for the future, management needs to determine if staff can be developed hence avoiding the need to make current staff redundant.

Costing and Opportunity Cost

There is a core principle that is useful when costing; the idea of opportunity cost. Opportunity cost describes the firm's loss due to its inability to do something different. If by making sales staff redundant, it can no longer service a particular market, there may be a real cost saving of headcount but an opportunity cost to the firm through loss of margin. Likewise keeping an employee in post when it is clear that their skills do not match the needs of the role is an opportunity cost to the firm; if the firm had a competent staff member in the role it would gain margin.

Whenever modelling effect of options and proposed action, always consider both the apparent cost and the opportunity cost.

- When undertaking business modelling to develop the case for redundancies, ensure your modelling methods are appropriate and keep records of the modelling activities showing how the redundancy decision was arrived at.

Avoiding Redundancy

When developing a business plan and evaluating options, organisations should work with people-professionals to develop a strategy for managing staff. Where this is done effectively forward planning can negate the need for redundancies by projecting future staffing levels and implementing development.

When shedding staff is unavoidable the following options should be considered prior to announcing compulsory redundancies.



Termination of temporary and contract workers

Any staff within the business on fixed term or temporary contracts should be identified. All contract staff should also be identified. Where appropriate these groups should have contracts terminated. This is particularly important where such staff are working in the same roles as those being made redundant.

- If contract staff are retained and permanent staff are made redundant the permanent staff would have a legitimate reason to take their case to tribunal. If there is a legitimate argument in favour of the contractors, ensure that their job descriptions and other documentation support the case.

Natural wastage

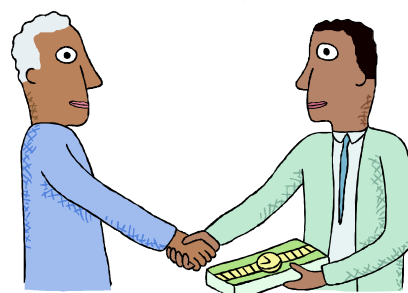
'Natural' simply means not recruiting to a post when someone leaves. The staff headcount in the organisation is reduced by shedding those staff choosing to leave. This is relevant when a firm knows that it has a high staff churn and has the time to wait for the effect of leavers to be felt. Where a role is key to the organisation it may be possible to advertise internally allowing staff transfer or promotion to fill the role. This method leaves a hole elsewhere in the organisation. The internal recruitment process can be repeated until a role is identified which does not need to be filled.

Natural wastage is a strategic remedy and presumes that management are thinking ahead and modelling the future.

Retirement and Early Retirement

Retirement, at the company's normal retirement age, can be implemented across the organisation. Again this sheds numbers without the need for a compulsory redundancy programme. Where staff have been employed beyond the normal retirement age they could be written to advising them they will be asked to retire at a specified date. They will have the right to ask to continue working and due process must be followed.

Early retirement can be offered to staff. This will depend upon the provisions of the pension scheme in place. Where this choice is truly voluntary it is not a dismissal. The contract is instead terminated by mutual agreement.



- Remember that there is a process to follow when someone approaches retirement age. If the specified notification dates and meeting protocols are not met the retirement will be unfair and a valid tribunal claim may follow.
- If staff are forced or coerced into early retirement the dismissal may be unfair.



- Where a redundancy programme becomes the only option to deal with a reduction in staff numbers all relevant staff will need to be put into the selection pool. In this case staff approaching, or over, normal retirement age may be eligible for a redundancy payment.

Temporary Layoff and Short-time working

In order to avoid a redundancy programme being implemented staff may be prepared to consider working shorter hours with the associated drop in pay. Staff may also be prepared to take unpaid leave as a temporary measure thereby securing future jobs. If considering the introduction of these measures it is important to include staff representatives in the decision making process as this will help all staff to engage with, and support, the programme.

This option is useful where staff have particularly key skills and where it would not be in the firm's long term interests to dismiss them.

- These changes can only be implemented if agreed by the staff. Consultation will need to take place with staff or staff representatives dependent upon the organisation structure.
- A variation to the terms and conditions of employment will need to be put in place.
- Consultation means consultation, not threat or coercion – though the choices laid before the staff may be stark.

Banked Hours and Other Creative Ways

Many employers come up with creative methods of keeping staff. Banking hours may be a way to keep people in employment. Here the firm pays staff, but they do not actually work. They build up a bank of hours to be used later in lieu of overtime when the workload increases. In this case the cash cost of salaries is still there but the banked effort appears as an asset on the balance sheet. The cost of overtime is removed as the banked hours offset this cost.

Another method often used to temporarily reduce overheads is asking for volunteers to take unpaid leave. This can be effective across the whole firm with staff willing to take this option allowing them additional time with family or to take a period off to go travelling.

Firms go to great lengths to keep staff. Reality is often a mix of all options.

- Temporary changes to terms and conditions are needed when staff change the way they work. This should be agreed in writing and should specify the terms of the unpaid leave.



Calculating the cost

There can be no simple assumption about the cost of making people redundant. Costs must be determined correctly and put into the cost model. The following are a guide to some of the costs.

Contractual Redundancy Pay

As an employer you can choose what amount you pay if you have to make someone redundant. If you do choose to have a payment policy specific to your own firm it must not be less generous than the statutory minimum.

- 📌 If you do choose to develop an enhanced package you must apply this fairly in all cases whilst the policy is active.

Statutory Redundancy Pay

The statutory redundancy payment must be paid by all employers where they terminate the employment of a staff member². The payments are based on several criteria covering length of continuous employment, age and weekly pay (or an upper limit if this is lower).

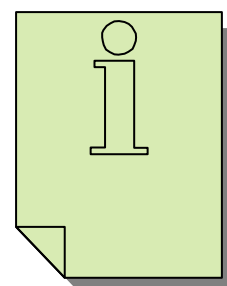
At the time of publication of this white paper the calculations are as follows:

- 📌 Half a week's pay for each full year of service under the age of 22.
- 📌 One week's pay for each full year of service for age 22 or above but less than 41.
- 📌 One and a half week's pay for each full year of service aged 41 or above.

This means the calculation can be quite complex with service calculated at three levels and then added together. There are calculators on the web but it is important to check figures in order to ensure that they are correct. It is the employer's responsibility to get it right. An Excel spread sheet can be used to log figures and check the online calculation. This will allow a clear picture of all additional costs which must be paid to redundant employees.

Relevant End Dates

Before calculating the pay due it is important to determine the date that the employment ends; this is referred to as the 'relevant end date'. The relevant end date is normally the date that the employee would leave following their notice period. This can be the statutory notice period, or the contractual notice period if this is greater.



² A payment is only due to an employee with two years' continuous service.



Where payment in lieu of notice (PILON) can be made³, the 'relevant end date' is that which would apply in the event of a statutory notice period. Where a person is offered a trial period in another role, the 'relevant end date' is the date on which the original contract ended.

Holiday Pay

Holiday is accrued for every day worked and hence payment for holidays accrued but not taken up to the 'relevant end date' must also be included in any calculations made.

Tax

At the time of publication redundancy payments under £30,000 are not taxable. It may also be possible to make a tax free PILON payment. This however will depend on what is written into the contract of employment. The general guideline is that if there is no PILON clause expressed then the payment is tax free – but be cautious here. Experience of recent cases shows that the Inland Revenue are taking a hard line on this and demanding taxation.

Getting It Wrong

There are many financial calculations to be considered when making staff redundant and every person's situation is unique. An Excel spreadsheet, although complex to set up, will allow the redundancy programme to be modelled. This will provide clear costings for the different time scales and enhancements (where provided).

- ⚠ If the redundancy process is not carried out correctly, and people are not compensated appropriately they can take their case to tribunal. The first you may know about this is when the ET1 lands on your desk – any time up to three months after the last redundancy dismissal.
- ⚠ If a tribunal finds in favour of one or more employees the minimum additional payment faced by the firm is up to 90 days salary per employee.
- ⚠ The onus to get the calculations right lies with the employer.

Types of Redundancy

There are basically two types of redundancy: compulsory and non-compulsory. The two are described below.

Compulsory

Compulsory redundancies are forced on the workforce when all options have been exhausted and there is no other course of action open. An

³ PILON clauses are where, in the contract of employment, it states that payment may be made 'in lieu of notice' thereby effectively terminating the employment at the point when that payment is made. In order to calculate the actual 'relevant end date', the statutory notice period is used.



announcement of compulsory redundancies is of course the beginning of a process. At the announcement, management will not yet have selected the staff to lose their jobs.

Non-Compulsory

Non compulsory redundancy occurs when the employees being made redundant agree to the course of action. Generally this follows a call for volunteers which in turn can involve an enticement of an enhanced redundancy package or early retirement. Whilst this does appear very attractive for firms, it is often the staff that the firm can least afford to lose who volunteer, particularly where these are the most senior staff or those best trained and hence best able to get another job quickly.

- 🌐 Volunteers do not have to be accepted for redundancy if the loss of their skills would be detrimental to the organisation. Be aware, however, that you will then have a de-motivated member of staff for a considerable period (if not permanently).

Whether compulsory or voluntary, redundancy has a huge effect on the organisation. It must be carried out both legally and sensitively which ever form of dismissal becomes appropriate.

Rights and Obligations

Both management and employees have rights and obligations. This section discusses the rights and obligations of both parties once redundancies have been intimated.

Employee's Rights

Basic rights

Where an employee qualifies for redundancy they have a right to receive statutory redundancy pay⁴. They must also be given a written statement setting out the amount of redundancy pay due to them, and how this was calculated.

Consultation

Irrespective of the number of people to be made redundant there is a right to consultation. The method, however, will vary. Where 20 or more people are to be made redundant within a 90 day period there is a requirement for collective bargaining. This means consultation with union representatives (if applicable) or staff consultative



⁴ There are two categories of employee who do not qualify: those who have been with the firm too short a time and those who, through their behaviour within the process, have negated their rights. Note that in this latter case due process and proof must have been completed.



bodies. Where no consultative body is in place elections must be held to allow staff to elect representatives to consult with management⁵.

Where there are less than 20 people to be made redundant within 90 days individual consultation can take place.

- ⚠ Failure to consult with representatives⁶ could be a valid reason for a tribunal claim. The protective award (the award made by the tribunal in recompense for this omission) in such cases is a maximum of 90 days pay.

It logically follows that companies can avoid the requirement for collective bargaining by making 19 people redundant and ensuring that announcements are made every 91 days.

Selection

The selection process should be fair and transparent. Where a union is involved the criteria for selection must be agreed prior to any selection taking place. Where employee representatives are elected the selection criteria should be fully discussed with this group.

Whatever criteria are agreed they must be used fairly and consistently when making the decisions about who will be dismissed by reason of redundancy.

Notice Periods

The notice period for each person to be made redundant is determined either by the statutory notice period in force at the time, or by the contractual notice period, whichever is the longer. Because the person's continuous service will continue up to the day of departure from the firm, all normal benefits must be calculated to include the notice period. The method of paying wages or salary during the notice period will depend on what is written into the individual's contract of employment. Where provision is made for a payment in lieu of notice (PILON) this amount will be taxable⁷.

Employer's Rights

Whilst it might not seem like it with all the rules and regulations surrounding redundancy, management is still permitted to manage. It is for management to determine where the firm's strategy lies. It is for management to determine

⁵ There are specific requirements placed on the employer when electing staff representative specifically for redundancy consultation. The regulations also cover how to proceed if no-one chooses to stand.

⁶ Case law suggest that even where Unions are consulted as part of the statutory process the individual should also be consulted, otherwise the redundancy could be deemed unfair.

⁷ Note previous observations about the absence of PILON clauses and the practice of breaching contract and paying a gross sum free of tax. The Inland Revenue are now viewing this as earned income and are beginning to pursue employees after the event for tax recovery.



the competence levels needed to sustain the firm's competitive advantage in the market.

Provided that it is done fairly and with due process, management are permitted to make redundancies for reasons of competence. Beware however that any new staff member employed once someone has been made redundant must have a very different Job Description and Person Specification or a claim for unfair dismissal of the person they replaced can be upheld.

Employer's Obligations

Basic obligations

These match the rights of the employee. Meaningful consultation must take place and the statutory redundancy payment must be made (where applicable).

- ⌚ Consultation can be with individuals where less than 20 people are involved within a 90 day period.
- ⌚ Where 20 to 99 redundancies are anticipated in a 90 day period the collective consultation period is not less than 30 days.
- ⌚ For redundancy programmes of over 100 staff within 90 days a collective consultation process of at least 90 days must take place before the first dismissal.

Selection

Of all the parts of the process, the selection criteria is the most tricky to get right. This must be established fairly using objective criteria relevant to the various groups identified.

- ⌚ A single (or stand-alone) redundancy is hard to justify. It is vital that full records are kept of why the person was selected. Without this evidence it is likely that the tribunal will view the redundancy as automatically unfair.

When developing criteria, it is wise to solicit the help of an outsider who can test them for objectivity. Often jobs that appear different will be viewed the same by a tribunal and hence a pool of several exists where management believed there was a pool of one.

Notification

Where there are more than 20 people to be made redundant within a 90 day period there is a legal obligation to advise Government using a specific form.

- ⌚ Where between 20 and 99 staff redundancies are to occur at least 30 days notice must be given prior to the first dismissal.





- Where 100 or more staff are to be made redundant the notification period is at least 90 days prior to the first dismissal.

The Process Step By Step

Redundancy is a process. Get it right, follow the process, and you have a good chance of coming out of the redundancy with minimal chance of your former employees taking tribunal claims. Get the process wrong and you greatly heighten your risk. The choice is simple and sensible managers will follow the rules even if they find them tedious.

Redundancy Procedure or Policy

Many managers are unprepared when they find they need to downsize or otherwise make redundancies. The good news is that the procedure can be developed 'off-the-cuff' when a redundancy programme is needed but whilst this will work it is not recommended. A modicum of forethought will avoid claims even if flexibility is sought rather than handling every instance the same way. Ex-employees may go to tribunal claiming unfair dismissal if the procedure undergone by them did not follow custom and practice. It is therefore worth documenting what management will do whilst building flexibility into the procedure.

A redundancy procedure or policy should be agreed ahead of any action taking place. The best time (and for many the first time) to develop a policy is when other management action is proving unfruitful and redundancies are the next course of action. There are several elements to that and these should be documented and communicated to all staff when developing a policy.

These include:

- confirmation that wherever possible management will seek to avoid making staff redundant;
- an explanation of the measures to be taken by management to avoid compulsory redundancies;
- a statement setting out the consultation process;
- general information regarding how the selection criteria will be developed⁸;
- an explanation of the financial severance package likely to be offered;
- the outplacement⁹ support to be provided¹⁰;

⁸ But note that it is inappropriate to have any set criteria since every redundancy scenario will differ.

⁹ Outplacement is the name given to the assistance to be given by management to redundant staff to assist them in getting another job. Often, management will outsource this service to a professional people-management consultancy.

¹⁰ Provision of outplacement services is seen as positive by employment tribunals. It is seen as a demonstration that management is looking after employees even if it reluctantly has to make some redundant.



- the appeals procedure which employees may invoke upon being told they are redundant.

This formal redundancy procedure will need to be agreed in consultation with trade unions, or staff representatives and it is wise to consult on its contents even if unions or representatives are not in place.

Making the Redundancy Decision

The first part of the process is to establish the true need to make redundancies. This is achieved by considering the business case, as discussed earlier. Linking redundancies to the business case helps underpin the process in the objectivity necessary. The second part of the process is drawing up the criteria and deciding who is to go.

Notifying the Government

The Government has a statutory duty to assist employees who find themselves redundant. It can only do this if it knows about the redundancies and hence there is an obligation for the employer to notify.

- ⚠ Non compliance with this requirement to notify could result in prosecution and a fine of up to £5,000 for the company and its officers.

Consultation

The consultation process is important. It involves true discussion regarding the options available and must not be seen by employees as a sham. When the representatives, or individuals, suggest an option to avoid potential redundancies this should be seriously considered and modelled using the firm's P&L and balance sheet in exactly the same way as were the savings from the redundancies discussed above. Evidence should be retained to confirm this has been done and that all suggestions have been fully explored.



The consultation process will require several meetings throughout the consultation period. The actual number will be dependent upon the requirements to explore alternatives. Where alternatives are available this may necessitate more meetings to fully explore their feasibility.

- ⚠ Failure to consult appropriately is likely to cause the dismissal to be viewed as unfair.
- ⚠ Ensure that any staff representative body elected to consult is fit for purpose. Those elected must be able to meaningfully represent the groups at risk of redundancy.
- ⚠ The consultation period is a different length dependent on the number of proposed redundancies



Whilst there are set periods for different numbers of redundancies, it is good practice to allow adequate time for consultation whatever the numbers. Allowing time is a protective strategy for management.

Consultation – legal requirements

There is a legal requirement to provide the following information in writing to those being consulted.

- 🌐 The reason for the proposed redundancies;
- 🌐 The proposed number of employees in each role to be made redundant, and the total number in that role;
- 🌐 The proposed selection criteria;
- 🌐 The proposed process, and time scales, for conducting the redundancy programme;
- 🌐 The method to be used for the calculation of redundancy payments.

Even where there is no legal requirement 'best practice' calls for open and transparent consultation. The above information should be disclosed irrespective of the numbers involved.

Selection

Unless every role¹¹ within a group is to cease to exist there will be a requirement for a selection process to choose some job holders from a pool of employees who hold like jobs. This simply means a set of criteria must be developed, against which all relevant employees are measured. Generally these criteria are drawn up and a system of points scoring developed to try to show objectivity. Those with the lowest scores when matched against these criteria are the people who will be made redundant (assuming that low is least desirable in the scoring).

It is important to ensure that the criteria used are directly relevant; therefore it may be appropriate to have several selection pools running for the different roles to be considered. For example there could be pools for *accounts payable clerk*, *IT technician* and *sales assistant*. These roles are obviously very different and cannot be substitutes one for another. Each of these is a distinct group and all can't therefore be put into one single selection pot.



When making a selection it is important to remain objective and to be able to demonstrate that objectivity. Where the firm has an HR department, HR managers should be involved in the selection process to ensure a fair unbiased method has been applied. Where the organisation does not have

¹¹ Remember that it is the role or job that is redundant and not the person or persons who hold the role. Where more than one person holds a role, then it is a chosen number of that role that is made redundant.



suitably skilled HR staff it is prudent to consider bringing on board an HR consultant for the purpose of completing the redundancy process. Like consultation, the involvement of an unbiased consultant is a protective strategy for management.

Objective Criteria

The following list constitutes fair selection criteria:

- Experience;
- Skills;
- Capability;
- Attendance record¹² (which includes sickness);
- Disciplinary record.

Unfair Criteria

The following do not constitute fair selection and will result in unfair dismissal:

- Participation in trade union activities, either as a member, or a union representative;
- Taking on the role of employee representative in connection with redundancy or business transfer;
- For exercising the right to be accompanied at a disciplinary or grievance hearing;
- Requesting flexible working;
- Taking action on health and safety grounds;
- Reasons of sex, marital status, gender, race, age, religion, belief, sexual orientation or disability.

These criteria represent some unfair reasons. There are others and it is essential that management investigate these and test criteria for fairness before application.

Offering Alternative Employment

Where an employee is to be made redundant it is important to check if there are any alternative roles which may be suitable elsewhere in the organisation. When considering suitable roles this search should include other organisations within the same group. Reasonable effort must have been made in this search.

The employee must ultimately decide if the role is suitable. The decision will be based on many factors including location, salary, hours of work and seniority (is the role viewed as a demotion?). In offering a suitable alternative, the role must be documented and the offer made in writing.

Where a suitable role is identified the person will have a trial period of four weeks (this can be extended by mutual agreement). Where the role is

¹² Where an absence is related to a disability it should be discounted. Other absences not related to the disability can be included as fair criteria.

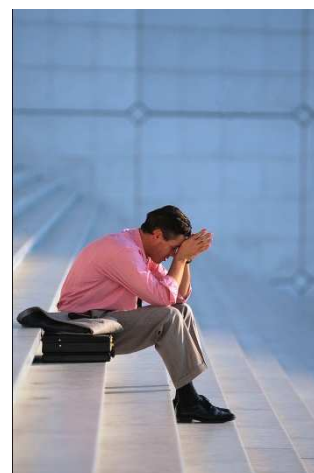


deemed to be unsuitable after the trial period, the person will be made redundant with effect from the original relevant end date.

- ⊕ The offer of an alternative role must be made prior to the relevant end date of the redundant role.
- ⊕ Where an employee unreasonably refuses a trial period within a suitable role they will lose the right to redundancy pay.
- resume

Providing Outplacement Support

Being put at risk of redundancy is a shock. Those who will leave the organisation need support to help them come to terms with the news. They also need support to help them find a new role outside the organisation. There is a statutory requirement on the employer to allow time-off to find a new job. It is up to the employer to determine what is reasonable but it is important that the employer is generous here. Being visibly helpful is a protective strategy. Where time-off is taken the employer does not have to pay more than two-fifths of a week's pay irrespective of the amount of time granted.



There are several proactive steps an employer can take to support staff.

1. Contact the local job centre, advising them of all the roles to be made redundant.
2. Work with a local employment agency to provide support to staff. A job shop could be held on site with staff being given support to develop their CV and gain interview advice.
3. Put in place an outplacement programme which provides staff with all the skills and advise they need to decide what to do after leaving the firm's employment. A typical programme would include the following: mock interview; presentation skills preparation, verbal and written; development of CV and targeted applications; various inventories to determine roles suited to the employee; how to conduct a job search and more importantly management of self-esteem.

For many people redundancy occurs after several years in a job during which time they have not kept touch with the jobs market and not sustained their own marketability. Searching for a new role when forced to is traumatic and difficult. Serious thought should be given to the provision of an outplacement programme. This is a proactive step which will cost an employer hard cash but the long term benefits to future ex-employees, those left behind and the



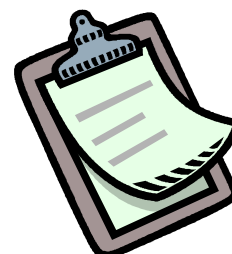
firm's employer integrity are immeasurable. Outplacement programmes are a protective strategy for management.

- 🌐 Where an employee is under notice of redundancy and has two years service they have a statutory right to reasonable time off to look for another job.

Documents and Meetings

There are a number of documents that must be in place either before or during the redundancy. There are also a number of meetings to be held. These are all part of the process and should not be discarded as irrelevant. The two tenets are fairness and due process. Documents and meetings are both part of the management protective strategy.

Above all, every discussion and meeting with anyone about redundancy must be written down. A formal meeting is not necessary for many discussions. Keep a day-book and ensure that everything is captured there. Make sure daybooks for the period around the redundancies are kept safe.



Documents

The following documents will need to be generated as part of the redundancy process¹³:

- Redundancy Policy and Procedure;
- Selection criteria;
- Letters to staff;
 - Initial meeting invitation to discuss possible problems with continued employment;
 - Follow-up to discussions, date for next meeting (may be more than one letter at this stage);
 - 'At risk' letter announcing to specific staff that they risk redundancy;
 - Letter inviting employees to a formal meeting;
 - Outcome of meeting and next steps;
 - Redundancy Letter and a written statement of how the redundancy payment was calculated for each employee;
 - Appeal letters (if appropriate);

The letters sent to employees at each stage will need to contain specific information appropriate to that point in the process and the needs of the

¹³ The actual requirements for each organisation will be different; however these documents will be required by the majority of organisations. Dependent on the negotiations, need to consider alternative employment and numbers involved there may be additional correspondence and documents needed.



organisation. Advice from HR managers/consultants should be sought when formulating these letters.

Consultation Meetings

These meetings should be planned in advance, invitations should be in writing and comprehensive notes made, and kept, for each meeting. The meetings will be with both groups and individuals as appropriate.

Appeal Meeting

It is important to set up an appeal panel who can hear appeals from staff who are unhappy with the process and believe that the selection criteria have been unfairly applied. This panel should include a manager, trade union representative/employee representative and a people-management professional.

Managing the Aftermath

The fallout from redundancy programmes does not end when the last person has been dismissed. The organisation has to continue functioning. Those left must pick up the pieces and get on with the day to day work. Very often those left have to take on increased workload; they may be confused, scared about what will happen in the future, angry or demotivated. It is management's responsibility in the organisation to bring some semblance of order to the chaos which occurs immediately after a redundancy programme.



This is a time for good communications within the firm. A clear message should be sent regarding the future business strategy and the fundamental role that people have in rebuilding the firm thus helping secure prosperity for all.

This is a most fragile time when management may need assistance in securing a beneficial culture and people ecosystem to avoid following with a second redundancy programme shortly after the first.



The Author



Sue Berry is a founding Director of TimelessTime, and has over 25 years of HR experience across many industry sectors in large multinationals and smaller enterprises. Operational HR experience has been gained in many industry sectors including aerospace, electronics, chemicals, service industries, the Health Service, academia, not-for-profit NGO's and the charity sector. Prior to setting up TimelessTime she headed the HR function in three very different sectors, gaining valuable experience at board level. She has published two books and written many HR papers.

With a BEd(Hons) in sociology and environmental science she is a qualified trainer. She holds a Masters degree in Human Resource Management and is Fellow of the Chartered Institute of Personnel and Development. Her current research studies are in psychology.

For a full CV visit the 'Knowledge Base' section of the company web site at www.timelesstime.co.uk. Sue may be contacted by telephone on 07554 420419 or by email at sue.berry@timelesstime.co.uk

TimelessTime

TimelessTime is based in Sussex and works with companies across the South East and London providing consulting services to small to medium sized enterprises in people management. TimelessTime offers an extended portfolio of support for organisations of all sizes covering projects, interim HR support at partner/Board level and telephone and email support for day to day issues to senior management.

Unlike large organisations TimelessTime can be extremely versatile and nimble with the support service offered to clients. TimelessTime understands that managers don't work '9 to 5' anymore. Timeless time is a fact of life, as is flexible working for senior business professionals. TimelessTime can help principals and managers manage their work-life balance by providing the support needed when it is needed.

By teaming with other like-minded professionals who can support the work of TimelessTime we offer an extended portfolio of support for organisations of all sizes.

For more details about the concept of TimelessTime please visit the 'Background' area of the company website at www.timelesstime.co.uk