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Redundancy – Key Considerations for Employers

Research shows that in the three months to February 2022, there were 75,000 redundancies made in the UK, compared with 68,000 in the previous month. We know that redundancy frequently hits the headlines, particularly when things are handled poorly, resulting in potential damage to a business's reputation and additional upset and concern for the individuals involved.

As an HR professional, it can be daunting to deal with redundancies in your place of work, especially so if you are the one who has to break the bad news to long-term colleagues. For those people going through a redundancy process, support, clarity and fairness will be key to ensuring that they come out of the process in the best way possible.

Alternatives to redundancies

Whilst there are times when redundancies may be the only way for a business to survive, it is important that compulsory redundancy is seen as a 'last resort', when all other options have been considered and exhausted. Alternatives may include offering voluntary redundancies, moving employees into other roles, reducing levels of overtime, ceasing recruitment activities and perhaps reducing or altering working hours (do consider the need to make any contractual changes by agreement with the individual).

Redundancy process – do you have a policy?

If you have a policy that sets out your own redundancy process or approach to consultation, do ensure you follow this carefully. Remember that where 20 or more redundancies are planned (over a period of 90 days or less), you may need to include a period of 'collective consultation'.

Even where a policy does not exist in your handbook, it is important to ensure a fair redundancy process is followed, starting by informing employees of your plans and the reasons you need to take action. Where individuals are directly impacted they will need to be informed in writing.

Redundancy consultations

Consultation meetings will be a key part in exploring any alternatives that may avoid redundancy, they must be 'genuine and meaningful' and take place prior to any decisions being made. If consultation is not carried out effectively and meaningfully, employees could make a claim that any dismissal was unfair. Engaging with the workforce early in the process may also uncover a desire for voluntary redundancy or reduction in working hours which may suit both parties.

Consider the selection pool

The methods used for selecting employees at risk of redundancy are important, and you must avoid any potential discrimination throughout this exercise. You will need to carefully consider how you determine who may be impacted, either by 'pooling' employees or by creating a fair selection and scoring system which you will need to share with those directly affected (whilst ensuring confidentiality is maintained). This can be quite a nuanced process and there are special rules surrounding certain individuals such as those on maternity leave which it is easy to fall foul of.

Redundancy pay

The process of calculating redundancy pay (whether statutory or contractual), including the handling of any overtime, holiday, bonus and furlough periods will need to be handled by a suitably trained person who can ensure that no elements are overlooked (new statutory redundancy rates came into force this month, details of which can be [found here](#)).

Giving employees notice of redundancy

It is also important to ensure you have the right people involved in meeting with individuals, informing them of the outcome and giving notice of redundancy. This stage can be difficult, but does allow you to discuss the support you are able to offer (which may include outplacement assistance or career counselling), the appeal process and time off for interviews and/or training. The consistent message should be of transparency and support for those people who are to leave the business. Although redundancy is about the role that is no longer required, and not the person who carries it out, remember that each redundancy involves an individual who will be losing their employment and there is, therefore, a need to show sensitivity and respect. Those people who are not selected for redundancy are also likely to feel unsettled (is the company in trouble? am I next?) and should be given support as appropriate.

Expect the unexpected

Finally, remember that even what appears to be the most straightforward of processes can throw up unexpected problems. The recent case of [White v HC-One Oval Ltd](#) has received a lot of interest, given the decision that what appeared to be a no-argument request for voluntary redundancy could still, potentially, amount to an

unfair dismissal depending on the 'process' happening in the background. As is so often the case, the way in which redundancies are handled can be more important to the individuals concerned than the actual outcome.

If your business is considering redundancies, our [employment specialists](#) are here to help. You can get in touch by emailing online.enquiries@la-law.com or if your query is urgent, please call 01202 786135.