

A Guide to Leadership in Uncertain Times

Redundancy

The Situation

Redundancy should always be seen as a last option for a business to consider. It is a situation that can get very complex and requires a lot of sensitivity because of the potential end result.

In these uncertain times with Coronavirus, employers are finding themselves in a situation whereby the government is offering the job retention scheme which enables employers to furlough employees until hopefully this situation gets better. However, this does not mean that employers cannot make employees redundant just now. This situation is incredibly challenging and despite the offer of support, employers may ultimately conclude that there is still simply no alternative option to redundancy.

Why Is It Important to Consider Redundancy?

- Employers may feel that their business will not survive in its current form following the pandemic or even while it continues.
- It may be relevant to consider this just now because the longer the furlough scheme goes on, employers will need to consider the implication of accrued annual leave and payments for that as well as length of serving increasing which ultimately increases redundancy payments.
- If there is a business case which sets out the need to reduce the workforce then perhaps this should be considered.

Business Reason(s) For Redundancy?

- The business has ceased entirely or intends to close.
- A specific area of the business will no longer operate.
- The requirements of the business carry out work of a specific type has ceased, diminished or are expected too.

Things to Consider First

- Before thinking about redundancies, the employer should consider:
 - natural reduction on staffing numbers
 - cost effective strategies such as reduction in salaries/pay freezes
 - restrictions on recruitment
 - stopping or reducing overtime
 - retraining or redeployment to other areas of the business
 - offering early retirement to volunteers or those wishing to take voluntary redundancy (subject to complying with age discrimination law)
 - changes to terms and conditions of employment

What Will I Need to Remember?

- As an employer you will need to consider and show that they have tried to avoid redundancies.
- If an employer proceeds without considering the support available such as the job retention scheme, they will need to be able to show why redundancy was the right decision if an employee decides to go to a tribunal for an unfair dismissal claim.
- If employers can place employees on furlough, they should seriously consider doing this just now if they think their business may be able to pick up beyond this situation.
- Even if you have started placing employees on furlough, a redundancy process can be started.
- Standard redundancy processes must still be followed. If the Company has a redundancy process then it must follow it but ultimately it must be able to demonstrate that it has considered alternatives to redundancy, have had meaningful individual and/or collective consultation, proof of selection pools and the scoring as well as allowing employees the chance to support.

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- Normal redundancy payments and notice rates must be abided to.
- The current situation will present challenges such as communication. This can be done remotely just now but this may take longer to organise and employers must be aware of the challenges involved with it. An employer cannot use the coronavirus situation as a reason not to consult. It can be done in other ways rather than face to face. This should not make the consultation period any less worthwhile.
- Employers must point employees in the direction of support through counselling and mental health support.

How to Manage Redundancy

- Collective Consultation
 - The employer needs to keep representatives informed as fully as possible about staffing requirements. At the earliest opportunity there should be communication to the group of people and/or representatives who are directly involved in any possible redundancy situation, outlining the reasons for redundancy and the pool from which redundancies would be drawn.
- Individual Consultations
 - Employees who are identified as at risk will be given as much notice of the proposed redundancy as possible. Each employee facing redundancy should be given the opportunity for at least two individual meetings with a Manager and/or an HR specialist where the employer must discuss the selection criteria, the basis for selection, possibilities for redeployment, individual concerns etc.
 - At this meeting, the employee would have the right to be accompanied by a

work colleague. Once the individual has received sufficient information, the must have adequate time in which to consider and prepare response. The time scales are not specified as each case must be considered according to the circumstances.

Final Thoughts

It is an incredibly challenging time for businesses and taking advantage of the government job retention scheme is the first step. However, businesses may still consider the need to go down a redundancy route.

It is important that employers do not forget that they must still follow a process. Employers should also still be aware that there is the possibility of going to a tribunal if the process is carried out wrongly. Also, it can have a negative impact on other employees and customers of the business. It is also a very time-consuming process by going through the consultation period, so it is important to consider this. Finally, if you don't consider redundancy payments, it can be costly for the business.

It is important to have a plan, lay out what the next few months will look like with furlough and understand where cuts may need to be made in order for the business to move forward successfully.

Further Guidance & Support

Contact your Account Manager or a member of the team for support and any further queries you may have.

info@gravitatehr.co.uk / 0131 225 7458

We are here to help!