

REDUNDANCY PACK



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REDUNDANCY PROCEDURE OUTLINE



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1. Consider whether there is a genuine redundancy situation.
2. Consider how many people you are going to make redundant- are you going to be making more than 20 redundancies in less than 90 days? If so, you will need to follow special procedures for collective consultation and you should consult specialist employment lawyers.
3. Consider the roles which are likely to be redundant and how many people currently carry those roles out. You will need to establish an objective set of selection criteria in order to establish which of those employees you are going to make redundant. Once again, it is advisable to seek specialist legal advice when establishing these criteria in order to reduce the chances that an employee will bring a claim on the basis that the criteria are discriminatory.
4. Consider whether there are any alternative vacancies within either the company or any group companies.
5. Meet with all of the employees (on a group basis) who might be made redundant in order to explain as a minimum:
 - a. the reasons for the potential redundancies;
 - b. how many jobs are at risk;
 - c. whether anyone has any suggestions for avoiding the redundancies;
 - d. that the redundancies are only a possibility at this stage and that you will be entering into a period of consultation with each employee on an individual basis in order to find ways of avoiding the redundancies.
6. Confirm what was said in the first meeting by sending out the first letter.
7. Score each employee that is at risk of redundancy by using the selection criteria and guidelines you have established.
8. Send out the second letter inviting those employees that have been provisionally selected for redundancy to a meeting.
9. Hold the first individual meeting with each of the employees at risk of redundancy. As a minimum, the meeting should cover the following:

- a. Their individual scores and any comments they might have in relation to their scores;
 - b. Any alternative roles available within the company or any group company or whether they would be willing to accept voluntary redundancy/early retirement;
 - c. Answer any questions which they might have in relation to the redundancy process or why the redundancies are necessary.
10. Enter into the consultation period. This period allows the employee to ask you any remaining questions which they may have and for you to consider other options and ways to avoid the redundancy.
11. Have a second meeting with the employee. During this meeting you will confirm whether or not the employee has been selected for redundancy. If the employee has been made redundant as a minimum you should go through the following:
- a. Go through the redundancy package you are going to offer them;
 - b. If they are going to be asked to work their notice you should tell them that they are entitled to time off in order to seek alternative employment.

The redundancy package

The redundancy package is probably the most important part of the whole process from the company's point of view and is not only something that the company should consider from a legal and tax perspective but also from a tactical point of view. It is therefore highly advisable that the company seeks legal advice on how to structure the redundancy package so that it provides enough of an incentive for the employee to accept their offer and not bring a claim. This protection is best achieved by using a compromise agreement as it will allow the employee to benefit from a compensation payment (the first £30,000 of which is usually tax free) and allows the company to be secure in the knowledge that the employee can not bring a claim.

HOW CAN WE HELP?

For practical and accessible advice on redundancy or any other area of employment law tailored to meet your specific requirements contact us:

www.partnerslaw.co.uk

www.partnerscompromise.com

Phone 0844 800 9239 OR 0780 969 4400

LETTER 1

[ON HEADED NOTEPAPER OF THE EMPLOYER]

Addressee
Address line 1
Address line 2
Postcode

[DATE]

Dear [NAME]

Warning of possible redundancies

Further to today's meeting, I am writing to confirm the following situation now facing [NAME OF EMPLOYER] (the Company).

[DESCRIBE THE EVENTS LEADING TO THE NEED FOR REDUNDANCIES AND HOW THEY HAVE AFFECT THE COMPANY] After considering all possible options, the Company has decided that there is a risk that it will be unable to continue to provide work for all of its employees at **[LOCATION, DIVISION OR DEPARTMENT]** and that it may therefore have to make redundancies.

If the Company is not able to avoid the need for redundancies, it may have to **[make redundancies OR carry out a reorganisation which may result in redundancies]** at **[LOCATION, DIVISION OR DEPARTMENT]**..

At present we anticipate that, if compulsory redundancies become necessary, the following roles are likely to be at risk:

- [NUMBER] (from a total pool of [NUMBER]) [DESCRIPTION OF JOB].
- [NUMBER] (from a total pool of [NUMBER]) [DESCRIPTION OF JOB].
- [NUMBER] (from a total pool of [NUMBER]) [DESCRIPTION OF JOB].

If redundancies are necessary the Company will have to decide which individuals from each pool will be selected for redundancy. This would be done on the basis of objective and quantifiable selection criteria that are yet to be established but will be discussed with you during the consultation process..

As explained at our meeting on [DATE], we have now entered into a period of consultation with you. The purpose of the consultation period is to explore options, taking your views into consideration, which includes identifying suitable alternative employment opportunities within the company and asking employees if they would be willing to take voluntary redundancy or

early retirement. . Please be assured that anything you put forward will be given thought and consideration and, if appropriate, discussed with you in more detail before any final decision is made.

Our next meeting will be on [DATE] at [TIME] in [PLACE]. During this meeting we will discuss the consultation process together with possible ways to avoid the redundancies. You are entitled to be accompanied to this meeting by either a work colleague or a trade union representative, subject to their willingness and availability to attend. If you would like to bring a companion with you then please let me know in advance who will be accompanying you.

In the meantime, if you have any further questions, please do not hesitate to contact me on [PHONE NUMBER **OR** E-MAIL ADDRESS].

I would like to thank you for your continued hard work during this difficult period.

Yours sincerely

.....
[NAME OF SENDER]
On behalf of [NAME OF EMPLOYER]

LETTER 2

[ON HEADED NOTEPAPER OF THE EMPLOYER]

[ADDRESSEE]
[ADDRESS LINE 1]
[ADDRESS LINE 2]
[POSTCODE]

[DATE]

Dear [NAME]

Provisional selection for redundancy

As I explained at the meeting on [DATE] and in my letter to you of [DATE], [DESCRIPTION OF THE EVENTS LEADING TO THE NEED FOR REDUNDANCIES AND HOW THEY HAVE AFFECTED THE RELEVANT LOCATION, DIVISION OR DEPARTMENT]. This meant that there was a risk that the Company would be unable to continue to provide work for all of its employees at [LOCATION, DIVISION OR DEPARTMENT] and that it may have to make redundancies.

The Company has taken steps to try and avoid compulsory redundancies where possible, including [restrictions on recruitment, offering alternative employment elsewhere within the Company, re-training employees, offering voluntary early retirement, voluntary redundancy or short-term working and restricting overtime] [DETAILS OF ANY OTHER PLANS TO AVOID REDUNDANCIES].

Unfortunately these steps have not avoided the need to make redundancies.

At present the Company anticipates that it will have to make [all of the employees in [[LOCATION, DIVISION OR DEPARTMENT] **OR** [DESCRIBE]]] redundant **OR** the following redundancies:

- [NUMBER] (from a total pool of [NUMBER]) [DESCRIPTION OF JOB].
- [NUMBER] (from a total pool of [NUMBER]) [DESCRIPTION OF JOB].
- [NUMBER] (from a total pool of [NUMBER]) [DESCRIPTION OF JOB]].

As I explained at the meeting on [DATE], the Company has had to decide which individuals in each pool would be provisionally selected for redundancy. This was done on the basis of the following selection criteria: [DETAILS].

I regret to inform you that your position is one of those that have been provisionally selected for redundancy following application of the above selection criteria. I enclose your score, together with a breakdown of how it was arrived at.

I should stress that this is only a provisional decision and the Company will continue to try to identify ways in which your redundancy can be avoided. In particular, the Company will try and identify any alternative positions within the Company that may be appropriate to you [and I attach of list of current vacancies]. Please let me know [if you wish to apply for any of the attached vacancies or] if you think that there are ways in which we can avoid having to make you redundant.

I have arranged a meeting at [LOCATION] on [DATE] at [TIME]. You may bring a trade union representative or colleague to the meeting as your companion. If you wish to do so, please let me know the name of your companion as soon as possible. The aim of the meeting is to give you a chance to discuss the proposed redundancies in more detail and, in particular, how they affect you. Issues for discussion may include:

- Why the Company has decided that it is necessary to make redundancies.
- How the Company identified the selection pools.
- The selection criteria.
- How the Company applied the selection criteria.
- Why your position has been provisionally selected for redundancy.
- The terms on which any redundancy would take place.
- Possibilities for alternative employment within the Company.
- Any ideas you may have for avoiding redundancy or reasons why you think the Company should not select you for redundancy.

Following that meeting the Company will consider any submissions you made at the meeting. I will than arrange a further meeting to discuss its response.

Those employees that are made redundant will be entitled to:

- The notice period set out in their contract or an equivalent payment in lieu.
- [Pay in lieu of any accrued but unused holiday entitlement.]
- A statutory redundancy payment, which is calculated on the basis of the employee's age, weekly salary (subject to a maximum, currently £[350]) and length of service.

- [An ex gratia payment, which will be calculated as follows: [DETAILS].]

I appreciate how this news must have affected you personally. If you have any questions or issues that you want to discuss prior to the meeting on [DATE], please do not hesitate to contact [me] on [PHONE NUMBER OR E-MAIL ADDRESS].

I would also like to thank you for your continued hard work during this difficult period.

Yours sincerely

.....
[NAME OF SENDER]
On behalf of [NAME OF EMPLOYER]

LETTER 3

[ON HEADED NOTEPAPER OF THE EMPLOYER]

Addressee
Address line 1
Address line 2
Postcode

[DATE]

Dear [NAME]

Notice of termination of employment WITHOUT PREJUDICE AND SUBJECT TO CONTRACT

Further to our meeting of [DATE] I am writing to confirm that [NAME OF COMPANY] has decided to make you redundant.

As [NAME] explained to you during the above meeting, the Company was considering making the redundancies due to [SUMMARISE THE REASONS.]

We then discussed your provisional selection for redundancy. As you are aware, the Company has explored ways in which your redundancy could be avoided, including the possibility of alternative employment. Unfortunately the Company has not been able to identify any alternative employment for you or any way in which your redundancy could be avoided.

As a result, as I explained at our meeting, your position is redundant. The Company is therefore terminating your employment with immediate effect by reason of redundancy. You will receive your pay and benefits in lieu of notice.

As I explained at our meeting, following termination of your employment and receipt by you of a form P45 you will receive:

- A payment in lieu of your contractual notice period of [PERIOD] weeks. [This payment will be subject to income tax and national insurance contributions in the usual way **OR** It is our understanding that under current tax rules the first £30,000 of this payment will be free of income tax and national insurance contributions.]

- Pay in lieu of any accrued but unused holiday entitlement. This payment will be subject to income tax and national insurance contributions in the usual way. If you have taken more holiday than your pro-rated entitlement for the holiday year to the date of termination then the Company will deduct an appropriate amount from your final salary payment.
- [An ex gratia payment, which will be calculated as follows: [DETAILS]. It is our understanding that under current tax rules the first £30,000 of this payment will be free of income tax and national insurance contributions].
- [A statutory redundancy payment, which is calculated on the basis of your age, weekly salary (subject to a maximum, currently £350) and length of service in accordance with the attached schedule. This payment will be free of income tax and national insurance contributions.]

[These payments will be conditional on you entering into a agreement in a form that is acceptable to the Company confirming that you have no further claims against the Company.]

You have the right to appeal against the Company's decision to make you redundant. Please submit any appeal to [NAME] in writing by [DATE], specifying the grounds on which you are appealing.

The Company very much regrets that it has become necessary to make redundancies and that you have been affected. I would like to thank you for your hard work for the Company over the last [PERIOD] years and wish you all the best for your future career.

Yours sincerely

.....
[NAME OF SENDER]
On behalf of [NAME OF EMPLOYER]